



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Importer verification report

Verification and case details

Initiation date	4/12/2023	ADN	2023/084
Case number	638		
The goods under consideration	Quenched and Tempered Steel Plate		
Case type	Continuation Inquiry		
Importer	SSAB Swedish Steel Pty Ltd		
Location	G1, 28 Balaclava Street, Woolloongabba, Brisbane, QLD 4102		
Verification date	28/02/2024		
Inquiry period	1/10/2022	to	30/09/2023

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

SSAB Swedish Steel Pty Ltd (SSAB AU) submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Continuation Inquiry 638 (case 638) into Quenched and Tempered Steel Plate (the goods) from Finland, Japan, and Sweden.

A verification team has verified whether the data SSAB AU submitted is complete, relevant and accurate for use in case 638. [Anti-Dumping Notice \(ADN\) 2016/30](#) describes the commission's verification procedure.

This report explains the commission's key findings, including the evidence considered and material issues identified. Where SSAB AU or the commission 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 638.

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

SSAB AU is a wholly owned subsidiary of SSAB EMEA AB (SSAB EMEA), a Swedish manufacturer and exporter of the goods and other steel products. SSAB AU's ultimate parent entity is SSAB AB.

SSAB AU sells a range of high strength steel products including plate steel. SSAB AU purchases the goods from SSAB EMEA and sells those goods to Australian customers. SSAB AU also sells the goods to New Zealand.

SSAB AU imports and warehouses the goods in Brisbane, Sydney, Melbourne, Adelaide and Perth.

1.2 Related parties

The commission examined the relationships between SSAB AU and parties involved in the supply and sale of the goods.

1.2.1 Related suppliers

As explained above, SSAB AU purchased the goods from related supplier SSAB EMEA during the inquiry period.

The commission finds that the sales from SSAB EMEA to SSAB AU were not made in arms length transactions. This is further explained in section 6.5 of this report.

1.2.2 Related customers

During the inquiry period, SSAB AU sold the goods to one related customer in the Australian market, being G&G Mining Fabrication Pty Ltd (G&G Mining). Until the end of June 2023, G&G Mining was a wholly owned subsidiary of SSAB APAC Holding AB. SSAB APAC Holding AB is wholly owned by SSAB AB.

The commission finds that SSAB AU's sales to G&G Mining during the inquiry period were at arms length. This is further explained in section 6.3 of this report.

2 Goods under consideration

2.1 Importation of the goods under consideration

SSAB AU confirmed that it imported goods from Sweden during the inquiry period matching the description of the goods that are the subject of this inquiry. Based on the information provided by SSAB AU, the commission is satisfied that SSAB AU imported the goods as confirmed.

While SSAB AU has also imported certain products from a related supplier in Finland during the inquiry period, the commission considers that these products are not the goods the subject of the measures.

2.2 Model control codes

The sales and costs data SSAB AU submitted complies with the model control code (MCC) structure detailed in ADN 2023/84.

2.3 Verification of model control codes

The table below details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Grade	Verified to commercial invoice and product specification sheets
Tensile Strength	Verified to commercial invoice and product specification sheets
Brinell hardness	Verified to commercial invoice and product specification sheets
Thickness	Verified to commercial invoice
Width	Verified to commercial invoice
Length	Verified to commercial invoice

Table 1: MCC sub-category determination

The commission is satisfied that SSAB AU sold the goods in the Australian market.

2.4 List of model control codes

SSAB AU imported and sold the following MCCs during the inquiry period:

- A--E-1-B-1
- A--F-1-B-1
- A--F-2-B-1
- A--F-2-C-2
- A--H-1-B-1
- A--H-2-B-1
- S-B--1-B-3
- S-B--2-B-1
- S-B--2-B-2
- S-B--2-B-3
- S-B--2-C-2
- S-B--3-A-1
- S-B--3-B-1
- S-B--3-B-2

PUBLIC RECORD

- W--C-2-B-1
- W--C-3-A-1
- W--C-3-B-1
- W--E-1-B-3
- W--E-2-B-1
- W--E-2-C-2
- W--E-3-B-1
- W--F-1-B-2
- W--F-1-B-3
- W--F-2-B-2
- W--F-2-B-3
- W--F-2-C-2
- W--F-2-C-3
- W--F-3-B-1
- W--H-2-B-1

2.5 Goods assessment

The commission considers that the goods which SSAB AU imported from Sweden for domestic sale are the goods the subject of the measures.

