



Australian Government
Australian Customs and
Border Protection Service

**INVESTIGATION INTO THE ALLEGED DUMPING OF
ZINC COATED (GALVANISED) STEEL AND
ALUMINIUM ZINC COATED STEEL**

EXPORTED FROM

**THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF
KOREA AND TAIWAN**

IMPORTER VISIT REPORT

STEMCOR 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 CUSTOMS AND BORDER
PROTECTION**

October 2012

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2 BACKGROUND AND PURPOSE

2.1 Background to the current investigation

On 3 August 2012, applications¹ were lodged on behalf of BlueScope Steel Limited (BlueScope) requesting that the Minister for Home Affairs (the Minister) publish dumping duty notices in respect of:

zinc coated (galvanised) steel exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan; and

aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

BlueScope alleges that the Australian industry has suffered material injury caused by galvanised steel and aluminium zinc coated steel (the goods) being exported to Australia from China, Korea and Taiwan at dumped prices

On 17 August 2012² and 27 August 2012 additional information and data were received in respect of the applications. As a result, the Australian Customs and Border Protection Service (Customs and Border Protection) restarted the 20 day period for considering the applications.

On 5 September 2012, following consideration of the applications, the Chief Executive officer of Customs and Border Protection decided not to reject the applications and initiated investigations in the alleged dumping of galvanised steel and aluminium zinc coated steel from China, Korea and Taiwan. Public notifications of initiation of the investigations were published in *The Australian* on 5 September 2012. Australian Customs Dumping Notice No. 2012/40 provides further details of the investigations and is available at www.customs.gov.au.

2.2 Anti-dumping investigations and measures for zinc coated steel and aluminium zinc coated steel

2.2.1 Investigations

There have been no recent dumping or countervailing investigations in respect of galvanised steel or aluminium zinc coated steel products.

2.2.2 Anti-dumping measures for zinc coated steel and aluminium zinc coated steel

There are no current anti-dumping or countervailing measures on galvanised steel and /or aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

¹ *Application for Dumping Duties for Galvanised Steel exported from China, Korea and Taiwan* (Galvanised Steel Application) received on 3 August 2012; and *Application for Dumping Duties for Aluminium Zinc Coated Steel exported from China, Korea and Taiwan* (Aluminium Zinc Coated Steel Application) received on 3 August 2012.

² Additional information relating to minor issues was also provided on 20 and 21 August 2012.

2.3 Background to meeting

Following the initiation of the investigations, a search of Customs and Border Protection's import database indicated that Stemcor Australia Pty Ltd (Stemcor) imported goods under investigation from China, Korea and Taiwan during 1 July 2011 to 30 June 2012 (the investigation period). Customs and Border Protection also confirmed from the Customs and Border Protection's database and that Stemcor was a major³ importer of both galvanised steel and aluminium zinc coated steel.

Customs and Border Protection notified Stemcor of the initiation of the investigations and sought their cooperation with the investigations. Stemcor was provided with an importer questionnaire in respect of both galvanised steel and aluminium zinc coated steel to complete⁴. Stemcor was also provided with a list of its imports of both galvanised steel and aluminium zinc coated steel during the investigation period, extracted from Customs and Border Protection's import database, with selected consignments for further verification to source documentation.

Stemcor completed the importer questionnaire, providing details regarding the company, overseas supplier information, imports and importation and selling expenses. A copy of Part A (company and supplier details) of Stemcor's importer questionnaire response is at **confidential attachment GEN 1**.

2.4 Purpose of meeting

The purpose of this visit was to:

- confirm that Stemcor was an importer of galvanised steel and aluminium zinc coated steel and obtain information to assist in establishing the identities of the exporters of the goods;
- verify information on imports of galvanised steel and aluminium zinc coated steel to assist in the determination of export prices from China, Korea and Taiwan;
- establish whether the purchases were arms length transactions;
- establish post exportation costs incurred in importing;
- identify Stemcor's sales and customers and determine sales volume, selling prices and selling costs;
- recommend how export price may be determined under s. 269TAB; and
- provide Stemcor with an opportunity to discuss any issues it believed relevant to the investigations.

Prior to the meeting we forwarded an agenda to Stemcor and advised them that we would require supporting documentation for the selected sales that had been previously identified; the agenda is at **confidential attachment GEN 2**.

³ For the purpose of this report, a major importer is defined as an importer which imported more than 5% of the total volume of imports from the countries subject to the investigations.

⁴ This questionnaire covered both aluminium zinc coated steel and galvanised steel imports, as Stemcor was a major importer of both products.

