



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

APPLICATION FOR ANTI-DUMPING MEASURES

**QUICKLIME EXPORTED FROM MALAYSIA, THE KINGDOM OF
THAILAND (THAILAND) AND THE SOCIALIST REPUBLIC OF
VIETNAM (VIETNAM)**

VERIFICATION VISIT REPORT - IMPORTER

CHEMEMAN AUSTRALIA PTY LTD

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

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PUBLIC RECORD

CONTENTS

CONTENTS	2
BACKGROUND	3
1.1 BACKGROUND.....	3
2 VERIFICATION OF IMPORTS	4
2.1 THE GOODS	4
2.2 IMPORT AND DISTRIBUTION FUNCTIONS	4
2.3 VERIFICATION OF IMPORT LISTING	4
2.4 VERIFICATION OF IMPORTATION COSTS	5
2.5 FORWARD ORDERS	6
2.6 THE IMPORTER	6
2.7 THE EXPORTER	6
2.8 ARMS-LENGTH	6
3 VERIFICATION OF AUSTRALIAN SALES	8
3.1 VERIFICATION OF SALES TO AUDITED FINANCIAL STATEMENTS	8
3.2 VERIFICATION OF SALES TO SOURCE DOCUMENTS	8
3.3 PROFITABILITY OF SALES.....	8
4 RECOMMENDATIONS	9
5 GENERAL COMMENTS	10
6 ATTACHMENTS	11

BACKGROUND

1.1 Background

On 18 April 2016 the Anti-Dumping Commissioner (the Commissioner) initiated an investigation into the alleged dumping of quicklime exported to Australia from Malaysia, Thailand and Vietnam. Public notification of the initiation of the investigation was published on the Commission's website.

The background relating to the initiation of this investigation is contained in Consideration Report 348.¹

Following the initiation, the Commission wrote to Chememan Australia Pty Ltd (Chememan Australia) and other importers of quicklime inviting them to cooperate with the investigation. Chememan Australia cooperated with the investigation and completed an importer questionnaire response (IQR) and relevant attachments.

¹ Accessible at www.adcommission.gov.au.

2 VERIFICATION OF IMPORTS

2.1 The goods

Chememan Australia confirmed that it imported quicklime from Thailand and Vietnam during the investigation period. Chememan Australia provided a specification sheet for their **[CONFIDENTIAL INFORMATION DELETED – products]**, which is attached at **confidential attachment 1**. Chememan Australia also provided a certificate of analysis for their quicklime, attached at **confidential attachment 2**. Chememan Australia noted their belief that there is a clear difference in quality between the Australian industry's quicklime in Western Australia and their imported quicklime, and provided a chemical and physical quality comparison, attached at **confidential attachment 3**. Chememan Australia did confirm, however, that the end user can use both the local quicklime and the imported quicklime interchangeably.

2.2 Import and distribution functions

Chememan Australia explained that **[CONFIDENTIAL INFORMATION DELETED – ownership]**. In 2010 Chememan Australia commenced seriously planning the logistics of setting up facilities in Western Australia – including both land and their depot. After conducting trials in both 2010 and 2011 Chememan Australia then began importing quicklime on a regular basis in the 2011 year. **[CONFIDENTIAL INFORMATION DELETED – product mix]**.

Chememan Australia explained that they have a depot in Fremantle and also in Kalgoorlie. Their operations in Kalgoorlie commenced in February in 2015 and was established due to its proximity to certain customers. Quicklime is imported directly into Fremantle and for those customers that are serviced via Kalgoorlie, the quicklime is delivered via rail directly from Fremantle to Kalgoorlie. Chememan Australia explained that they use sub-contractors for all de-bagging and transport services.

Chememan Australia explained that they generally hold **[CONFIDENTIAL INFORMATION DELETED – inventory]** at both the Fremantle and Kalgoorlie depots, with the Fremantle depot also having additional storage available via containers.

2.3 Verification of import listing

Chememan Australia confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of its imports of quicklime over the investigation period.

