



INVESTIGATION 442

**ALLEGED DUMPING OF CERTAIN ALUMINIUM EXTRUSIONS
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA BY
GUANGDONG JIANGSHENG ALUMINIUM CO., LTD AND
GUANGDONG ZHONGYA ALUMINIUM COMPANY LTD; AND
THE KINGDOM OF THAILAND.**

VERIFICATION VISIT REPORT - IMPORTER

BLC ALUMINIUM 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**

DECEMBER 2017

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1 BACKGROUND

On 19 October 2017, the Anti-Dumping Commissioner (the Commissioner) initiated an investigation into the alleged dumping of certain aluminium extrusions exported to Australia from the People's Republic of China (China) by Guangdong Jiangsheng Aluminium Co., Ltd (Jiangsheng Aluminium) and Guangdong Zhongya Aluminium Company Limited (Zhongya Aluminium); and all exporters from the Kingdom of Thailand (Thailand). 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 442.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to BLC Aluminium Pty Ltd (BLC) and other importers of certain aluminium extrusions inviting them to cooperate with the investigation. BLC cooperated with the investigation and completed the importer questionnaire and relevant attachments.

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

The verification team verified the completeness and relevance of BLC's sales listing by reconciling it to 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 identified two issues with the verification of the sales listing to audited financial statements. The verification team were satisfied at the conclusion of verification that the amended sales listing was complete and relevant.

2.1.1 Financial Statements not audited

The verification team noted that the financial statements produced by BLC are not audited statements. The verification team notes that the statements are produced by an unrelated accounting firm and there is no legal obligation for the company to have the financial statements audited. The verification team considers that the financial statements prepared are reliable for the purposes of upwards verification.

2.1.2 Sales Listing

During onsite verification, the team requested details as to how the sales listing was generated. The verification team consider that the level of detail provided in the sales listing is insufficient to determine unit values by finish for the goods and requested that BLC produce an alternate report to achieve this objective.

BLC provided a new extract from the sales system of sales transactions for the period, the total of this listing reconciled to the income statement with an immaterial variance. The verification team consider this variance to be acceptable and consider the sales listing values provided to have reconciled.

Although the sales listing reconciles to the financial statement, the verification team noted that it does not show quantity or invoice number details. BLC provided an extract from the system called 'receivable invoice detail' which provided the quantity and unit prices for each line on the invoice. BLC believes this report records when the payment is made, which results in a slightly higher variance based on the different periods in which invoices were paid compared to when the sale was made. Despite the higher variance, the verification team consider that this reasonably reflects the unit prices during the investigation period. The verification team calculated a line by line ex GST value for each transaction. The verification team considers that this listing is appropriate to compare unit prices for each model across the period.

2.2 Verification of sales to source documents

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

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

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The verification team did not find any issues with the verification of the sales listing to source documents.

2.3 Related party customers

The verification team found evidence that BLC was related to one of its customers during the investigation period, BLC Imports Exports Pty Ltd. The verification team queried the relationship between the two companies and the nature of the second entity and noted that BLC Imports Exports Pty Ltd was not in operation for a large period of the investigation period and was no longer used. The verification team sought the sales from BLC Imports Exports Pty Ltd to unrelated parties and compared these prices for the purpose of arm's length testing. The verification team was satisfied that despite trading via a related entity for administrative purposes, the sales from BLC to unrelated parties via BLC Imports Exports Pty Ltd were arm's length sales.

3 IMPORTS

3.1 The goods

BLC confirmed that it imported certain aluminium extrusions from Thailand during the investigation period, which matches the description of the goods that are the subject of this application.

BLC imported aluminium extrusions in mill finish, anodised finish and powder coated finish.

3.2 Verification of importation and selling costs

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

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

The verification team found one issue with the verification of importation and selling costs to source documents.

3.2.1 Selling, General and Administrative Costs

The verification team noted that for the shipments that were delivered directly to the end user, the SG&A allocated was overstated as the major expenses of contract labour and warehouse rent are not applicable to these transactions. Given these shipments do not transit through the warehouse, it is likely the SG&A for these shipments would be lower. The verification team consider it reasonable to deduct the expenses for warehouse rent and subcontractors for these shipments as these costs would not be incurred for these transactions. The verification team amended the SG&A costs for these shipments accordingly.

3.3 Import listing

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

The verification team calculated the weighted average FOB export price by supplier at **Confidential Appendix 1**.

3.4 Forward orders

The verification team verified BLC's forward orders by reconciling the listing provided in the importer questionnaire response to the company's records. The verified list of forward orders is at **Confidential Appendix 2**.

3.5 The importer

The verification team considers BLC to be the beneficial owner of the goods at the time of importation and therefore the importer as BLC is:

- 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.

3.6 The exporter

Subject to further inquiries, the verification team considers [confidential text deleted – source of imports] to be the exporter of the goods¹.

3.7 Profitability of imports

The verification team calculated profit for the 12 selected shipments using the revised SG&A amounts discussed in section 3.2.1 above and found that on average, direct shipments were profitable while indirect shipments were marginally unprofitable. Overall, imports and the company were profitable.

The assessment is at **Confidential Appendix 3**.

3.8 Related party suppliers

The verification team did not find evidence that BLC is related to its supplier of certain aluminium extrusions exported from Thailand during the investigation period.

3.9 Arms' length

In respect of imports of certain aluminium extrusions to Australia by BLC during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods 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 the goods were shipped, that gave up responsibility by knowingly placing the goods 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, the goods but need not be the owner at the time the goods were shipped.

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Therefore, subject to further inquiries, the verification team are satisfied that import transactions between BLC and its suppliers are at arm's length transactions.

4 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by BLC Aluminium Pty Ltd from [confidential text deleted – source of imports]:

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

Subject to further inquiries with the exporter, the verification team recommends that the export price for goods imported by company from manufacturer/exporter can be established under s.269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less transport and other costs arising after exportation.

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5 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Profitability of sales
Confidential Attachment 1	Verification Work Program