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2.5 Visit

Details of the visit were as follows:

COMPANY	Stemcor Australia Pty Ltd
ABN	33 000 345 308
ADDRESS	Level 13, 15 Blue Street North Sydney, NSW 2060
TEL NO	02 9959 3088
FAX NO	02 9925 9844
DATE	16 October 2012
Present at the visit	
Stemcor Australia	Damon Cummins, Manager – Sheet & Coil Trading
Customs and Border Protection	Mick Kenna, Director, Operations 3 Ericka Hill, Executive Officer, Quality Assurance & Operational Support Pamela Garabed, Supervisor, Operations 1

At the meeting Customs and Border Protection provided a summary of the investigation process and timeframes as follows (highlighting that the following process and timeframes are for both galvanised steel and aluminium zinc coated steel):

- the investigation period is 1 July 2011 to 30 June 2012;
- Customs and Border Protection will examine the Australian market from July 2007 for the purpose of analysing the condition of the Australian industry;
- initial submissions from interested parties are due by 15 October 2012 (in response to the applications and initiation notice);
- A preliminary affirmative determination (PAD) may be made no earlier than 5 November 2012 (after day 60 from the date of initiation). Provisional measures may be imposed at the time of the PAD or at any time after the PAD has been made. Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice;
- A Statement of Essential Facts (SEF) will be placed on the public record by 24 December 2012 or such later date as the Minister allows. The SEF will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister. The SEF will invite interested parties to respond, within 20 days, to the issues raised. Submissions received in response to the SEF will be considered when compiling the report and recommendations to the Minister;

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- Customs and Border Protection's report to the Minister is due no later than 7 February 2013, unless an extension to the SEF is approved by the Minister;
- the Minister will have 30 days from the date of receipt of the final report to make a final decision; and
- certain interested parties have the right to seek a review to the Trade Measures Review Officer in relation to the Minister's decision.

Stemcor was recently visited by Customs and Border Protection for the concurrent investigation into the alleged dumping of hot rolled coil steel (HRC) exported from Japan, Korea, Malaysia and Taiwan (Investigation No. 188 refers).

Stemcor was co-operative and had the required documentation available for the meeting. Stemcor advised at the outset of the visit that it did not wish to comment on like goods, the Australian market or causation as its preference was to provide information in relation to these issues in a written submission.

Stemcor confirmed that it has access to Customs and Border Protection's electronic Public Record and is able to access relevant information for the investigations.

2.6 Visit report

Customs and Border Protection advised Stemcor that:

- a '*For Official Use Only*⁵ report on the visit will be prepared;
- Stemcor would be given an opportunity to review the visit report for accuracy; and
- a public record version of this visit report would then be prepared in consultation with Stemcor and placed on the Public Record for the investigation.

At the outset of the meeting, Customs and Border Protection advised Stemcor that the applications in respect of galvanised steel and aluminium zinc coated steel are treated as two separate applications. Therefore two separate investigations are being conducted. Investigation No. 190A refers to galvanised steel and Investigation No. 190B refers to aluminium zinc coated steel.

Customs and Border Protection advised that this approach and treatment of the applications may vary during the course of the investigation process as further analysis is conducted of the goods and the markets in which they operate.

⁵ Which replaces the previously used security classification of "*Confidential*".

3 THE GOODS

3.1 The goods the subject of the applications

3.1.1 Description

(i) Galvanised steel

The imported goods the subject of the Galvanised Steel Application are:

“flat rolled products of iron and non-alloy steel of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc”⁶.

The goods the subject of this application (the goods) are generically called galvanised steel (referring to zinc coated steel). The application covers galvanised steel of any width. The application stated that trade and other names often used to describe galvanised steel, include:

- “GALVABOND®” steel;
- “ZINCFORM®” steel;
- “GALVASPAN®” steel;
- “ZINCHITEN®” steel;
- “ZINCANNEAL” steel;
- “ZINCSEAL” steel;
- Galv;
- GI;
- Hot Dip Zinc coated steel;
- Hot Dip Zinc/iron alloy coated steel; and
- Galvanneal.

The application noted that the amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m²) with the prefix being Z (*Zinc*) or ZF (*Zinc converted to a Zinc/Iron alloy coating*). The applicant claims that the common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

(ii) Aluminium zinc coated steel

The imported goods the subject of the Aluminium Zinc Coated Steel Application are:

⁶ Galvanised Steel Application, page 10.

