



Australian Government  
Department of Industry,  
Science and Resources

Anti-Dumping  
Commission

## Importer verification report

### Verification and case details

<b>Initiation date</b>	14/08/2023	<b>ADN</b>	ADN 2023/048
<b>Case number</b>	632		
<b>The goods under consideration</b>	Ore Carriage Railway Wheels		
<b>Case type</b>	Continuation Inquiry		
<b>Importer</b>	Pilbara Iron Company (Services) Pty Ltd		
<b>Location</b>	155-158 St Georges Terrace, Perth		
<b>Verification date</b>	31/10/2023		
<b>Inquiry period</b>	1/07/2022	to	30/06/2023

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

Pilbara Iron Company (Services) Pty Ltd (PIC) submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Continuation Inquiry 632 (case 632) into Ore Carriage Railway Wheels from the People's Republic of China (China) and France.

A verification team (the team) has verified whether the data PIC submitted is complete, relevant and accurate for use in case 632. [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 PIC 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 632.

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**

The specified importer of the goods in the Australian Border Force (ABF) importer database is Pilbara Iron Company (Services) Pty Ltd (ABN 35 107 210 248) (PIC). The company trades under the name of the Rio Tinto Group.

PIC is effectively 100% owned by (and forms part of) the Rio Tinto Group of companies. The Rio Tinto Group consists of Rio Tinto plc (registered in England and Wales and listed on the London Stock Exchange (FTSE)) and Rio Tinto Limited (registered in Australia and listed on the Australian Securities Exchange (ASX)). Rio Tinto plc also has a sponsored American Depositary Receipts (ADR) facility.

The Rio Tinto Group's main operations are the production of aluminium, copper, minerals (titanium dioxide, diamonds and borates) and iron ore. The Rio Tinto Group works across 35 countries. Most of its assets are in Australia and North America, with operations also in Europe, Asia, Africa, and Central and South America.

### **1.2 Related parties**

The team found that PIC did not have any related suppliers of the goods during the inquiry period.

## **2 Goods under consideration**

### **2.1 Importation of the goods under consideration**

PIC confirmed that it imported goods from China during the inquiry period matching the description of the goods that are the subject of this inquiry.

### **2.2 Model control codes**

No model control codes have been developed for the purpose of this continuation inquiry.

### **2.3 Like goods assessment**

The verification team noted that PIC sources the goods from both Commonwealth Steel Company Pty Ltd (Comsteel) and Baowu Group Masteel Rail Transit Materials Technology Company Limited (Masteel).

PIC advised that the railway wheels supplied by Comsteel and Masteel are not necessarily directly substitutable. PIC appreciated the terminology of 'like goods' and that wheels may meet the same technical specifications. However, PIC consider there is a functional difference. Operational performance and safety are key functional elements for the goods. Train derailments are a significant operational risk which could have a material impact. The integrity and continuity of operations are also crucial to PIC. In the overall profile of the business, railway wheels are not a significant cost but the cost of a potential safety issue or train derailment would be significant. Therefore, quality is a significant consideration.

PIC advised that cracking was only specific to Comsteel's railway wheels. PIC provided evidence to support its claim regarding railway wheel cracking issues. PIC indicated that it was aware that other end users had similar problems.

For the purposes of the importer verification no conclusions or findings have been drawn in relation to like goods by the verification team. PIC's claims in relation to the like goods will be considered in preparation of the SEF.

### **3 Verification of sales completeness and relevance**

PIC is an end user of the goods and does not on-sell the goods. Therefore, no verification of sales completeness and relevance was performed.

#### **4 Verification of sales accuracy**

PIC is an end user of the goods and does not on-sell the goods. Therefore, no verification of sales accuracy was performed.

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

### **5.1 Import listing**

PIC provided sufficient data to confirm that the import listing extracted from the ABF import database was a complete list of PIC’s imports of the goods over the inquiry period.

### **5.2 Verification of cost to import and sell**

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

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

- Commercial invoice from supplier
- Purchase orders
- Custom charges invoice
- Overseas freight document
- Screen shots of SAP system
- Remittance advice
- Inland transport documents.

