Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Importer verification report

Verification and case details

Initiation date	22/02/2024	**ADN**	ADN 2024/010
Case number	640		
The goods under consideration	Aluminium Extrusions		
Case type	Review of Measures		
Importer	Press Metal Aluminium (Australia) Pty Ltd		
Location	1012-1016 Canley Vale Rd, Wetherill Park NSW 2164		
Verification date	9/10/2024		
Review period	1/01/2023	to	31/12/2023

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.

Contents

Introduction

Press Metal Aluminium (Australia) Pty Ltd (PMAA) submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Review of Measures 640 (case 640) into Aluminium Extrusions from Malaysia.

A verification team (the team) has verified whether the data PMAA submitted is complete, relevant and accurate for use in case 640. 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 PMAA 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 640.

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

Corporate structure and ownership

Press Metal Aluminium (Australia) Pty Ltd (PMAA) is a privately held Australian registered company, its primary business is the importation and sale of aluminium extrusions. The company's profit centres are all in Australia. The company keeps warehouses in 3 states

PMAA forms part of the Press Metal group of companies and is a fully owned subsidiary of Press Metal UK Limited (PMUK). The ultimate owner of PMAA is however Press Metal Aluminium Holdings Berhad (PMAH).

Related parties

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

1.1.1 Related suppliers

Until February 2023 PMAA purchased the goods from intermediary Press Metal Berhad (PMB), the goods were however manufactured by PMB Aluminium Sdn. Bhd. (PMBA). From February 2023 the PMAA purchased the goods directly from PMBA.

Just like PMAA, PMB and PMBA are fully owned subsidiaries of Press Metal Aluminium Holdings Berhad (PMAH).

In the review period PMAA also purchased Chinese made aluminium extrusions from related party supplier Press Metal International Limited (PMI). PMI is also part of the Press Metal group of companies.

1.1.2 Related customers

The verification team found that PMAA does not have any related party customers of the goods during the inquiry period.

2 Goods under consideration

Importation of the goods under consideration

PMAA confirmed that it imported aluminium extrusions from PMBA in Malaysia during the review period matching the description of the goods that are the subject of this review. PMAA also confirmed that it imported aluminium extrusions from another unrelated Malaysian supplier and from related and unrelated party suppliers in the People's Republic of China (China). PMAA also purchased aluminium extrusions from local Australian manufacturers during the review period.

Model control codes

The sales and costs data PMAA submitted complies with the model control code (MCC) structure detailed in ADN 2024/010, as shown below:

Category	Sub-category		Sales data	Cost data
Finish	A	Anodise	Mandatory	Mandatory
	BD	Bright dip		
	M	Mill		
	PC	Powder coating		
Alloy code	6A	6060, 6063	Mandatory	Optional
	6B	6106		
	6C	6101, 1350, 6082, 6351, 6061		
	6D	6005A		
	O	Other*		
Temper code	T1	T1, T4, T5, T6	Optional	Optional
	T50	T591, T5965, T52		
	O	Other*		
Anodising microns	0	Not anodised	Optional	Optional
	1	<20μm		
	2	=>20μm		

Table 1: MCC structure on initiation

Amendments to model control codes

After comparing prices of different models of the goods and considered the findings of the exporter verification of PMBA, the commission recommends amending the MCC structure.

This will align the categorisation of PMAAs sales listing to the sales of goods purchased from PMBA (that are the goods under consideration (GUC) for this review).

The commission recommends amending the MCC structure by:

- Removing the category for anodising microns as verification of PMBA's data found that PMBA had failed to report microns specification in the domestic sales listing. Many domestic sales transactions identified as anodised surface finish was not accompanied with the anodising microns data. PMBA was not able to correct for this issue by supplying a revised sales listing. The absence of adequate data pertaining to anodising microns means it cannot be relied on for inclusion in the MCC structure.
- Removing the sub-category for anodised finish and replace with separate sub-categories for Natural anodised and Colour anodised. This reflects the consistently higher price point at which the colour anodised extrusions are sold to customers.
- Adding a new sub-category for chromated extrusions. At the exporter verification of PMBA's data the commission staff identified extrusions that were denoted as mill finish in the sales listing were in fact undergoing a priming process resulting in a chromated finish specification. Pricing for chromated surface finish extrusions was separately identified in price lists provided by PMBA. The price difference of chromated surface finish over basic mill finish warrants separate recognition for chromated finish in the MCC category for finish.

Category	Sub-category		Sales data	Cost data
Finish	**NA**	**Natural anodised**	**Mandatory**	**Mandatory**
	CA	**Colour anodised**		
	CHR	**Chromated**		
	M	**Mill**		
	PC	**Powder coating**		
	BD	**Bright dip**		
	W	**Wood grain**		
Alloy code	**6A**	**6060, 6063**	**Mandatory**	**Optional**
	6B	**6106**		
	6C	**6101, 1350, 6082,** 6351, 6061		
	6D	**6005A**		
	O	**Other***		
Temper code	**T1**	**T1, T4, T5, T6**	**Optional**	**Optional**
	T50	**T591, T5965, T52**		
	O	**Other***		

Table 2: Revised MCC structure

Exception 1: Amending MCC structure – Anodising microns

Description: The commission noted that the MCCs in PMAA's Australian sales listing included the 4th category anodising microns as per the ADC proposed MCC structure. The team has however considered the decision made by the exporter team visiting PMBA for this review to remove this category.

Resolution: The commission removed this category as it had been found that the information relating to anodising microns is incomplete unreliable and could not be properly verified during the exporter verification to PMBA.

Exception 2: Amending MCC structure - Anodised goods

Description: PMAA had separated anodised goods into natural anodised (NA) and colour anodised (CA).