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*“flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys, **not painted** whether or not including resin coating”⁷.*

The goods the subject of this application are generically called aluminium zinc coated steel. The application stated that trade and other names often used to describe aluminium zinc coated steel, include:

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

The application noted that the amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in g/m² with the prefix being AZ (*Aluminium Zinc*). The applicant claims that the common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

3.1.2 Product standards

The applications stated that:

“Typically each Australian and International Standard has a range of steel grades nominated as Commercial, Formable or Structural grades. The commercial/formable grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product designs”⁸.

(i) Australia

The applications state that the Australian and New Zealand Standard Industrial Classification Code applicable to galvanised steel and aluminium zinc coated steel is category 2711.

(ii) International

The applications state that there are a number of relevant International Standards for galvanised steel and aluminium zinc coated steel products (figure 1 refers) that cover a range of products through specific grade designations, including the recommended or guaranteed properties of each of these product grades.

⁷ Aluminium Zinc Coated Steel Application, page 10.

⁸ Galvanised Steel Application, page 12.

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International Standards	Product Grade Names
General and Commercial Grades	
AS/NZS 1397	G1, G2
ASTM A 653/A 653M	CS type A, B and C
EN10346	DX51D, DX52D
JIS 3302	SGCC, SGHC
Forming, Pressing & Drawing Grades	
AS/NZS 1397	G3
ASTM A 653/A 653M	FS, DS type A and B
EN10346	DX53D, DX54D
JIS 3302	SGCD, SGCDL, SGCDL
Structural Grades	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A 653/A 653M	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3302	SGC340, SGC400, SGC440, SGC490, SGC570 SGH340, SGH400, SGH440, SGH490, SGH570

Figure 1: International Standards for galvanised steel⁹

International Standards	Product Grades
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN10346	DX51D, DX52D
JIS 3321	SGLCC
<i>Forming, Pressing & Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN10346	DX53D, DX54D
JIS 3321	SGLCD, SGLCDD
<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A792	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

Figure 2: International Standards for aluminium zinc steel¹⁰

3.1.3 Tariff classifications

(i) Galvanised steel

The application states that galvanised steel is classified to tariff subheadings 7210.49.00 (and statistical codes 55, 56, 57 and 58) and 7212.30.00 (and statistical code 61) of Schedule 3 to the *Customs Tariff Act 1995* (Tariff Act). Based on the information provided in the application, Customs and Border Protection's Trade Policy Branch confirmed that galvanised steel is correctly classified to these tariff subheadings.

⁹ Galvanised Steel Application, page 11.

¹⁰ Aluminium Zinc Coated Steel Application, page 11.

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The general rate of duty is currently 5% for goods imported under these tariff subheadings. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.

There are several Tariff Concession Orders (TCOs) applicable to the relevant tariff classification subheading 7210.49.00, which covers galvanised steel (figure 3 refers).

TC No.	Description
TC 0939596	STEEL, COIL, hot dip zinc coated, complying with Japanese Industrial Standard JIS G 3302:2007, having ALL of the following: (a) yield strength NOT less than 275 N/mm ² and NOT greater than 380 N/mm ² ; (b) tensile strength NOT less than 440 N/mm ² ; (c) elongation NOT less than 29% and NOT greater than 41%; (d) coating mass NOT less than 45 g/m ² and NOT greater than 65 g/m ² ; (e) thickness NOT less than 1.14 mm and NOT greater than 1.26 mm; (f) width NOT less than 1590 mm and NOT greater than 1605 mm
TC 9612218	STEEL, flat rolled non alloy, hot dipped galvanized, having ANY of the following: (a) differential coating mass on each side; (b) additional iron base alloy electroplated outer coatings; (c) width exceeding 1525 mm; (d) a minimum ultimate tensile strength of 340 MPa

Figure 3: TCOs applicable to tariff subheading 7210.49.00

Customs and Border Protection notes that the applications did not specify that TCOs in respect of the goods were applicable. Customs and Border Protection considers the relevance of the TCOs to the goods the subject of the application for galvanised steel requires further investigation.

(ii) Aluminium zinc coated steel

The application states that aluminium zinc coated steel is classified to tariff subheading 7210.61.00 (and statistical codes 60, 61, and 62) of Schedule 3 to the Tariff Act. Based on the information provided in the application, Customs and Border Protection's Trade Policy Branch confirmed that the goods are correctly classified to this tariff subheading.

The general rate of duty is currently 5% for goods imported under this tariff subheading. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.

There are no TCOs applicable to the relevant tariff classification subheading for aluminium zinc coated steel.

3.2 'Like' goods

Stemcor did not comment on the goods description or like goods during the verification visit.

4 COMPANY BACKGROUND

4.1 Company background

Stemcor is part of the international Stemcor Group of steel trading companies, the parent company being Stemcor Holdings Ltd (Stemcor Holdings), based in London.