The verification team calculated the weighted average FOB export price by supplier and this is attached at **confidential appendix 1**.

2.4 Verification of importation costs

The Commission selected 8 shipments from the ABF import database to examine in further detail. The verification team was provided with source documents for the costs associated with the import of quicklime for the selected shipments. The verification team verified the accuracy of Chememan Australia's imports by reconciling selected imports to the source documents.

The verification team is satisfied that the sample shipments have been verified to source data. The verified data is attached at **confidential attachment 4**.

2.4.1 Overseas Freight and Marine Insurance

The verification team was satisfied that the overseas freight and insurance costs listed on the cost to import and sell spreadsheet were complete and accurate.

2.4.2 Delivery charges

The verification team verified the cost of freight to source documents supplied by Chememan Australia. The verification team is satisfied with the accuracy and reliability of the data provided with regards to freight.

2.4.3 Customs entry fees, customs broker fees and port service charges

The verification team verified customs entry fees and port service charges to source documents supplied by Chememan Australia. The Commission is satisfied with the accuracy and reliability of the data provided with regards to customs charges and fees.

2.4.4 Selling, general and administration costs

Chememan Australia were able to determine a figure for selling, general and administrative (SG&A) costs, on a per tonne basis, using the following method:

- identifying SG&A expenses in the trial balance which were attributable to quicklime for the 2015 calendar year;
- allocating other general expenses to quicklime based on the percentage of total cost of goods sold which is attributable to quicklime; and
- dividing the sum of the two amounts above by the total metric tonnes of quicklime sold in the 2015 calendar year.

The method by which Chememan Australia calculated their SG&A on a per tonne basis is contained in the cost to import and sell spreadsheet (**confidential attachment 5**). The verification team was satisfied that the allocation of costs was reasonable and that the costs were associated with the import and sale of quicklime. The verification team requested audited financial statements which were provided for the year ending 31 December 2015 (**confidential attachment 6**). The verification team were able to verify the total SG&A expenses from the trial balance to the audited financial statement.

2.5 Forward orders

Ten forward orders were listed in the cost to import and sell spreadsheet. The verification team requested that Chememan Australia provide purchase orders to reconcile several of these forward orders. Following the verification visit Chememan Australia provided documentation for two purchase orders and no issues were identified.

2.6 The importer

The verification team considers Chememan Australia to be the beneficial owner of the goods at the time of importation and therefore the importer.

2.7 The exporter

Chememan Australia imports quicklime from both Thailand and Vietnam.

The verification team considers that the supplier in Thailand is the principle in the country of export, which manufactures the goods and gave up the goods for shipment directly to Chememan Australia and thus can be considered the exporter of the goods imported by Chememan Australia.

The verification team considers that the supplier in Vietnam is not the exporter of the goods imported by Chememan Australia as it did not manufacture the goods. Rather, the supplier in Vietnam acted as an intermediary between the manufacturer of the goods and Chememan Australia. For this reason, and subject to further enquiries, the verification team considers the manufacturer of the goods as the exporter.

2.8 Arms-length

Chememan Australia advised that **[CONFIDENTIAL INFORMATION DELETED – ownership]**. Chememan Australia advised it did not receive any reimbursement, rebate or other discount from its suppliers in respect of the goods. It also advised that the invoice price was the price paid to its supplier, which was verified as accurate during the verification visit.

The verification team did not find any evidence that, in respect of the purchase of quicklime:

- there was any consideration payable for, or in respect of, the goods other than price;
- the price was influenced by a commercial or other relationship between, or an associate of, and its suppliers or an associate of the supplier; and/or

PUBLIC RECORD

- Chememan Australia, or an associate, was directly or indirectly reimbursed, compensated or otherwise received a benefit for or in respect of the whole or any part of the price.²

The verification team is satisfied that transactions between Chememan Australia and its suppliers are at arms-length in terms of section 269TAA. The Commission notes that in the previous quicklime investigation (Case 179), transactions between Chememan Australia and the exporter (during that investigation period the exporter was only Chememan Thailand) were found to be not at arms-length. The basis for this was that sales by Chememan Australia were found to be unprofitable, and the verification team concluded that this was indicative of the importer either directly or indirectly being reimbursed or compensated. In the present case the verification team noted that verified sales by Chememan Australia had, for the most part, been profitable. For this reason, the verification team have concluded that transactions between Chememan Australia and its suppliers are at arms-length in terms of section 269TAA.

