

PUBLIC RECORD



Australian Government
Anti-Dumping Commission

INVESTIGATION 370

**ALLEGED DUMPING OF ZINC COATED (GALVANISED) STEEL
EXPORTED FROM THE REPUBLIC OF INDIA (INDIA),
MALAYSIA AND THE SOCIALIST REPUBLIC OF VIETNAM
(VIETNAM)**

AND

**ALLEGED SUBSIDISATION OF GALVANISED STEEL
EXPORTED FROM INDIA AND VIETNAM**

VERIFICATION VISIT REPORT - IMPORTER

COMMERCIAL METAL 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**

January 2017

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1 BACKGROUND

On 7 October 2016, the Anti-Dumping Commissioner (the Commissioner) initiated an investigation into the alleged dumping of zinc coated (galvanised) steel exported to Australia from the Republic of India (India), Malaysia and the Socialist Republic of Vietnam (Vietnam) and the alleged subsidisation of galvanised steel exported from India and Vietnam. Public notification of the initiation of the investigation was published on the Commission's website on the same day. The background relating to the initiation of this investigation is contained in Consideration Report 370 which is available on the Commission's website www.adcommission.gov.au.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to Commercial Metal Pty Ltd (CMC) and other importers of galvanised steel inviting them to cooperate with the investigation. CMC responded to the Commission's invitation and completed the importer questionnaire and relevant attachments.

The verification was conducted at CMC's Melbourne office.

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

CMC is the contractual party in the purchasing and selling of the goods and all transfers of funds relating to the shipments exported to Australia. CMC provided the verification team its audited financial statements for 2016. The verification team is satisfied with the verification of the sales listing to audited financial statements.

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

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

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 find any evidence that CMC is related to any of its Australian customers during the investigation period.

3 IMPORTS

3.1 The goods

CMC confirmed that it imported galvanised steel during the investigation period, which matches the description of the goods that are the subject of this application.

3.2 Verification of importation and selling costs

The verification team verified the accuracy of all the importation and selling costs listed by CMC in its response to Part B of importer questionnaire to the source documents in accordance with ADN 2016/30.

CMC provided its SG&A expenses broken into two amounts that it referred to as 'SG&A direct' and 'SG&A allocated'. CMC explained that the 'SG&A direct' figure was the amount of SG&A expense incurred directly by the Australian CMC business, while the SG&A allocated was an amount of SG&A allocated to Australian operation from other group operations. The verification team has made changes to the calculations of SG&A expenses suggested by CMC. The details of this SG&A expenses calculation and its impact on profitability is provided in **Confidential Attachment 2**.

Details of the verification of importation and selling costs are contained within the verification work program as **Confidential Attachment 1**.

3.3 Import listing

CMC confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of imports of the goods over the investigation period. There was a minor difference in the volume of imports listed in CMC's sales listing and ABF database listing. This was found to be caused by the difference in the way the date of sales was defined in CMC's internal system and the ABF importation database.

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

3.4 Forward orders

The verification team verified CMC'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 CMC to be the beneficial owner of the goods at the time of importation and that CMC is therefore the importer.

3.6 The exporter

Subject to further inquiries, the verification team considers that CMC's suppliers to be the exporters of the goods.¹

3.7 Profitability of imports

The verification team compared the selling prices into the Australian market with the corresponding full cost to import and sell those shipments for each of the consignments on the Part B spreadsheet.

The verification team considers that it is reasonable to consider the overall sales were profitable.

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

3.8 Related party suppliers

The verification team did not find any evidence that CMC is related to its suppliers of galvanised steel exported from Vietnam during the investigation period.

3.9 Arms length

In respect of imports of the goods 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, 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.

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

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.

4 RECOMMENDATIONS

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

- 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 arms length transactions.

Subject to further inquiries with the exporters, the verification team recommends that the export price for the goods imported by CMC from the exporters be established under s.269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less deductions, to the FOB level as required.

5 GENERAL COMMENTS

CMC made the following general comments during the visit:

- The major issue facing Australian steel industry is not the import of galvanised steel in its primary form per se, but rather that there is an increasing trend of importing the steel in pre-fabricated structure forms. This results in a loss of sales for Australian steel and a loss to the Australian domestic fabrication industry.
- The imposition of measures on steel in previous investigations, especially flat steel, has led to a change in competitive dynamics in the industry, with the Australian domestic industry now having a very dominant position.
- CMC alleges that the applicant has imported galvanised steel from countries subject of the current investigation. This shows that not all needs for various grades of galvanised steel is met by domestic producers. However, no evidence for this was provided.

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6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Profitability of sales
Confidential Attachment 1	Verification Work Plan
Confidential Attachment 2	SG&A adjustment details