Stemcor described itself as an independent steel trader involved in steel trading and trading of raw materials for the production of steel.

Stemcor Holdings describe the Stemcor Group as 'a value adding service provider whose services in the steel supply chain comprise four core competencies, in the areas of steel trading, raw materials trading, distribution and stockholding'. Stemcor Holdings' annual report also states that the company provides some financial services to the trade sector including hedging services.

Stemcor Holding's profit and loss statement available on the company website stated that the Stemcor Group traded in excess of 17 million tonnes of steel and raw materials and its turnover was estimated at over as 6.25 billion pounds sterling in 2011. Stemcor Holdings is estimated to have a network of 125 offices in 45 countries.

Stemcor advised that the North Sydney office, comprising approximately 33 staff, is the main Stemcor office in Australia.

4.2 Functions of company

Stemcor describes itself as an importer and trader of steel products. We calculated from Stemcor's management accounts for the investigation period that galvanised steel products accounted for approximately [REDACTED]% of Stemcor's Sheet and Coil Trading Department revenue, and aluminium zinc coated products accounted for approximately [REDACTED]% of Stemcor's Sheet and Coil Trading Department revenue.

4.3 Accounting

Stemcor operates on a 1 January to 31 December financial year, in line with that of its parent company.

4.4 Product range – galvanised steel

Stemcor advised Customs and Border Protection that it predominately imports galvanised coil and galvanneal coil. These are available in a range of grades, coating mass, widths and thicknesses. In its response to the importer questionnaire, Stemcor provided details of the particular specifications for all sales during the investigation period.

Stemcor stated that it imports galvanised steel that conforms to [REDACTED] [REDACTED] *[confidential information – details of purchases]* dependent on the mill it was purchased from. Stemcor noted that a majority of its galvanised steel imports were of a [REDACTED] *[confidential information – details of purchases]*

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Stemcor outlined that the product codes provided in its sales listing describe the product (galvanised or galvanneal coil), grade, coating mass, width and thickness. Stemcor advised that its most popular galvanised steel products are the [REDACTED]

[REDACTED] [confidential information – details of purchases]. The galvanised coil is mostly sold with [REDACTED]

[REDACTED] [confidential information – details of purchases].

Stemcor also outlined that a majority of the products it purchases are [REDACTED]

[REDACTED] [confidential information – details of purchases].

4.5 Product range – aluminium zinc coated steel

Stemcor advised that it predominately imports a product known as aluzinc. As with the galvanised products, aluzinc is sold in a variety of grades, coating mass, widths and thicknesses, the details of which Stemcor provided in its response to the importer questionnaire.

Stemcor stated that it imports aluzinc that conforms to [REDACTED] [confidential information – details of purchases] dependent on the mill it purchases from. Stemcor estimated that approximated [REDACTED] of aluzinc sold was of a [REDACTED].

Stemcor outlined that the product codes provided in its sales listing describe the product (aluzinc), grade, coating mass, width and thickness. Stemcor advised that the most popular aluzinc product fell within the Australian and New Zealand G300 to G500 grades, with a coating mass of 150g/m.

As with galvanised steel, Stemcor advised that most aluzinc products are [REDACTED] [REDACTED] [confidential information – details of purchases].

4.6 Relationship with suppliers

Stemcor stated that it does not have a relationship with any of its suppliers.

4.7 Relationships with customers

[REDACTED]

[REDACTED] [Confidential information – relationship with customer]

5 IMPORTS – GALVANISED STEEL

5.1 Introduction

Customs and Border Protection's import database indicates that Stemcor imported [REDACTED] of galvanised steel during the investigation period.

Country	Exporter	Qty (MT)
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

5.2 Ordering process

In relation to galvanised steel products Stemcor advised that negotiations occur monthly with both customers and exporters. Stemcor outlined that unless unforeseen circumstances occur, the lead time for imports is three months. The timeframe for importation is as follows:

- negotiations occur monthly. Here a price is set with the overseas mill and Australian customers. Sales contracts are entered into which confirm price, quantity, shipping and payment terms;
- two months later, the goods are shipped and invoiced by the overseas mill; and
- one month after shipping, the goods arrive in Australia and are delivered to customers.

Stemcor advised that it seeks to avoid carrying stock of product and will usually purchase only what is required to meet its customers' needs from overseas mills.

5.3 Verification of imports

Prior to the visit we selected 9 shipments so that Stemcor could provide Customs and Border Protection the following source documents:

- commercial invoices;
- packing lists;
- purchase orders;
- bills of lading;
- invoices relating to freight and Australian importation expenses; and
- proof of payment of commercial invoices.

