



Australian Government  
Department of Industry,  
Science and Resources

Anti-Dumping  
Commission

## Importer verification report

### Verification and case details

<b>Initiation date</b>	3/04/2023	<b>ADN</b>	2023/021
<b>Case number</b>	617		
<b>The goods under consideration</b>	Steel Pallet Racking		
<b>Case type</b>	Continuation Inquiry		
<b>Importer</b>	Dexion (Australia) Pty Ltd		
<b>Location</b>	Unit E3 22 Powers Road Seven Hills NSW 2147		
<b>Verification date</b>	22/09/2023		
<b>Inquiry period</b>	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.

## Contents

<b>INTRODUCTION .....</b>	<b>3</b>
<b>1 COMPANY BACKGROUND.....</b>	<b>4</b>
1.1 CORPORATE STRUCTURE AND OWNERSHIP .....	4
1.2 RELATED PARTIES .....	4
<b>2 GOODS UNDER CONSIDERATION .....</b>	<b>5</b>
2.1 IMPORTATION OF THE GOODS UNDER CONSIDERATION .....	5
2.2 MODEL CONTROL CODES .....	5
2.3 VERIFICATION OF MODEL CONTROL CODES .....	5
2.4 LIKE GOODS ASSESSMENT .....	5
<b>3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE.....</b>	<b>6</b>
3.1 SALES COMPLETENESS AND RELEVANCE FINDING .....	6
<b>4 VERIFICATION OF SALES ACCURACY.....</b>	<b>7</b>
4.1 SALES ACCURACY FINDING.....	7
<b>5 VERIFICATION OF IMPORTS AND COST TO IMPORT AND SELL .....</b>	<b>8</b>
5.1 IMPORT LISTING .....	8
5.2 VERIFICATION OF COST TO IMPORT AND SELL .....	8
5.3 CTIS ALLOCATION METHOD.....	8
5.4 FORWARD ORDERS.....	8
5.5 CTIS VERIFICATION FINDING.....	8
<b>6 SUPPLY TENDERS AND CONTRACTS .....</b>	<b>9</b>
6.1 INFORMATION PROVIDED BY DEXION AUSTRALIA RELATED TO SUPPLY TENDERS AND CONTRACTS .....	9
6.2 IMPORTER COMMENTS CONCERNING THE TENDER PROCESS .....	9
6.3 CLAIMS CONCERNING THE APPLICANT AND MARKET IN GENERAL .....	9
<b>7 EXPORT PRICE.....</b>	<b>10</b>
7.1 THE IMPORTER.....	10
7.2 THE EXPORTER .....	10
7.3 PROFITABILITY OF IMPORTS .....	10
7.4 RELATED PARTY SUPPLIERS .....	10
7.5 ARMS LENGTH .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
7.6 EXPORT PRICE ASSESSMENT.....	11
<b>8 ATTACHMENTS.....</b>	<b>12</b>

## Introduction

Dexion Australia Pty Ltd (Dexion 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 the People's Republic of China (China) and Malaysia.

A verification team (the team) has verified whether the data Dexion 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 Dexion 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).<sup>1</sup>

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<sup>1</sup> All legal citations in this report are to the Act unless otherwise stated.

## **1 Company background**

### **1.1 Corporate structure and ownership**

Dexion Australia is a wholly owned subsidiary of Tech-Link Storage Pte Ltd (Tech-Link/Dexion Group) of Singapore. Dexion Australia's main operations are in the sales, marketing and distribution of pallet racking, shelving, warehouse automation and related products and services for general warehouse and retail storage solutions. Dexion Australia is both a retailer and distributor of the goods.

Dexion Australia's head office is in Sydney, with group operations in Malaysia, Singapore, Shanghai, Hong Kong and New Zealand. The Dexion Group have a manufacturing facility in Malaysia that produces shelving and racking systems, including pallet racking imported by Dexion Australia.

Dexion Australia sell both direct to end users as well as via supply centres under distribution agreements.

### **1.2 Related parties**

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

#### **1.2.1 Related suppliers**

The team found that Dexion Australia was related to its supplier of steel pallet racking exported from Malaysia by Dexion Asia Sdn Bhd (Dexion Malaysia), they are both wholly owned subsidiaries of Tech-Link Storage Engineering Pte Ltd.

#### **1.2.2 Related customers**

The team did not find any evidence that Dexion Australia sells the goods to related customers.

The verification team noted that Dexion Australia's distributors are independently owned businesses who are authorised to use the 'Dexion' brand name through distribution agreements. The verification team found no evidence that these distributors were related to Dexion Australia.

**2 Goods under consideration**

**2.1 Importation of the goods under consideration**

Dexion Australia confirmed that it imported goods from Malaysia during the inquiry period matching the description of the goods that are the subject of this inquiry. They also stated that they did not import the goods from China.

**2.2 Model control codes**

The sales and costs data Dexion Australia submitted does not comply with the model control code (MCC) structure that was proposed at the initiation of the investigation 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**

As Dexion Australia did not provide sales data that complies with the proposed MCC structure, the team did not verify this data. However, based on the source documentation for the selected projects that Dexion Australia provided, the team can confirm that Dexion Australia imported and sold the goods subject to the measures.

The team is satisfied that Dexion Australia sold the goods in Australian market.

**2.4 Like goods assessment**

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

Dexion Australia advised 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.

