



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Importer verification report

Verification and case details

Initiation date	3/04/2023	ADN	2023/021
Case number	617		
The goods under consideration	Steel Pallet Racking		
Case type	Continuation Inquiry		
Importer	Schaefer Australia		
Location	10 Rachael Close, Silverwater NSW 2128		
Verification date	Wednesday, 23 August 2023		
Inquiry period	1/01/2022	to	31/12/2022

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

Schaefer Systems International Pty Ltd (Schaefer Australia) submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Continuation Inquiry 617 (CON 617) into steel pallet racking from People's Republic of China (China) and Malaysia.

A verification team (the team) has verified whether the data Schaefer Australia submitted is complete, relevant, and accurate for use in CON 617. [Anti-Dumping Notice \(ADN\) 2016/30](#) describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where Schaefer Australia 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 CON 617.

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 Act unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

Schaefer Systems International Pty Ltd (Schaefer Australia) is a wholly owned subsidiary of Schaefer Systems Holdings International GMBH in Neunkirchen, Germany, which is a multinational manufacturer of materials handling equipment and logistics systems.

Schaefer Australia sells and installs warehouse storage, including automated systems, project management, design engineering, software, IT and site and safety management. Schaefer Australia employs 130 staff across eight major business areas: storage, conveying and transport, picking, handling, workstations, software solutions, waste management and customer service support.

Schaefer Australia reports to Schaefer Singapore for their consolidation, but also reports directly to Germany headquarters.

1.2 Related parties

The team examined the relationships between Schaefer Australia and parties involved in the supply and sale of the goods.

1.2.1 Related suppliers

The team found that Schaefer Australia was related to its supplier of steel pallet racking exported from Malaysia by Schaefer Systems International Sdn Bhd (Schaefer Malaysia). The commission notes that, in accordance with ABF import data, SSI Schaefer System International (Kunshan) Co., Ltd has exported other goods not subject to measures to Schaefer Australia from China. The commission clarified this during the onsite verification with Schaefer Australia stating that they do not import the goods from China.

1.2.2 Related customers

The team did not find any evidence that Schaefer Australia is related to any of its customers during the inquiry period. The team noted that Schaefer Australia's distributors are independently owned businesses.

2 Goods under consideration

2.1 Importation of the goods under consideration

Schaefer Australia confirmed that it imported goods from Malaysia during the inquiry period matching the description of the goods that are the subject to this inquiry. The commission notes, that during the verification Schaefer Australia stated that it has not imported the goods from China since the measures were imposed in 2019. Schaefer Australia advised that its related supplier in China only supplies the Chinese domestic market, but not the Australian market.

2.2 Model control codes

The sales and costs data Schaefer Australia submitted does not comply with the model control code (MCC) structure detailed in ADN 2023/021.

Category	Sub-category		Sales data	Cost data
Form	B	Beam	Mandatory	Mandatory
	U	Upright		
	BR	Brace		
Finish	G	Galvanized	Mandatory	Mandatory
	PC	Powder coated		
	P	Painted		

Table 1: MCC structure

2.3 Verification of model control codes

The goods the subject of the application (the goods) are:

Steel pallet racking, or parts thereof, assembled or unassembled, of dimensions that can be adjusted as required (with or without locking tabs and/or slots, and/or bolted or clamped connections), including any of the following - beams, uprights (up to 12m) and brace (with or without nuts and bolts).

The goods are adjustable static racking structures capable of carrying and storing product loads, and components used to make static racking structures. The applicable Australian Standard is AS4084-2012.²

The goods are generally, but not exclusively, classified to the tariff subheading 7308.90.00 (statistical code 58) in Schedule 3 to the *Customs Tariff Act 1995* (Cth).³

² The Australian Standard for Steel Storage Racking has been updated for 2023. The standard is now in 2 parts; Design 4084.1:2023 and Operations 4084.2:2023. This update introduces a number of concepts that are new, including the notion of a Competent Person.