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The source documents are at **confidential attachment IMP 1**.

For each shipment we used the source documents provided to confirm the quantity, invoice value, ocean freight and insurance, exchange rate, customs duty, importation costs, expenses and average selling prices listed in the importer transaction form. We confirmed the following:

Supplier	Delivery terms	Payment terms	Currency
██████	████	██	████
██████	████	████████████████████	████
██████	████	████████████████████	████
██████████	████	████████████████████	████

Some minor amendments were made to the importer transaction form in order to reconcile listings to commercial invoices. We confirmed that selected shipment seven ([REDACTED]) [REDACTED] [confidential customer information]. Given this, the information provided for shipment seven has not been used to determine the weighted average shipment costs, importation costs, commissions, SG&A or export prices.

5.4 Shipment costs

Stemcor provided supplier invoices for ocean freight. The weighted average was determined for the selected transactions and is available in the table below.

Stemcor advised us that their marine insurance policy is [REDACTED] of the total invoice price. Stemcor stated that the insurance is paid as an annual premium and is then allocated amongst the shipments. Stemcor provided us with a copy of its marine insurance policy. The policy forms **confidential attachment IMP 2**.

Stemcor advised that it generally ships goods break bulk, but may in some circumstances ship using containers, which incurs a loading fee. Stemcor provided invoices for loading fees with source documents where applicable.

Item	Weighted average cost (AUD/MT) ██████████	Weighted average cost (AUD/tMT) ██████████	Weighted average cost (AUD/MT) ██████████
██████████	██████	██████	██████
██████████	██████	██████	██████
██████	██████	██████	██████
██████	██████	██████	██████

5.5 Importation costs

Under the heading “Australian Importation costs” in the importer questionnaire response, Stemcor entered amounts for [REDACTED]

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██████████. We compared the relevant importation cost invoices to the importer questionnaire.

Stemcor provided us with documents outlining their credit insurance policy with QBE Insurance (**confidential attachment IMP 3**). The documents confirmed that the credit insurance was [REDACTED] of the average sales revenue applied to the unit amount of the import.

In relation to bank charges, Stemcor provided its profit and loss statement to illustrate that bank charges amount to approximately [REDACTED] of the invoice value. The profit and loss sheet which showed bank fees had been incorporated into total overheads. Given that total overheads form the basis of the SG&A expenses, we did not include any bank charges in Australian importation expenses.

[confidential information regarding specific importation expense].

Using the verified data in the importer questionnaire response, we calculated the weighted average post free on board expenses for selected shipments, which are summarised in the following table. Our working is at **confidential appendix 1**.

Item	Weighted average cost (AUD/MT)
████████████████████	████
██████████████	████
██████████████████	████
████████	██████
██████████████	████
██████	██████

5.6 Commission

Stemcor advised that it pays a commission to [REDACTED]. The rate of commission is calculated as a percentage of the FOB value of the goods. This rate varies as it is negotiated for each purchase.

Stemcor provided documents confirming payment of commissions with the source documents for selected transactions. Using the verified data in the importer questionnaire response, we calculated the weighted average commission for the selected shipments from [REDACTED]. Our working is at **confidential appendix 1**.

Item	Weighted average cost (AUD/MT)
Commission	

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5.7 Selling, general and administrative expenses (SG&A)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [Confidential information related to the calculation of SG&A].

Item	Weighted average cost (AUD/MT)
SG&A	[REDACTED]

5.8 Export prices for shipments

Based on verification of the eight selected shipments, we calculated a weighted average FOB export price (in Australian dollars) for the goods over the investigation period.

Product	Country	FOB export price (AUD/MT)	TOTAL
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

5.9 Who is the importer

We noted that Stemcor:

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- is named as the customer on supplier invoices;
- is named as the consignee on the bill of lading; and
- arranges delivery of the goods to one of its warehouses or direct to its customers.

We consider Stemcor was the beneficial owner of the goods at the time of importation and is therefore the importer.

5.10 Who is the exporter?

Customs and Border Protection will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export Customs will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

We reviewed the documentation provided in relation to the sample shipments ordered by Stemcor. Upon review of this documentation and other information supplied by Stemcor, we are satisfied that:

- the commercial invoices identify the supplier;
- the bills of lading identify the supplier as the shipper of the goods; and
- the supplier arranges and pays for the goods to be transported to the wharf and loaded onto the ship in the country of export; and
- Stemcor pays the relevant supplier.