The commission typically verifies cost to import and sell (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. As PIC do not on sell the goods, there was no verification of the SG&A. The verification team therefore sought to verify PIC’s cost to import (CTI).

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

#### **5.2.1 Exceptions during verification of CTIS**

##### **Exception 1**

**Description:** The verification team, after consulting with PIC, amended the methodology for allocating inland transport to the shipments.

**Resolution:** The verification team amended the amount of inland transport in determining PIC’s CTI.

### **5.3 CTI allocation method**

Table 1~~Table 4~~ outlines how the team allocated each CTI component.

Cost Area	Method applied
Ocean freight	Actual cost of ocean freight based on the invoice from the freight provider.



## PUBLIC RECORD

<b>Cost Area</b>	<b>Method applied</b>
Marine insurance	Allocated cost based on the PIC's insurance policy rate.
Duties	Actual cost based on ABF customs documentation and invoices from PIC's customs broker.
Port service charges	Actual cost based on invoices from the PICs customs broker.
Delivery	The actual costs of inland freight from the port of importation to PIC's warehouse based on freight forwarders invoices.

**Table 1 CTI allocation method**

### **5.4 Forward orders**

The team discussed with PIC its likely need for the goods in the future. PIC confirmed that it will have an ongoing requirement for the supply of the goods into the future.

A list of forward orders is found at **Confidential appendix 1**.

### **5.5 CTI verification finding**

The team is satisfied that the CTI provided by PIC is accurate, complete, and relevant after resolving the above mentioned exception.

A table detailing the weighted average unit CTI is at **Confidential appendix 2**.

## 6 Export price

### 6.1 The importer

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

- was declared as the importer on the importation declaration to the ABF
- was named on the commercial invoice
- paid for all the importation charges
- arranged for delivery from the Chinese port of export to arrival at its warehouse.

### 6.2 The exporter

The verification team considers Masteel to be the exporter of the goods as<sup>2</sup> it was:

- named on the commercial invoice as the invoicing party for sale of the goods
- declared as the exporter on the importation declaration to ABF
- arranged for delivery to the port of export in China.

### 6.3 Related party suppliers

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

### 6.4 Arms length

In respect of imports of the goods to Australia by PIC 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
- 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 imports between PIC and Masteel appear to be arm's length transactions based on the information available to the team.

### 6.5 Export price assessment

Based on the information available to the team, in relation to the goods imported by PIC from Masteel it appears that:

- the goods have been exported to Australia otherwise than by the importer

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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.

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- the goods have been purchased by the importer from the exporter(s)
- the purchases of the goods by the importer were arms length transactions.

As this stage, the verification team has not made an assessment in relation to determining export prices under section 26TAB(1) of the Act. Further inquiries, including an exporter verification, will be completed before the commission will make a preliminary determination.

## 7 Other matters

In addition to verification of its questionnaire response, PIC discussed various matters regarding the continuation of the measures with the verification team. These discussions concerned the following matters:

- The factors PIC considers in relation to its purchasing decisions for railway wheels. These discussions indicated that, whilst price is relevant, other factors including quality and safety are important considerations in its purchasing decisions. PIC detailed the importance of the safety and technical performance of railway wheels to PIC's railway operations.
- PIC's disagreed with the original decision to impose measures and were of a view that the measures should not continue. PIC views, in part, related to the methodology adopted in the original investigation to establish Chinese exporters' normal values and dumping margins.
- The impact that the imposition of measures had on PICs purchasing decisions.
- PIC's likely future requirements for railway wheels and sources for future supply. This information indicated that PIC would have an ongoing requirement for railway wheels.

It is noted that a range of these issues were canvassed in an earlier submission to the inquiry by PIC. In concluding the verification process, the verification team encouraged PIC to make further submissions on these issues or any other issues it considered relevant to the inquiry.

**8 Attachments**

<b>Confidential appendix 1</b>	Forward orders
<b>Confidential appendix 2</b>	CTI
<b>Confidential attachment 1</b>	Verification work program