³ The tariff classification and statistical code may include goods that are both subject and not subject to this inquiry. The listing of this tariff classification and statistical code is for convenience or reference only and does not form part of the goods description. Please refer to the goods description for authoritative detail regarding the goods the subject of this inquiry.

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As outlined in section 2.2 the sales and costs data submitted by Schaefer Australia has not complied with the proposed MCC structure, as a result the team has not verified this data.

However, the team confirms that Schaefer Australia imported and sold the goods subject to the measures and is satisfied that Schaefer Australia sold the goods in Australian market.

2.4 Like goods assessment

The team considers that the goods Schaefer Australia imported for domestic sale had characteristics closely resembling those produced by Australian industry.

Schaefer Australia confirmed that steel pallet racking manufactured by Australian industry are 'like goods' to those imported to Australia according to section 269T(1) in terms of physical, production, commercial and functional likeness.

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 advised Schaefer Australia during the verification that the information submitted was not complete in the format required by the commission. The team has not reconciled the project listing provided by Schaefer Australia with audited financial statements, consistent with ADN 2016/30.

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 commission considers that Schaefer Australia's submitted sales listing is incomplete and is not in the required format. The team has therefore not made an assessment, refer to section 4.1.

4 Verification of sales accuracy

The commission typically verifies sales as accurate by reconciling a selection of volume, revenue, and other key data in the sales listings down to source documents. ADN 2016/30 further describes this verification process.

As outlined in chapter 3, at the time of verification Schaefer Australia had not provide a complete sales listing in the required format. Therefore, the team was unable to verify whether the sales listing Schaefer Australia submitted is accurate by reconciling sales to source documents, consistent with ADN 2016/30.

The team detailed this process in the verification work program and its relevant attachments in **Confidential attachment 1**.

4.1 Sales accuracy finding

With the information available to the commission, at the time of this report the team is not able to verify that Schaefer Australia's sales data is accurate. During verification the commission proposed that Schaefer Australia provide an updated sales listing and source documents for the 12 selected consignments provided to it as part of the CTIS listing.

The commission notes that on 27 September 2023, Schaefer Australia provided the commission with an updated sales listing and accompanying sales source documents. At the time of this report, the commission has not made a further assessment of the accuracy of the sales data recently provided. Accordingly, the team may consider Schaefer Australia sales data and suitability for consideration in the statement of essential facts and final report for this inquiry.

5 Verification of imports and cost to import and sell

5.1 Import listing

Schaefer Australia 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. To conduct the import data analysis, the verification team relied on importation information and sources documents submitted by Schaefer Australia in its response to the importer questionnaire.

5.2 Verification of cost to import and sell

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

For each of the selected shipments, Schaefer Australia provided the following source documents.

- Commercial invoice from its supplier
- Purchase orders
- Freight and Insurance
- Inland transport
- Payment of Importation Charges
- Contract of sale from its supplier
- Packing lists
- Accounts payable ledger (demonstrated in verification)
- Bill of Landing
- Shipping invoices
- Customs entry documents.

The commission typically verifies the CTIS as complete and relevant by reconciling the total cost to import and the selling, general and administrative (SG&A) expenses in cost listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the CTIS Schaefer Australia submitted is complete and relevant by reconciling it to source documents provided, consistent with ADN 2016/30.

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.3 CTIS allocation method

Table 2 outlines how the team allocated each CTIS component was reconciled prior to verification. The allocation method was discussed during the onsite verification.

Cost Area	Method applied
Ocean freight	Based on the actual ocean freight cost, invoice by freight forwarder allocated to goods.
Marine insurance	Unit amount calculated using the fixed percentage rate from the marine insurance policy and total company imports during the period. No source document supplied for this.