Based on the information available we consider

[REDACTED]

[REDACTED] are the exporters.

6 IMPORTS – ALUMINIUM ZINC COATED STEEL

6.1 Introduction

Customs and Border Protection's import database indicates that Stemcor imported [REDACTED] of aluminium zinc coated steel during the investigation period.

Country	Exporter	Qty (MT)
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]

6.2 Ordering process

In relation to aluminium zinc coated steel products Stemcor advised that negotiations occur monthly with both customers and exporters. Stemcor outlined that unless unforeseen circumstances occur, the lead time for imports is three months. The timeframe for importation is as follows:

- negotiations occur monthly. Here a price is set with the overseas mill and Australian customers. Sales contracts are entered into which confirm price, quantity, shipping and payment terms;
- two months later, the goods are shipped and invoiced by the overseas mill; and
- one month after shipping, the goods arrive in Australia and are delivered to customers.

Stemcor advised that it seeks to avoid carrying stock of product and will usually purchase only what is required to meet its customers' needs from overseas mills.

6.3 Verification of imports

Prior to the visit we selected 12 shipments so that Stemcor could provide Customs and Border Protection the following source documents:

- commercial invoices;
- packing lists;
- purchase orders;
- bills of lading;
- invoices relating to freight and Australian importation expenses; and
- proof of payment of commercial invoices.

The source documents are at **confidential attachment IMP 5**.

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For each shipment we used the source documents provided to confirm the quantity, invoice value, ocean freight and insurance, exchange rate, customs duty, importation costs, expenses and average selling prices listed in the importer transaction form. Minor amendments were made to the importer transaction form to reconcile listings to commercial invoices. We confirmed the following:

Supplier	Delivery terms	Payment terms	Currency
██████	████	██████	████
██████	████	██████	████
██████	████	██████	████

6.4 Shipment costs

Stemcor provided supplier invoices for ocean freight. The weighted average was determined for the selected transactions and is available in the table below.

Stemcor advised us that their marine insurance policy is [REDACTED] of the total invoice price. Stemcor stated that the insurance is paid as an annual premium and is then allocated amongst the shipments. Stemcor provided us with a copy of its marine insurance policy. The policy forms **confidential attachment IMP 2**.

Stemcor advised that it generally ships goods break bulk, but may in some circumstances ship using containers, which incurs a loading fee. Stemcor provided invoices for loading fees with source documents where applicable.

Item	Weighted average cost (AUD/MT) ██████████	Weighted average cost (AUD/MT) ██████████	Weighted average cost (AUD/MT) ██████████
██████████	██████	██████	██████
██████████	████	████	████
██████	████	████	████
██████	██████	██████	██████

6.5 Importation costs

Under the heading “Australian Importation costs” in the importer questionnaire response, Stemcor entered amounts for [REDACTED]
[REDACTED]. We compared the relevant importation cost invoices to the importer questionnaire.

Stemcor provided us with documents outlining their credit insurance policy with QBE Insurance (**confidential attachment IMP 3**). The documents confirmed that the credit insurance was [REDACTED] of the average sales revenue applied to the unit amount of the import.

In relation to bank charges, Stemcor provided its profit and loss statement to illustrate that bank charges amount to approximately [REDACTED] of the invoice value. The profit and

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loss sheet which showed bank fees had been incorporated into total overheads. Given that total overheads form the basis of the SG&A expenses, we did not include any bank charges in Australian importation expenses.

[REDACTED]
[REDACTED]. [confidential information regarding specific importation expense].

Using the verified data in the importer questionnaire response, we calculated the weighted average post free on board expenses for selected shipments, which are summarised in the following table. Our working is at **confidential appendix 1**.

Item	Weighted average cost (AUD/MT)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

6.6 Commission

Stemcor advised Customs and Border Protection that it pays commission to a [REDACTED]. The commission was a [REDACTED] tonne.

Stemcor also advised that it pays a commission to [REDACTED]. The rate of commission is calculated as a percentage of the FOB value of the goods. This rate varies as it is negotiated for each purchase.

Stemcor provided documents confirming payment of commissions with the source documents for selected transactions. Using the verified data in the importer questionnaire response, we calculated the weighted average commission for the selected shipments by country. Our working is at **confidential appendix 1**.

Item	Weighted average cost (AUD/MT) [REDACTED]	Weighted average cost (AUD/MT) [REDACTED]
Commission	[REDACTED]	[REDACTED]

6.7 Selling, general and administrative expenses (SG&A)

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED] [Confidential information related to the calculation of SG&A].