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 commission verified whether the sales listing SSAB AU submitted and subsequently revised is complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

The commission verified whether the sales data was complete and relevant as follows:

1. The commission reconciled the total sales revenue as recorded in the audited financial statements for the year ending 31 December 2022 to the company's trial balance in the accounting system for the same year.
2. The commission used the company's trial balance in the accounting system to attain the total sales revenue for the inquiry period (using appropriate date filtering within the accounting system).
3. SSAB AU extracted the total sales for the inquiry period into an excel file, live with the commission.
4. The commission filtered the excel file to attain all product sales for the inquiry period.
5. The commission filtered the excel file to attain the sales of the goods for the inquiry period.
6. The commission examined source documents of various products listed in the accounting system to be satisfied that the company recorded its goods and non-goods accurately.

The commission identified the issues outlined below. The commission detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

3.1 Sales completeness and relevance exceptions

Exception 1: Removal of sales to New Zealand, from the Australian sales listing

Description: The commission found that the Australian sales listing included some sales to New Zealand. The commission referred to source documents and the accounting system to be satisfied that the sales were destined for New Zealand.

Resolution: The commission removed sales to New Zealand from the sales listing.

3.2 Sales completeness and relevance finding

The commission is satisfied that the sales data SSAB AU submitted is complete and relevant, including any revision outlined in an exception above.

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.

The commission verified whether the sales listing SSAB AU submitted is accurate by reconciling it to source documents, consistent with ADN 2016/30.

The commission identified the issues outlined below. The commission detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

4.1 Sales accuracy exceptions

Exception 2: Reclassification of goods in the Australian sales listing

Description: SSAB AU noted that Hardox products with a width of 1525mm or less are coil products and not plate products and therefore are not the goods the subject of the measures. SSAB AU stated that it incorrectly classified these products as the goods in the Australian sales listing. The commission referred to source documents and were satisfied that SSAB AU's explanations were correct.

Resolution: The commission reclassified the relevant Hardox products with a width of 1525mm or less as not the goods in the Australian sales listing.

Exception 3: Inaccurate delivery terms

Description: With regard to the Australian sales listing, the commission found that SSAB AU's classifications of delivery terms were inaccurate. To fix these terms, SSAB AU included a column which identified sales where freight was charged by SSAB AU to the customer. In the same column, SSAB AU identified which sales are priced at delivered terms (i.e. inclusive of delivery). SSAB AU also indicated which sales were ex-warehouse sales. The commission referred to source documents and was satisfied that SSAB AU's classifications and explanations were accurate.

Resolution: The commission reclassified the delivery terms based on the information provided by SSAB AU. The commission classified the sales into two delivery term groups, "Ex-warehouse equivalent" and "Free into store" (FIS).

4.2 Sales accuracy finding

The commission is satisfied that the sales data SSAB AU submitted is accurate, including any revision outlined in an exception above.

5 Verification of imports and cost to import and sell

5.1 Import listing

SSAB AU confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of imports of the goods in the inquiry period.

5.2 Verification of cost to import and sell

Prior to the verification, the commission selected 12 import consignments from the ABF import database for SSAB AU to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected consignments, SSAB AU provided the following source documents:

- bills of lading
- order confirmations
- commercial invoices
- proof of payment (from SSAB AU to its supplier) documents
- customs import declarations
- documents relating to wharfage charges at the Australian port
- documents relating to port handling at the Australian port
- documents relating to inland delivery to the warehouse, and
- documents relating to other importation charges.

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 commission verified whether the CTIS SSAB AU submitted is complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

The commission identified the issues 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**.

5.2.1 Exceptions during verification of CTIS

Exception 4: Amendment of SSAB AU's purchase prices from SSAB EMEA

Description: SSAB AU explained that the SSAB Group facilitated transfer price adjustments to prices of products that SSAB AU purchased from its related overseas companies. SSAB AU demonstrated the adjustments, including the adjustments to the prices of the products that SSAB AU purchased from SSAB EMEA from 1 January to 31 December 2023.

