



Australian Government
Anti-Dumping Commission

PUBLIC RECORD

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

Darley Aluminium Trading 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 Darley Aluminium Trading Pty Ltd (Darley) and other importers of certain aluminium extrusions inviting them to cooperate with the investigation. Darley 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 Darley' 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**.

2.1.1 Goods under consideration

Darley sells a range of products which include products not considered to be the goods under consideration in this investigation. The initial sales listing provided inadvertently included sales which were not the goods. Darley provided an amended sales listing. The verification team were satisfied at the conclusion of verification that the amended sales listing was complete and relevant.

2.1.2 Sales Listing

The verification team consider that the level of detail provided in the sales listing was insufficient to determine weight values by finish for the goods. The verification team requested Darley to produce an amended sales listing to provide this information. Darley provided an amended sales listing to the verification team. The verification team undertook further verification of the weight values attributed to various sales by validating the weights against relevant technical information.

2.2 Verification of sales to source documents

The verification team verified the accuracy of Darley'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**.

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 indicating that Darley was related to one of its customers during the investigation period. The verification team queried the relationship between the two companies and the nature of the transactions with the related entity. Analysis of the pricing and profitability of relevant transactions identified that these sales were not arm's length sales. It is further noted that the volume of transactions with this entity were not materially significant. Details of this analysis are included in **Confidential Appendix 2**.

3 IMPORTS

3.1 The goods

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

Darley 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 at **Confidential Attachment 1**.

3.2.1 Selling, General and Administrative Costs

The verification team noted that Darley sold extrusions either through a trader arrangement where the shipments were delivered directly to the customer or through its distribution centres. Given that the trader arrangement shipments do not transit through Darley's distribution centres, the verification team considers that the SG&A for these shipments would be lower. The verification team considers it reasonable to deduct the expenses for the distribution centres for the 'trader' sales as these costs would not be incurred for these transactions.

3.3 Import listing

Darley confirmed that the import listing extracted from the ABF import database was 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 confirmed with Darley that its forward orders primarily consisted of them replenishing stock held in their warehouses. The verification team verified the nature of Darley's forward ordering process by seeking information in relation to future orders.

3.5 The importer

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

- named on the commercial invoice from its supplier;

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- 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 Zhongya Aluminium to be the exporter of the goods¹. Invoices issued to Darley in relation to the export of extrusions were issued by Zhongya Shaped Aluminium (HK) Holding Ltd (Zhongya HK). The verification team understands that Zhongya HK is related to Zhongya Aluminium.

3.7 Profitability of imports

Given the nature of Darley's operations, the verification team undertook assessment of the profitability of sales of all aluminium extrusions during the whole investigation period. The assessment also accounted for the different SG&A costs incurred for distribution sales and trader sales. This assessment identified that Darley's sales of aluminium extrusions were profitable overall. However, in some circumstances individual sales were unprofitable. The degree of profitability/unprofitability on individual sales fluctuated depending on the nature of the sale, the customer and the type of the extrusion sold².

Overall, the verification team is satisfied that the sales of imported aluminium extrusions were profitable.

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

3.8 Related party suppliers

In reviewing the relevant corporate structures of Darley and Zhongya Aluminium, the verification team noted that there appeared to be some relationship between the two entities. This was queried at the verification visit, and the team considered the submissions made by Capral Limited dated 24 October 2017 (EPR006) and Darley dated 12 January 2018 (EPR030).

The verification team is not proposing to come to a conclusion in the verification report on whether the importer and exporter are related parties other than to note that one individual is included in the corporate structure of both Darley and Zhongya Aluminium. Further consideration will need to be given by the case team following the conclusion of the exporter verification report.

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.

² See Confidential Appendix 2.

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

3.9 Arms' length

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

- there was any consideration payable for, or in respect of, the goods other than its price; 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.

However, given the nature of the relationships described in 3.8 above, the verification team is of the view that there is a risk that the price may be 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. Therefore, the verification team recommends that further enquiries be conducted with Zhongya Aluminium and Zhongya HK as part of the exporter verification.

In relation to the verification team's findings, Darley advised that the only "relationship" between Darley and Zhongya Aluminium is through one individual who has no beneficial ownership or directorship in Darley and is not involved in Darley's management and operations in any way. They believe that the verification of Darley and Zhongya by the Commission will confirm that this is the case and that a lack of conclusion on this issue in this report is not warranted.

4 RECOMMENDATIONS

Based on information available to the verification team, export transactions made during the investigation period involved Zhongya Aluminium selling the goods to a related trading entity, Zhongya HK, before the goods being on sold to Darley.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for aluminium extrusions imported by Darley from Zhongya Aluminium can be established under s.269TAB(1)(c), having regard to all the circumstances of the exportation. Specifically, the verification team recommends that export price be established using the price paid by the importer to the trader.

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5 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Confidential aspects of report
Confidential Appendix 3	Profitability of sales
Confidential Attachment 1	Verification Work Program