



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Importer verification report

Verification and case details

Initiation date	22/08/2022	ADN	2022/086
Case number	611		
The goods under consideration	Zinc coated (galvanised) steel		
Case type	Continuation Inquiry		
Importer	CA Steel Products Pty Ltd		
Location	Level 7, 99 King Street, VIC, 3000		
Verification date	20/10/2022		
Inquiry period	1/07/2021	to	30/06/2022

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

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Introduction

CA Steel Products Pty Ltd (CA Steel) submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Continuation Inquiry 611 (case 611) into zinc coated (galvanised) steel (the goods) exported from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan.

The verification team (the team) has verified whether the data CA Steel submitted is complete, relevant and accurate for use in case 611. [Anti-Dumping Notice \(ADN\) 2016/030](#) describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where CA Steel or the team materially revised the submitted data, this report outlines the nature, extent and outcomes of these revisions.

The commission prepared this report to publish on the electronic public record for case 611.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).¹

¹ All legal citations in this report are to the *Customs Act 1901* (Cth) unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

CA Steel is an Australian registered company incorporated on 30 January 2015. The company changed its name from CITIC Australia Steel Products Pty Ltd to its current name in May 2020.

CA Steel is wholly owned by CITIC Resources Australia Pty Ltd (CITIC Resources), which in turn is wholly owned by CITIC Resources Holdings Limited, an entity listed on the Hong Kong stock exchange. The Chinese state owned enterprise CITIC Group Corporation holds the majority of the stock in this entity and is the ultimate owner of CA Steel.

1.2 Related parties

The team examined the relationships between related parties involved in the importation and sale of the goods.

The team found that CA Steel did not have any related party customers or suppliers of the goods during the inquiry period.

2 Goods under consideration

2.1 Importation of the goods under consideration

CA Steel confirmed that it imported goods from Taiwan during the inquiry period matching the description of the goods that are the subject of this inquiry.

2.2 Model control codes

The sales and costs data CA Steel submitted complies with the model control code (MCC) structure detailed in ADN 2022/086 and presented in table 1 below.

Item	Category	Sub-Category	Identifier	Sales Data	Cost Data
1	Alloy content	Alloy	A	Mandatory	Not applicable
		Non-alloy	NA		
2	Prime	Prime	P	Mandatory	Not applicable
		Non – Prime	N		
3	Steel Base	Hot Rolled	H	Mandatory	Mandatory
		Cold Rolled	C		
4	Coating Type	Zinc Coated (Z)	Z	Mandatory	Mandatory
		Zinc / Iron Alloy Coating (ZF / F)	F		
5	Coating Mass	<= 100 g/m ²	1	Mandatory	Mandatory
		>100 g/m ² to <= 220 g/m ²	2		
		> 220 g/m ² to <= 300g/m ²	3		
		>Z300 g/m ² to <= 400 g/m ²	4		
		>400 g/m ²	5		
6	Steel Grade	G2 / SGCC / SGHC	A	Mandatory	Mandatory
		G3 / SGCD	B		
		G250 / SGC 340 / SGHC 340 / SGC 340 / SGHC 340	C		
		G300 / G350 / SGC 400 / SGHC 400 / SGC 440 / SGCH 440 / SGC 490 / SGHC 490	D		
		G450 / G500	E		
		G550 / SGC 570	F		
		Other	G		
7	Base Metal Thickness (BMT)	< 0.40 mm	1	Mandatory	Mandatory
		=> 0.40 mm to < 0.50 mm	2		
		=> 0.50 mm to < 0.75 mm	3		
		=> 0.75 mm to < 1.00 mm	4		
		=> 1.00 mm to < 1.50 mm	5		
		=> 1.50 mm to < 2.00 mm	6		
		=> 2.00 mm to <2.50 mm	7		
		=> 2.50 mm	8		

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8	Width	< 600 mm	A	Mandatory	Optional
		=> 600 mm to <= 1220mm	B		
		> 1220mm	C		
9	Form	Coil	C	Mandatory	Optional
		Sheet	S	Mandatory	Optional

Table 1 - MCC structure

2.3 Verification of model control codes

Table 2 below details how the team determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Alloy content	Could not be verified. CA Steel denominated all goods as non-alloy steel
Prime	Could not be verified. CA Steel denominated all goods as prime quality
Steel Base	Could not be verified. CA Steel denominated all goods as hot rolled
Coating Type	Based on the coating type stated in the commercial invoice.
Coating Mass	Based on the coating mass stated in the commercial invoice
Steel Grade	Based on the steel grade stated in the commercial invoice.
Base Metal Thickness (BMT)	Based on the BMT stated in the commercial invoice.
Width	Based on the width stated in the commercial invoice.
Form	Based on the form stated in commercial invoice.