Item	Weighted average cost (AUD/MT)
SG&A	[REDACTED]

6.8 Export prices for shipments

Based on verification of all selected shipments, we calculated a weighted average FOB export price (in Australian dollars) for the goods over the investigation period:

Country	FOB export price (AUD/MT)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

6.9 Who is the importer

We noted that Stemcor:

- is named as the customer on supplier invoices;
- is named as the consignee on the bill of lading; and
- arranges delivery of the goods to one of its warehouses or direct to its customers.

We consider Stemcor was the beneficial owner of the goods at the time of importation and is therefore the importer.

6.10 Who is the exporter?

Customs and Border Protection will generally identify the exporter as:

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- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export Customs will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

We reviewed the documentation provided in relation to the sample shipments ordered by Stemcor. Upon review of this documentation and other information supplied by Stemcor, we are satisfied that:

- the commercial invoices identify the supplier;
- the bills of lading identify the supplier as the shipper of the goods; and
- the supplier arranges and pays for the goods to be transported to the wharf and loaded onto the ship in the country of export; and
- Stemcor pays the relevant supplier.

Based on the information available we consider [REDACTED]
[REDACTED] are the exporters.

7 AUSTRALIAN MARKET AND SALES – GALVANISED STEEL

7.1 General

Stemcor did not provide comment on the Australian market or its sales to Australian customers, including price and distribution arrangements, during the verification visit.

7.2 Sales verification

As part of its importer questionnaire response, Stemcor provided Customs and Border Protection with a line by line sales listing of all sales of galvanised steel during the investigation period. Prior to the visit, we sought source documents for the sales to Australian customers associated to the 9 selected importations referred to in Chapter 5 above.

Stemcor provided us with commercial invoices and freight invoices for all selected sales. These documents form part of the source documents provided at **confidential attachment IMP 1**.

We were able to verify the invoice details with the sales listing provided by Stemcor in its response to the importer questionnaire. Proof of payment documentation confirmed that the invoiced price was the price paid for the goods.

Based on the source documents provided we are satisfied that the values in the sales list are accurate.

7.3 Profitability of sales and selling price

We calculated profitability for the selected imports by deducting total costs of importation (including shipping costs, post importation costs and SG&A) from the selling price of the related sales to the selected import transaction.

Our analysis found that all selected transactions were profitable, with an average profitability of [REDACTED]. Our calculations are at **confidential appendix 1**.

The following table shows the weighted average selling price (expressed in Australian dollars per tonne) for galvanised coil and galvanneal coil for each quarter of the investigation period:

Invoice Quarter	Galvanised Coil	Galvanneal Coil
2011 Jul – Sep	[REDACTED]	[REDACTED]
2011 Oct – Dec	[REDACTED]	[REDACTED]
2012 Jan – Mar	[REDACTED]	[REDACTED]
2012 Apr - May	[REDACTED]	[REDACTED]
Weighted average for investigation period	[REDACTED]	[REDACTED]

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7.1 Forward orders

Stemcor's importer questionnaire response indicated that there were forward orders totalling [REDACTED] of both galvanised and galvanneal coil. We examined the orders and noted nothing of significance by way of source of supply, volume or price.

8 AUSTRALIAN MARKET AND SALES – ALUMINIUM ZINC COATED STEEL

8.1 General

Stemcor did not provide comment on the Australian market or its sales to Australian customers, including price and distribution arrangements, during the verification visit.

8.2 Sales verification

As part of its importer questionnaire response, Stemcor provided Customs and Border Protection with a line by line sales listing of all sales of aluminium zinc coated steel products during the investigation period. Prior to the visit, we sought source documents for the sales to Australian customers associated to the 12 selected importations referred to in Chapter 6 above.

Stemcor provided us with commercial invoices and freight invoices for all selected sales. These documents form part of the source documents provided at **confidential attachment IMP 5**.

We were able to verify the invoice details with the sales listing provided by Stemcor in its response to the importer questionnaire. Proof of payment documentation confirmed that the invoiced price was the price paid for the goods.

Based on the source documents provided we are satisfied that the values in the sales list are accurate.

8.3 Profitability of sales and selling price

We calculated profitability for the selected imports by deducting total costs of importation (including shipping costs, post importation costs and SG&A) from the selling price of the related sales to the selected import transaction.

Our analysis found that all selected transactions were profitable, with an average profitability of [REDACTED]. Our calculations are at **confidential appendix 1**.

