PUBLIC FILE VERSION

27 September 2017

The Director
Operations 1
Anti-Dumping Commission

EMAIL operations1@adcommission.gov.au

Dear Director,

***Dumping Investigation No. 416* concerning *steel rod in coils exported from Indonesia, Korea and Vietnam:* Australian industry's request for further and better particulars of 'Verification Visit Report – Importer' (Sanwa)**

OneSteel Manufacturing Pty Ltd, trading as *Liberty OneSteel*,[1] has reviewed the *Verification Visit Report* of the Importer, Sanwa Pty Ltd (**Sanwa**),[2] and makes the following request for further and better particulars of the Anti-dumping Commission (**Commission**). For ease of reference, sub-headings following those contained in the report:

Paragraph 2.1 Verification of sales to audited financial statements

1. Further and better particulars are requested of how the verification team proposes to satisfy the Commissioner of the completeness and relevance of the importer's Australian sales of the goods?

Particulars of request

The verification team concluded that it:

> *"did not find any issues with the verification of the sales listing to* ***audited financial statements****."*[3]

This conclusion is incongruous with the verification team's evidence in the paragraph above that:

> *"The verification team* ***attempted*** *to verify the completeness and relevance of Sanwa's sales listing by reconciling it to audited financial statements in accordance with ADN. No 2016/30.* ***Instead****, the verification team reconciled the volume of the sales data to the Australian Border Force (ABF) import database, then verified each sales transaction value to commercial invoices."*[4] *[emphasis added]*

With respect this does not meet the framework of an audit trail that is designed to test the relevance, completeness and accuracy of the data. The verification team's assumption that the ABF import database is a complete listing of all relevant goods is unsound, and relies on the further assumption that importer and their broker correctly classifying all goods, and that the importer has accurately identified all relevant transactions to the Commission. The point of independently verifying sales of the goods to the importer's financial accounts is to test whether or not the importer has correctly identified all relevant transactions. In this case, the

[1] On 1st September 2017, GFG Alliance acquired the former Arrium Steel businesses, including OneSteel Manufacturing Pty Ltd. To reflect this change, the former 'OneSteel' businesses are re-branded as 'Liberty OneSteel'.
[2] EPR Folio No. 416/014.
[3] EPR Folio No. 416/014 at p. 4.
[4] *Ibid.*

verification team has performed no such test and as such the exercise has resulted in a circular conclusion, with no independent testing of its veracity.

2.2 Verification of sales to source documents

2. Further and better particulars are requested of how the verification team satisfied itself that it was able to properly align the "goods subsequently sold by the importer, in the condition in which they were imported" to the domestic sale into the Australian market as required by s 269TAB(1)(b)(iii)?

Particulars of request

The verification team reported the following instances of exceptions and their treatments:

> *"2.2.1 Invoice date*
>
> *"The invoice date in the spreadsheet reflected the lodgement date in the import database.*
>
> *"The verification team amended the invoice date column to reflect the date shown on the invoice.*
>
> *"2.2.2 Quantity*
>
> *"There were three entries in the sales listing where the quantities did not correlate with the invoice. Sanwa advised that these were data entry errors. The verification team revised the values accordingly.*
>
> *"2.2.3 Delivery terms*
>
> *"The sales spreadsheet did not include the delivery terms for each transaction. The verification team included the delivery terms in the sales listing based on the terms on the invoices.*
>
> *"2.2.4 Customer name*
>
> *"There were three entries in the sales listing where the customer name did not correlate with the invoice. Sanwa advised that these were data entry errors. The verification revised the entries to reflect the name listed on the invoice."*[5]

The verification has neglected to test or report on how it tested the nexus between the consignment of the goods and the sale in Australia.

3.3 Import listing and 3.7 Profitability of imports

3. Further and better particulars of how the verification team satisfied itself of the profitability (following on-sale) of the individual consignments of the goods? Did the verification team simply average the profitability across all consignments across the investigation period?

---

[5] *Ibid.*

Particulars of request

The verification team makes the following statement:

"The verification team calculated the weighted average FOB export price by supplier…"[6]

However, this is inconsistent with the purported approach alleged at [3.7]:

"The verification team calculated profit for the 12 selected shipments."[7]

3.5 The importer

4. On what basis does the verification team satisfy itself at [3.5] that Sanwa "*is the beneficial owner of the goods at the time of importation and therefore the importer"*?

The Australian industry applicant requests the Commission's response to its request for further and better particulars in order to allow it - and other interested parties - a reasonable understanding of the substance of the information contained in the verification visit report to the standard required under s 269ZJ(2)(a).

FOR AND ON BEHALF OF THE AUSTRALIAN INDUSTRY APPLICANT

ONESTEEL MANUFACTURING PTY LTD (trading as LIBERTY ONESTEEL)

[6] EPR Folio No. 416/014 at p. 6.
[7] EPR Folio No. 416/014 at p. 7.