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Cost Area	Method applied
Duties	Customs duty and interim dumping duties based on actual duty rates for the goods.
Customs fees	Actual cost based on ABF customs documentation and invoice from the customs broker. In some instances, if the entry contains products other than the goods, pro rata the expenses to the goods based on the FOB price.
Delivery	Actual cost based on tax invoices.
SG&A	Based on SG&A costs incurred, as percentage of sales revenue and multiplied by the notional revenue for the shipment.

Table 2 CTIS allocation method

5.4 Forward orders

The team verified Schaefer Australia forward orders by reconciling the listing provided in the questionnaire response to the company’s records. The verified list of forward orders is at **Confidential Appendix 1**.

5.5 CTIS verification finding

The team is satisfied that the CTIS provided by is accurate for the source documents that were provided by Schaefer Australia. The team notes that it has not verified any proof of payment documents but is satisfied with the documents provided that have been reconciled, as detailed above.

Details of the teams findings are at **Confidential Attachment 1**.

6 Supply tenders and contracts

6.1 Information provided by Schaefer Australia related to supply tenders and contracts

Schaefer Australia provided a summary of tenders for two of its major clients, however no documents of the tenders were provided. Schaefer Australia explained their tender process at onsite verification including the request for information/quote and how final pricing is set.

The details of the are at **Confidential Appendix 1**.

6.2 Importer comments concerning the tender process

Schaefer Australia advised that it has been in competition for tenders with Australian industry and other importers of steel pallet racking. As stated in section 6.1, Schaefer Australia has not provided tender documents.

Schaefer Australia explained that customers will source tenders from multiple suppliers. In many cases suppliers such as Schaefer Australia will have one opportunity to provide a quote.

6.3 Claims concerning the applicant and market in general

Schaefer Australia considers that the Australian market share is comprised of key players Dexion Australia, Dematic, Stow and Safer Storage Systems.

Since the measures were imposed on steel pallet racking in 2019, Schaefer Australia claims that exports have shifted from China to other countries due to factors such as cost and quality.

Schaefer Australia stated that it supported the measures imposed on Chinese exports and supports these measures continuing. Further, Schaefer Australia stated that since the imposition of measures there has been a positive effect on the steel pallet racking market and the quality of the goods imported.

Schaefer Australia stated that the current measures imposed on Malaysian exports does have a significant impact, to either itself or the broader Australian market.

Schaefer Australia claims that local manufactures have used the period since the measures were imposed to increase its capital investment and market share. However, Schaefer Australia did not provide evidence to support this claim.

7 Export price

7.1 The importer

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

- was named on the commercial invoice from its supplier
- was named as the consignee on the bill of landing
- was declared as the importer on the importation declaration to ABF
- paid for all the importation charges
- arranged delivery from the port.

7.2 The exporter

Schaefer Australia stated that it imported the goods to Australia. The team considers Schaefer Malaysia to be the exporter of the goods,⁴ as Schaefer Malaysia is:

- named on the commercial invoice and packing lists
- named as consignor on the bill of lading.

7.3 Profitability of imports

Schaefer Australia predominately sells steel pallet racking on a project basis, with steel pallet racking only making up components of the project (sale). The team has not made a profitability assessment for the selected shipments by comparing the revenue to the CTIS for each shipment. The team cannot assess the profitability of imports on the selected shipments to actual sales transactions.

7.4 Related party suppliers

The commission is satisfied Schaefer Australia is related to its supplier Schaefer Malaysia. Schaefer Australia purchased all the goods from related party, Schaefer Malaysia during the inquiry period.

7.5 Arms length

Based on the evidence available, the commission has not made an arm's length assessment for Schaefer Australia and Schaefer Malaysia during the inquiry period. The team has been unable to assess whether the sales were arm's length.

⁴ 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.

7.6 Export price assessment

As outlined in ADN 2023/043, the commission does not intend to determine new variable factors for this inquiry. As a result, the team has not made an export price assessment.⁵

⁵ EPR 617, Document no. 7.

8 Attachments

Confidential attachment 1	Verification work program
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