Resolution: The commission made downwards adjustments to the relevant invoice prices of the goods purchased by SSAB AU from SSAB EMEA, for the purposes of the importer profitability calculations.

Exception 5: Recalculation of ocean freight

Description: The commission attained the weighted average unit value for ocean freight from the exporter (SSAB EMEA) based on all sales to SSAB AU. The commission conducted a verification of SSAB EMEA's data for case 638 separate to the verification for SSAB AU.

Resolution: The commission used the weighted average value for ocean freight provided by SSAB EMEA in its calculations of the deductive export price.

Exception 6: Recalculation of marine insurance

Description: The commission attained a marine insurance percentage of net invoice value from the exporter (SSAB EMEA) based on all sales to SSAB AU. The commission conducted a verification of SSAB EMEA's data for case 638 separate to the verification for SSAB AU.

Resolution: The commission used the marine insurance percentage provided by SSAB EMEA in its calculations of the deductive export price.

Exception 7: Recalculation of warehousing costs

Description: SSAB AU calculated a unit warehousing cost for the inquiry period based on certain storage expense accounts from the profit and loss statement. SSAB AU provided an explanation of the relevance of all storage accounts from the profit and loss statement. Based on SSAB AU's explanations, the commission found it appropriate to use the values from all storage expenses accounts to calculate the weighted average warehousing costs for the inquiry period.

Resolution: The commission recalculated the unit warehousing cost accordingly and used this unit value for relevant calculations.

Exception 8: Removal and inclusion of realised exchange gains/loss

Description: SSAB AU initially reported all realised exchange gains/losses in its SG&A listing for the inquiry period. During verification SSAB AU explained that it was appropriate for the commission to remove all of these values from SG&A. The commission found that certain realised foreign exchange gains/losses should be removed from SG&A, except for the ones relating to Euros. This is because the non-Euro realised exchange gains/losses did not relate to the goods imported from Sweden.

Resolution: The commission removed the realised exchange gains/losses from the SG&A listing, except for the ones relating to Euros.

Exception 9: Removal of certain warehousing costs from SG&A

Description: The commission used all relevant warehousing costs from SSAB AU's profit and loss statement in calculating the unit warehousing cost for the inquiry period. To avoid double-counting these costs, these costs were removed from the calculation of the SG&A expenses.

Resolution: The commission removed all warehousing costs from SSAB AU's SG&A listing.

5.3 CTIS allocation method

Table 2 outlines how the commission allocated each CTIS component.

PUBLIC RECORD

Cost Area	Method applied
Ocean freight	Allocated by quantity
Marine insurance	Allocated as a percentage of gross invoice value
Australian port handling and other import charges	Allocated by quantity
Australian inland freight expenses	Allocated by quantity
Warehousing	Allocated by quantity
Local distribution	Allocated by quantity
Customs duties	Based on actual duties paid for the import consignment
Interim dumping duties	Based on actual duties paid for the import consignment
SG&A	Allocated as a percentage of net invoice value

Table 2: CTIS allocation method

5.4 CTIS verification finding

The commission is satisfied that the CTIS provided by SSAB AU, including any required amendments as outlined in the exception descriptions above, is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 1**.

6 Export price

6.1 The importer

The commission considers SSAB AU to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as SSAB AU:

- is named as the purchaser on the commercial invoices
- is named as the consignee on bills of lading
- is named as the importer on import declarations to the ABF, and
- arranged delivery from the port of arrival in Australia.

6.2 The exporter

The commission has determined the exporter as SSAB EMEA. The commission refers to the verification report relevant to SSAB EMEA for case 638 for further details.

6.3 Related party customers

SSAB AU explained that its only related customer, G&G Mining, was subject to the same pricing structure as all other unrelated customers.

The commission compared SSAB AU's selling prices between G&G Mining, and all other customers. The commission found no consistent price differences and therefore considers that SSAB AU's sales to G&G Mining were made at arms length. Accordingly, the commission found it appropriate to include all sales from SSAB AU to its customers, including sales to G&G Mining, in the importer profitability calculations. However, in calculating the export price under sections 269TAB(1)(b) and 269TAB(1)(c), the commission excluded certain sales to G&G Mining because G&G Mining was an associate of SSAB AU. As G&G Mining was related to SSAB AU from the start of the inquiry period until the end of June 2023, the commission excluded all sales invoiced from SSAB AU to G&G Mining from 1 October 2022 to 30 June 2023.