Table 2 - MCC sub-category determination

2.4 The goods imported and sold in Australia

The verification team was satisfied that CA Steel sold goods with the following MCCs during the inquiry period:

MCC			
NA-P-H-Z-3-C-3-B-C	NA-P-H-Z-3-C-4-B-C	NA-P-H-Z-3-C-5-B-C	NA-P-H-Z-3-C-6-B-C
NA-P-H-Z-3-C-7-B-C	NA-P-H-Z-3-C-7-B-S	NA-P-H-Z-3-C-8-B-C	NA-P-H-Z-3-C-8-C-C
NA-P-H-Z-3-D-4-B-C	NA-P-H-Z-3-D-4-C-C	NA-P-H-Z-3-D-5-B-C	NA-P-H-Z-3-D-6-B-C
NA-P-H-Z-3-E-5-B-C	NA-P-H-Z-3-E-6-B-C	NA-P-H-Z-3-E-7-B-C	NA-P-H-Z-3-E-7-B-S
NA-P-H-Z-3-E-8-B-C	NA-P-H-Z-3-F-3-B-C	NA-P-H-Z-3-F-4-B-C	NA-P-H-Z-3-F-4-C-C
NA-P-H-Z-3-F-5-B-C	NA-P-H-Z-4-D-5-B-C	NA-P-H-Z-4-D-6-B-C	NA-P-H-Z-4-E-5-B-C
NA-P-H-Z-4-E-6-A-C	NA-P-H-Z-4-E-6-B-C	NA-P-H-Z-4-E-6-C-C	NA-P-H-Z-4-E-7-A-C
NA-P-H-Z-4-E-7-B-C	NA-P-H-Z-4-E-7-B-S	NA-P-H-Z-4-E-7-C-C	NA-P-H-Z-4-E-8-B-C
NA-P-H-Z-4-E-8-B-S	NA-P-H-Z-4-E-8-C-C	NA-P-H-Z-5-C-3-C-C	NA-P-H-Z-5-C-6-B-C
NA-P-H-Z-5-C-7-B-C	NA-P-H-Z-5-C-8-B-C	NA-P-H-Z-5-D-5-B-C	NA-P-H-Z-5-E-7-B-S
NA-P-H-Z-5-E-8-B-S	NA-P-H-Z-5-F-3-B-C	NA-P-H-Z-5-F-4-B-C	NA-P-H-Z-5-F-5-B-C

Table 3 - MCCs sold during the inquiry period

2.5 Like goods assessment

The team considers that the goods were identical to, or had characteristics closely resembling, the like goods manufactured by the Australian industry.²

This is because:

- **Physical likeness:** The goods are physically alike to the like goods manufactured by Australian industry.
- **Production likeness:** The imported goods are hot rolled or cold rolled and zinc coated using the same or similar manufacturing processes and raw materials as the Australian industry.
- **Commercial likeness:** The goods compete in the same market sector, are interchangeable and use similar distribution channels.
- **Functional likeness:** The goods are functionally alike, as they have similar end uses.

² Section 269T(1), the Act

3 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the sales listings CA Steel submitted are complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

The team verified whether the sales data was complete and relevant by:

- Reconciling the sales revenue reported in CA Steel's management reports and 2021 audited financial statements.
- Reconciling the sales revenue in CA Steel's management reports and the ledger report from its financial accounting system.
- Reconciling the sales revenue and volume reported in CA Steel's sales listing at Part C of its questionnaire and the ledger report from its financial accounting system.

The team did not identify any issues. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

3.1 Sales completeness and relevance finding

The team is satisfied that the sales data CA Steel submitted is complete and relevant.

4 Downwards verification of sales

4.1 Verification of sales accuracy

The commission typically verifies the accuracy of data by reconciling selected data submitted 'downwards' to source documents. This part of verification involves the process of reconciling the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The team verified the accuracy of the sales listing submitted in Part C of the questionnaire response by reconciling these to source documents in accordance with ADN 2016/30.

The team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.2 Sales accuracy finding

The verification team is satisfied that the sales data CA Steel submitted is accurate.

5 Verification of imports and cost to import and sell

5.1 Import listing

CA Steel 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 inquiry period.

5.2 Verification of cost to import and sell

Prior to the verification, the commission selected 12 shipments for CA Steel to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected shipments, CA Steel provided the following source documents:

- commercial invoices and payment evidence
- logistic invoices
- duty invoices
- freight invoices
- bills of lading and
- port charge invoices.

5.3 CTIS allocation method

Table 4 outlines how the team allocated each CTIS component.

