

PUBLIC RECORD



Australian Government
Anti-Dumping Commission

REVIEW 419

**REVIEW OF ANTI-DUMPING MEASURES IN
RESPECT OF CERTAIN HOLLOW STRUCTURAL
SECTIONS
EXPORTED FROM THE PEOPLE'S REPUBLIC OF
CHINA, THE REPUBLIC OF KOREA, MALAYSIA
AND TAIWAN**

IMPORTER VERIFICATION VISIT REPORT

COMMERCIAL METALS 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**

October 2017

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1 BACKGROUND AND PURPOSE

On 14 July 2017, the Commissioner of the Anti-Dumping Commission (the Commissioner) have initiated a review of the anti-dumping measures applying to certain hollow structural sections (HSS or the goods) exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea), Malaysia and Taiwan. The antidumping measures are in the form of a countervailing duty notice in respect of China and a dumping duty notice in respect of China, Korea, Malaysia and Taiwan. Public notification of the initiation of the review was published on the Commission's website at www.adcommission.gov.au.

Full details regarding the background of the case can be found on the public record for this review, which includes a copy of *Consideration Report 419* (CON 419).

Following initiation of the review, a search of the Australian Border Force (ABF) import database indicated that Commercial Metals Pty Ltd (CMC) had imported HSS from the countries subject to the review during the period 1 July 2016 to 30 June 2017 (the review period).

The Commission notified CMC of initiation of the investigation, and sought its cooperation through the completion of an importer questionnaire regarding HSS. CMC provided a completed response to the importer questionnaire, including relevant attachments.

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

The verification team verified the completeness and relevance of CMC's sales listing by reconciling it to audited financial statements in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

The verification team did not find any issues with the verification of the sales listing to audited financial statements.

2.2 Verification of sales to source documents

The verification team verified the accuracy of CMC's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30.

The verification team identified one issue that required amendment to CMC's Cost to Import and Sell spreadsheet, as detailed below.

2.2.1 Invoice value

The verification team noted that the invoice value recorded on the Cost to Import and Sell spreadsheet for one sale was overstated on account of the invoice including the sale of goods that were not part of the shipment under consideration. The verification team amended the Cost to Import and Sell spreadsheet to ensure the invoice value recorded only related to the goods contained in that shipment.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

2.3 Related party customers

The verification team did not identify any customers that might be related to CMC, based on the company's response to the importer questionnaire and documentation supplied for the purpose of verification.

3 IMPORTS

3.1 The goods

CMC confirmed that it imported the goods from China and Taiwan during the review period, and that these goods match the description of the goods that are the subject of this application.

3.2 Verification of importation and selling costs

The visit team verified the accuracy of the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN 2016/30.

The verification team identified two issues that required amendment to CMC's Cost to Import and Sell spreadsheet, as detailed below.

3.2.1 SG&A

The verification team noted that the dollar amount recorded for SG&A for each shipment was calculated as an amount per tonne rather than an amount relating to the total weight of the shipment. The Cost to Import and Sell spreadsheet was amended to reflect the actual SG&A amount based on the weight of each shipment.

3.2.2 Other importation and selling expenses

The verification team noted that the delivery costs and the customs import duty detailed for one shipment did not reconcile to source documents. CMC explained that the delivery costs recorded were an estimate pending receipt of the actual invoice which has subsequently been received, while the customs import duty discrepancy was a data entry error. The verification team amended the Cost to Import and Sell spreadsheet to reflect the actual costs as detailed on the relevant source documents.

Details of the verification are contained within the verification work program as **confidential attachment 1**.

3.3 Import listing

CMC confirmed that the import listing extracted from the ABF import database is a complete list of imports of HSS over the investigation period.

The verification team calculated the weighted average export price at **Confidential Appendix 1**

3.4 The importer

The verification team considers CMC to be the beneficial owner of the goods at the time of arrival and hence the importer. CMC is:

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- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading,
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

3.5 The exporter

Subject to further inquiries, the verification team considers the suppliers identified in CMC's importer questionnaire response to be the exporter of the goods¹.

3.6 Profitability of imports

The verification team has assessed the profitability of the selected shipments and determined that the majority of shipments were profitable and on an aggregated basis the shipments were profitable.

The verification team's assessment is at **Confidential Appendix 2**.

3.7 Related party suppliers

The verification team did not find any evidence that CMC is related to its suppliers of HSS exported from China and Taiwan during the review period.

3.8 Arm's length

In respect of imports of HSS to Australia by CMC during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, HSS other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

¹ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where rod in coil was shipped, that gave up responsibility by knowingly placing rod in coil in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, rod in coil but need not be the owner at the time rod in coil was shipped.

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Therefore, subject to further inquiries, the verification team are satisfied that import transactions between CMC and its suppliers are arms length transactions.

4 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by CMC:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were arm's length transactions.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for goods imported by CMC can be established under subsection 269TAB(1)(a) of the Act.

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5 ATTACHMENTS

Confidential Appendix 1	TAB 1(a) Export price
Confidential Appendix 2	Profitability
Confidential Attachment 1	Confidential Attachment 1: Verification work program