² Section 269TAA of the Act states the circumstances in which the price paid or payable shall not be treated as being at arms-length.

3 VERIFICATION OF AUSTRALIAN SALES

3.1 Verification of sales to audited financial statements

Chememan Australia advised their financial statements are audited and provided the verification team with a copy of their 2015 (calendar year) financial statements.

The verification team verified the completeness and relevance of the sales spreadsheet by reconciling it to the 2015 financial statement in accordance with ADN 2016/30.

Chememan Australia provided a line by line listing of sales prior to the verification visit. The verification team selected a sample of invoices from this listing for verification.

The verification team identified total sales of all products at 31 December 2015 from the trial balance, and were able to verify this up to audited financial statements. When comparing the total sales for quicklime in the trial balance to the sales listing provided by Chememan Australia, the verification team noted a small discrepancy of less than **[CONFIDENTIAL INFORMATION DELETED – number]**. Chememan Australia provided documents to explain this discrepancy to the satisfaction of the verification team.

The sales listing is in **confidential attachment 7**.

3.2 Verification of sales to source documents

The verification team verified the accuracy of Chememan Australia's sales spreadsheet by reconciling selected shipments to sales invoices in Chememan Australian's sales records system in accordance with ADN 2016/30. Total sales values and quantities were verified. The verification team did not identify any discrepancies or issues.

3.2.1 Rebates and discounts

Chememan Australia advised the verification team that no rebates or discounts were provided to customers during the investigation period. The verification team noted that credit notes had been issued to several customers during the investigation period, and requested details regarding this. Chememan Australia explained that credit notes had been issued to two customers due to an error in the invoice price. The verification team noted that the sum of the credit notes was minimal and was satisfied with the explanation provided.

3.3 Profitability of sales

The verification team calculated net profit/loss for the ten selected shipments in the cost to import and sell spreadsheet, noting that one selected shipment was excluded as it related to limestone, which is not part of the goods under consideration.

The verification team observed that shipments 1-8 were profitable while shipments 9 and 10 resulted in small losses.

4 RECOMMENDATIONS

The verification team are of the opinion that the goods imported by Chememan Australia:

- have been exported to Australia otherwise than by the importer (Chememan Australia);
- the goods have been purchased by the importer from the exporter in Thailand and from an intermediary in Vietnam; and
- the purchases of the goods by the importer were arms-length transactions.

The verification team recommend that the export price for quicklime exported from Thailand can be established under paragraph 269TAB(1)(a) of the Act, using the invoiced price, less deductions, to the FOB level as required.

The verification team recommend that the export price for quicklime exported from Vietnam can be established under paragraph 269TAB(1)(c) of the Act, having regard to all the circumstances of the exportation.

5 GENERAL COMMENTS

Chememan Australia made the following general comments at the visit:

- Chememan Australia does not believe the goods have been dumped into Australia from either Thailand or Vietnam; and
- Chememan Australia does not believe that the Australian industry has suffered injury and any injury claims are a product of what was once a monopoly for quicklime in Western Australia now becoming more open to tender processes.

PUBLIC RECORD

6 ATTACHMENTS

Confidential Appendix 1	Calculation of FOB export price
Confidential Attachment 1	Specification sheet for Chememan products
Confidential Attachment 2	Certificate of analysis for Chememan quicklime
Confidential Attachment 3	Quality comparison - local & imported quicklime
Confidential Attachment 4	Verified import data
Confidential Attachment 5	Cost to import & sell spreadsheet
Confidential Attachment 6	2015 financial statement (Chememan Australia)
Confidential Attachment 7	Verified sales listing (Chememan Australia)