As Dexion Australia was unable to provide the commission with a sales listing as specified in the importer questionnaire due to the 2022 cyber breach of its data systems, the team was unable to verify whether the sales listing Dexion Australia submitted is complete and relevant.

However, the team was able to verify the sales listing that was provided, which listed sales revenue by project, to internal management reports. Dexion Australia was unable to provide an audited financial statement for 2022 due to the 2022 cyber breach of their data systems.

The team identified the issue outlined below. 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**

As Dexion Australia was unable to provide a sales listing in the required format due to the 2022 cyber breach of its data systems, the team cannot make an assessment on whether the sales data is complete and relevant.

## 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, due to the 2022 cyber breach of the company's data systems, Dexion Australia was unable to provide a complete sales listing in the required format. Therefore, the team was unable to verify whether the sales listing Dexion 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

The team is not able to verify that Dexion Australia's sales data is accurate due to the 2022 cyber breach of the company's data systems rendering a complete sales listing unavailable for verification..

## 5 Verification of imports and cost to import and sell

### 5.1 Import listing

Dexion 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.

### 5.2 Verification of cost to import and sell

Prior to the verification, the Commission selected 12 shipments for Dexion Australia to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

Dexion Australia has not provided source documents for the selected shipments. Dexion Australia commented that due to unforeseen complexities in preparing for the verification process, it would have required significant additional time and resources in order to compile and reconcile all relevant source documents which could only be done through a manual process one document at a time. They did provide an overview of all CTIS incurred during the inquiry period.

The commission typically verifies 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 was unable to verify whether the CTIS Dexion Australia submitted is complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30 due to the 2022 cyber breach of the company's data systems.

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

Due to insufficient source documentation provided by Dexion Australia, the team was not able to verify the CTIS allocation methods applied. This inability to provide adequate source documentation is also occasioned by the 2022 cyber breach of the company's data systems.

### 5.4 Forward orders

Dexion Australia stated that it does not currently have any forward orders in place. Current orders are being fulfilled from stock on hand.

### 5.5 CTIS verification finding

Due to an absence of source documents, the team is not satisfied that the CTIS provided by Dexion Australia is accurate. This inability to provide adequate source documentation is also occasioned by the 2022 cyber breach of the company's data systems.



## **6 Supply tenders and contracts**

### **6.1 Information provided by Dexion Australia related to supply tenders and contracts**

Dexion Australia provided detailed tender documentation for one of its major clients. The documentation includes request for tender information, purchase orders, price lists, design details, and item lists with final pricing and quantity details.

Dexion Australia's tender documents are at **Confidential Attachment 2**.

### **6.2 Importer comments concerning the tender process**

Dexion stated that it has been in competition for tenders with Australian industry and other importers of pallet racking. Large customers will source tenders from multiple suppliers, with in many cases suppliers such as Dexion Australia only having one opportunity to provide a price/quote.

While pricing is a major factor in many tenders, Dexion Australia stated that other factors such as relationship with the customer, ability to supply the product on time and providing a full warehouse solution are important in winning a tender. The period for a request for tenders can take approximately a month.

### **6.3 Claims concerning the applicant and market in general**

Dexion Australia claimed that it has lost some tenders to Australian industry (as well as other importers), however no specific details were provided. Customers do not always provide a reasoning for losing a tender or the ability to provide a counteroffer.

Since measures were imposed on pallet racking in 2019, Dexion Australia claims that exports have mainly shifted from China to Malaysia due to it being more cost effective. Dexion Australia claim that it shut down its Chinese factory and shifted manufacturing to Malaysia. Dexion Malaysia now solely supplies Dexion Australia with pallet racking.

Dexion Australia claimed that supply centres in Australia are holding more stock than in the past and as a result demand for pallet racking has increased. The market is also moving more towards a full warehouse solution including automation, as opposed to only traditional pallet racking.

Dexion Australia stated that it has excess capacity at its Malaysian plant and produces goods to order on a just in time basis. It claims factors that have affected price and therefore tenders include exchange rates, inflation, freight costs, lead times and raw material costs.

## 7 Export price

### 7.1 The importer

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

- was named on the commercial invoice from its supplier
- was named as the consignee on the bill of lading
- 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

Dexion Australia stated that it imported the goods to Australia. The team considers Dexion Asia Sdn Bhd (Dexion Malaysia) to be the exporter of the goods,<sup>2</sup> as Dexion Malaysia is:

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

### 7.3 Profitability of imports

Dexion Australia predominately sells pallet racking on a project-by-project basis, with pallet racking only making up part of the project.

Therefore, the team was unable to assess the profitability for the selected shipments by comparing the revenue to the CTIS for each shipment. As the team cannot trace each selected shipment to actual sales transactions, the team used total yearly revenue to assess profitability.

The assessment is at **Confidential Appendix 1**.

### 7.4 Related party suppliers

Dexion Australia purchased all the goods from related party, Dexion Malaysia, during the investigation period.

### 7.5 Arm's length

Based on the information on hand in respect of imports of the goods to Australia by Dexion Australia from Dexion Malaysia during the investigation period, the team has been unable to assess whether the sales were arm's length, however Dexion Australia advises that sales were made at arm's length.

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<sup>2</sup> 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.<sup>3</sup>

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<sup>3</sup> EPR 617, Document no. 7.

**8 Attachments**

Confidential attachment 1	Verification work program
Confidential attachment 2	Tender documentation