6.4 Profitability of imports

The commission assessed the profitability for the following selected import consignments by comparing the revenue to the CTIS for each consignment. As the commission cannot trace each selected consignment to actual sales transactions, the commission used quarterly weighted average sales prices for relevant models/MCCs and compared these to the import consignments to assess profitability.

The outcome of this assessment is in Table 3 below.

Import consignment	Profitable (Y/N?)
1	Y
2	Y
3	N
4	N
5	N
6	N
7	N
8	N

Import consignment	Profitable (Y/N?)
9	N/A
10	N
11	Y
12	Y
Weighted average all consignments	N

Table 3: Profitability of selected import consignments

6.4.1 Importer profit

The commission notes that the weighted average profit for all of SSAB AU’s sampled import consignment is negative. The commission notes that this is consistent with SSAB AU’s profit and loss statement for the inquiry period, which showed that SSAB AU made an operating loss.

The commission considered the operating profit from SSAB AU’s profit and loss statement for the year ending 31 December 2023. The commission found that SSAB AU made an operating profit in the year ending 31 December 2023, which encompasses three quarters of the inquiry period.

The commission therefore used the year ending 31 December 2023 operating profit margin for the purposes of the calculation of the deductive price.

6.5 Arms length

The commission finds that sales between SSAB EMEA and SSAB AU during the inquiry period were not made in arms length transactions.

For these transactions, the commission finds that the relationship between SSAB AU and SSAB EMEA appeared to influence the price. The commission also finds that SSAB AU directly received reimbursement relating to the transfer price. SSAB claimed that it made these adjustments to comply with the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*.

The commission considers that the price between SSAB AU and SSAB EMEA is influenced by a commercial relationship as:

- SSAB AU is wholly owned by SSAB EMEA, and
- prices are established in accordance with the SSAB Group’s internal pricing guidelines.

The commission considers the operation of internal transfer prices (which may satisfy arms-length criteria under international transfer pricing rules) is such that SSAB AU effectively serves as the export selling arm of SSAB EMEA, collectively, a single entity that manufactures and exports the goods to Australia. The activities within the SSAB Group are interdependent and coordinated.

The commission also notes that there were reimbursements to SSAB AU from SSAB EMEA which pertained to the sale of the goods from SSAB EMEA to SSAB AU. The commission found that the SSAB Group facilitated off invoice adjustments to the transfer price in relation to certain sales made from 1 January to 31 December 2023. The commission notes that for the sales made within the inquiry period, the adjustments occurred after SSAB EMEA made

the sales to SSAB AU and were incorporated into SSAB AU's 2023 profit and loss statement.

Additionally, the commission found that SSAB AU sold the goods to Australian customers at a loss, based on the sample import shipments. The commission has treated the sales at a loss as indicating that SSAB AU will directly or indirectly be reimbursed, be compensated or otherwise receive a benefit for whole or any part of the price.

The commission notes that SSAB AU made the sales at a loss notwithstanding the effect of the off-invoice transfer price adjustments to certain sales made from 1 January to 31 December 2023 (as explained previously). The SSAB Group made these adjustments via credit notes issued on 21 November 2023. The commission identified the adjustments in SSAB AU's profit and loss statement for the year ending 31 December 2023.

6.6 Export price assessment

As the sales between SSAB EMEA and SSAB AU were not at arms length, the commission recommends using sections 269TAB(1)(b) and 269TAB(1)(c) to set an export price with respect to the sales from SSAB EMEA to SSAB AU.

The commission determined the export price under section 269TAB(1)(b) where the commission was able to match the relevant models (identified by the relevant MCCs) exported by SSAB EMEA and sold by SSAB AU in Australia in the same quarter in the inquiry period. Where the commission was not able to match the relevant models or MCCs exported by SSAB EMEA and sold by SSAB AU in the same quarter in the inquiry period, the export price was determined under section 269TAB(1)(c).

The commission's calculations of the export price are at **Confidential Appendix 1A**.

7 Attachments

Confidential appendix 1	Profitability of imports
Confidential appendix 1A	Deductive export price
Confidential attachment 1	Verification work program