Cost Area	Method applied
Ocean freight	Actual freight cost of the goods on the shipping invoices.
Marine insurance	Based on the annual marine insurance premium cost allocated to the goods based on the calculation provided in the contract applied to the quantity imported.
Duties	Actual duties paid based on ABF customs documentation.
Customs entry and broker fees	Actual cost based on ABF customs documentation and invoices from the customs broker.
Port service charges and carrier document fee	Unit port service and carrier document fee only related to the importation of the goods
Inland transport	Actual cost based on tax invoices.
SG&A	Based on SG&A costs incurred, as a percentage of sales revenue and multiplied by the notional revenue for the shipment.
Ocean freight	Actual freight cost of the goods on the shipping invoices.

Table 4 - CTIS allocation method

5.4 Verification of CTIS accuracy

The accuracy of data is verified by reconciling selected data submitted 'downwards' to source documents. This part of verification involves the process of agreeing key information fields within the CTIS data down to source documents. This verifies the accuracy of the data.

The team verified the accuracy of the CTIS provided in the questionnaire response by reconciling it to source documents in accordance with ADN No 2016/030.

The team identified the issue outlined below during this process. The team verified whether the CTIS CA Steel submitted is complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/030.

The team identified the issue outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.4.1 Exceptions during verification of CTIS

Exception 1: Revised SG&A cost listing

Description: The team identified that CA Steel had incorrectly included two income accounts in the SG&A expense listing.

Resolution: The team revised the SG&A expense listing to not include these accounts, noting the resultant increase to the SG&A rate was immaterial.

5.5 Forward orders

The team verified CA Steel's forward orders by conducting a sample downward verification of the listing provided in the questionnaire response to the company's records. The verified list of forward orders is at **Confidential Appendix 1**.

5.6 CTIS verification finding

The team is satisfied that the CTIS provided by CA Steel, including any required amendments as outlined in the exception description above, is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 2**.

6 Export price

6.1 The importer

The team considers CA Steel to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as CA Steel:

- is listed as the purchaser on the commercial invoice
- the international commercial terms are FCA & FOB (i.e. CA Steel pays for overseas freight, insurance and other importation costs)
- is listed as the notified party on the bills of lading
- is listed as the importer on the importation declaration to ABF
- is named on the invoices for ocean freight and customs fees and
- typically arranges for delivery from the port of arrival in Australia to its Australian customer and the invoices for inland transport list it as the customer.

6.2 The exporter

The team considers Yieh Phui Enterprise Co., Ltd, (Yieh Phui) to be the exporter of the goods, as:

- Yieh Phui is named as the shipper on the bills of lading
- Yieh Phui signed purchase contracts with the importer and know that the goods are destined for Australia
- Yieh Phui's invoices indicated that the goods are FCA at port of export, i.e. the exporter pays for the cost of transport to port prior to shipping to Australia and
- evidence examined suggests that exporter is the manufacturer of the goods located in Taiwan.³

6.3 Profitability of imports

The team assessed the profitability for the following selected shipments by comparing the revenue to the CTIS for each shipment. As the team can trace each selected shipment to actual sales transactions, the team used the actual revenue for each shipment to assess its profitability.

The outcome of this assessment is in Table 5 below.

Shipment	Profitable (Y/N?)
1	N
2	Y
3	N
4	Y
5	Y

³ 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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Shipment	Profitable (Y/N?)
6	Y
7	N
8	N
9	N
10	N
11	Y
12	Y
Weighted average all shipments	Y

Table 5 - Profitability of selected imports

The assessment is at **Confidential Appendix 2**.

6.4 Related party suppliers

An examination of CA Steel's imports and the ABF import database confirmed that CA Steel imported the goods from an unrelated supplier, Yieh Phui, during the inquiry period. The team found no evidence that CA Steel and its Taiwanese supplier of the goods were related parties in the inquiry period.

6.5 Arms length

In respect of imports of the goods to Australia by CA Steel during the inquiry period, the team found no evidence that:

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

Therefore, subject to further inquiries, the team is satisfied that the imports between CA Steel and its supplier are 'arms length' transactions.

6.6 Export price assessment

The team is of the opinion that for the goods imported by CA Steel from Yieh Phui:

- 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 arms length transactions.

Subject to further inquiries with Yieh Phui, the team recommends that the export price for the goods imported by CA Steel from Yieh Phui can be established under section 269TAB(1)(a) using the invoiced price, less transport and other costs arising after exportation.

7 Attachments

Confidential Appendix 1	Forward orders
Confidential Appendix 2	Profitability of imports
Confidential Attachment 1	Verification Work Program