The following table shows the weighted average selling price (expressed in Australian dollars per tonne) of aluzinc for each quarter of the investigation period:

Invoice Quarter	Aluzinc
2011 Jul – Sep	[REDACTED]
2011 Oct – Dec	[REDACTED]
2012 Jan – Mar	[REDACTED]
2012 Apr - May	[REDACTED]
Weighted average for investigation period	[REDACTED]

8.4 Forward orders

Stemcor's Importer Questionnaire response indicated that there were forward orders totalling [REDACTED] of aluzinc. We examined the orders and noted nothing of significance by way of source of supply, volume or price.

9 ARMS LENGTH

Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as arm's length. These are where:

- there is any consideration payable for in respect of the goods other than price;
- the price is 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;
- in the opinion of the Minister, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Furthermore, where:

- goods are exported to Australia otherwise than by the importer and are purchased by the importer from the exporter (whether before or after exportation) for a particular price; and
- the Minister is satisfied that the importer, whether directly or through an associate or associates, sells those goods in Australia (whether in the condition in which they were imported or otherwise) at a loss;

the Minister may treat the sale of those goods at a loss as indicating that the importer or an associate of the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or a part of the price.

9.1 Galvanised steel

As outlined above, our analysis shows that the selected sales between Stemcor and its suppliers were not at a loss overall. Considering this, and based on the information provided, we did not find any evidence that:

- there is any consideration payable other than price; or that
- the price is influenced in Stemcor's favour by a commercial or other relationship between Stemcor and its suppliers.

We confirmed during our verification that the price invoiced by the exporters was the price paid by Stemcor. At this stage, we consider that sales between Stemcor and its suppliers are arms-length transactions.

9.2 Aluminium zinc coated steel

As outlined above, our analysis shows that the selected sales between Stemcor and its suppliers were not at a loss overall. Considering this, and based on the information provided, we did not find any evidence that:

- there is any consideration payable other than price; or that
- the price is influenced in Stemcor's favour by a commercial or other relationship between Stemcor and its suppliers.

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We confirmed during our verification that the price invoiced by the exporters was the price paid by Stemcor. At this stage, we consider that sales between Stemcor and its suppliers are arms-length transactions.

10 UNSUPPRESSED SELLING PRICE

Unsuppressed selling price (USP) and non-injurious price (NIP) issues are examined at an early stage of an investigation and, where possible and appropriate, preliminary examinations are made during the application consideration period for the purpose of assessing injury and causal link and therefore the appearance of reasonable grounds for the publication of a dumping duty notice.

Customs and Border Protection generally derives the NIP by first establishing a price at which the applicant might reasonably sell its product in a market unaffected by dumping. This price is referred to as the USP.

Customs and Border Protection's preferred approach to establishing USPs observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry cost to make and sell plus profit; or
- selling prices of un-dumped imports.

Having calculated the USP, Customs and Border Protection then calculates a non-injurious price by deducting the costs incurred in getting the goods from the export free on board point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

Stemcor did not have any comments on the calculation of an unsuppressed selling price for either galvanised steel or aluminium zinc coated steel during the verification visit.

11 RECOMMENDATIONS

11.1 Galvanised steel

Based on the information available, the galvanised steel exported by [REDACTED] to Stemcor:

- has been exported to Australia otherwise than by the importer;
- appears to have been purchased by the importer from the exporters;
- the purchases of the goods by the importer were arm's length transactions; and
- the goods are subsequently sold by the importer to a person who is not an associate of the importer.

Subject to further inquiries with the exporter, we are satisfied that the export prices for galvanised steel can be established under s. 269TAB(1)(a) using the invoice prices plus any additions to the FOB level, where required.

11.2 Aluminium zinc coated steel

Based on the information available, the aluminium zinc coated steel exported by [REDACTED] to Stemcor:

- has been exported to Australia otherwise than by the importer;
- appears to have been purchased by the importer from the exporters;
- the purchases of the goods by the importer were arm's length transactions; and
- the goods are subsequently sold by the importer to a person who is not an associate of the importer.

Subject to further inquiries with the exporter, we are satisfied that the export prices for aluminium zinc coated steel can be established under s. 269TAB(1)(a) using the invoice prices plus any additions to the FOB level, where required.

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12 ATTACHMENTS

Confidential appendix 1	Import and sales working
Confidential attachment GEN 1	Stemcor response to importer questionnaire Part A
Confidential attachment GEN 2	Stemcor visit agenda
Confidential attachment IMP 1	Source documents for selected transactions – galvanised steel
Confidential attachment IMP 2	Marine Insurance Policy
Confidential attachment IMP 3	Credit Insurance Policy
Confidential attachment IMP 4	Profit and Loss Statement Jul 2011- Jun 2012
Confidential attachment IMP 5	Source documents for selected transactions – aluminium zinc coated steel