Resolution: The commission accepts this approach. The commission notes that the exporter verification team agreed to this methodology as there was differences in price, and the approach had been accepted by the commission in the past.

Exception 3: Amending MCC structure – Chromated goods

Description: The commission noted that PMAA's Australian sales listing included chromated goods supplied by PMBA with finish code 'CHR', which is not included in the agreed MCC structure.

Resolution: The commission accepts this approach. Chromated goods are goods that are reported as mill finish but had been subjected to further production processes called chromation. The commission notes that the exporter team visiting PMBA for this review found it suitable to add this additional category in the light of the volume and price difference for chromated vs none chromated products.

Exception 4: Treatment of sand blasted anodised goods

Description: The commission noted that PMAA's Australian sales listing included goods supplied by PMBA with finish code 'TA', which is not included in the ADC proposed MCC structure

Resolution: PMAA explained that the 'TA' finish is goods with a natural anodised (NA) finish that has undergone sand blasting. As the exporter verification team formed the opinion, based on selling prices, that these goods fall under 'NA' finish code for the purpose of this case the commission has amended the finish code for the sand blasted goods to 'NA'.

Verification of model control codes

Table 3 below details how the commission determined MCC sub-categories and verified them to source documents.

Category	Determination of the sub-category
Finish	Based on the finish code shown on the commercial invoices and purchase orders. In addition, the team reconciled the finish codes to detailed colour and finish description based on stock code data.
Alloy code	Based on the alloy code shown on the commercial invoices and purchase orders.
Temper code	Based on the temper code shown on the commercial invoices and purchase orders.

Table 3: MCC sub-category determination

Exception 5: Incomplete data entered for alloy code and temper code

Description: The commission noted that insufficient data had been provided in the sales listing regarding alloy code and temper code which hindered the commission's verification of MCC categorisation.

Resolution: PMAA supplied a revised sales listing that included all requisite data. PMAA also provided an updated stock code database from which the product specifications were sourced.

List of model control codes

PMAA imported and sold the following MCCs during the period.

MCC
BD-6A-T1
BD-O-T1
CA-6A-T1
CA-6D-T1
CHR-6A-T1
CHR-O-T1
M-6A-T1
M-6A-T50
M-6C-T1
M-6D-T1
M-O-O
M-O-T1
NA-6A-T1
NA-6D-T1
PC-6A-T1
PC-6C-T1
PC-6D-T1
PC-O-T1
W-6A-T1
W-6D-T1

Table 4: List of model control codes

Like goods assessment

The commission noted that PMAA sources aluminium extrusions from PMB/PMBA, other exporters from Malaysia and China, and Australian manufacturers. Having analysed the characteristics and selling prices of these goods the commission considers that the goods PMAA imported for domestic sale had characteristics closely resembling those purchased from Australian manufacturers.

The goods that PMAA imported from PMB/PMBA for domestic sale were therefore ‘like’ the goods manufactured by Australian industry according to section 269T(1).

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 PMAA submitted is complete and relevant by reconciling it to the audited financial statements, consistent with ADN 2016/30.

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

1. The commission reconciled PMAA's total revenue for the review period to the revenue in the audited financial statement for the review period.
2. The commission noted that no timing adjustments were necessary since the investigation period for this review coincides with PMAA's financial statement period.
3. The commission reconciled the categorisation of revenue streams to general ledger. The commission noted that PMAA derives revenue mainly from the sale of goods but also from charges, i.e. for dies, powder coating.
4. The commission verified the separation of the aluminium extrusions that fall under the goods description from other goods sold.
5. The commission verified that there were some export sales of aluminium extrusions. The team filtered out the export sales to form a domestic sales listing.

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**.

Sales completeness and relevance exceptions

Exception 6: Categorisation of goods and non-goods

Description: The commission found inconsistencies in the categorisation of goods and non-goods in the sales listing. Specifically, the commission found that all fabricated items had not been identified.

Resolution: PMAA provided a revised sales listing including an additional column that specifies the non-goods.

Exception 7: Separating the goods supplied by PMB/PMBA

Description: PMAA included a column in the sales listing to indicate its supplier of the goods. During the verification the commission found that this categorisation was not always consistent. The commission also noted that for many items PMAA had left this field blank.

Resolution: PMAA explained that this column had been populated based on the information recorded to each stock item code. The accounting system is limited to allocate one supplier to each stock code (usually upon the first purchase). Therefore, the commission is not satisfied that it is suitable to filter the data by supplier when calculating the profitability, as some goods purchased from PMB/PMBA would be filtered out inadvertently. The commission compared PMAAs weighted average selling price of extrusions where PMB/PMBA were denoted as supplier to weighted average selling price of all extrusions and found that the difference was negligible. The commission decided to include the sales of all aluminium extrusions that fall under the goods description for the purpose of profitability calculation.

Sales completeness and relevance finding

The commission is satisfied that the sales data PMAA submitted is complete and relevant, including any revision outlined in the exceptions 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 team verified whether the sales listing PMAA submitted is accurate by reconciling them to source documents, consistent with ADN 2016/30.

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**.

Sales accuracy finding

The team is satisfied that the sales data PMAA submitted is accurate.

5 Verification of imports and cost to import and sell

Import listing

PMAA 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 investigation period, taking account timing differences. The differences include:

- Importations listed in the ABF import database that entered Australia in the review period but were invoiced outside the period, and
- Purchases of goods that were invoiced in the review period but entered Australia outside the period.

The commission reconciled the import listing extracted from ABF imports data base to PMAA's purchasing ledger and is satisfied that the listing is a complete record of PMAA's purchases from PMBA in the review period.

Verification of cost to import and sell

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

For each of the selected shipments, PMAA provided the following source documents. The commission notes that each shipment includes multiple invoices and purchase orders.

- ABF entry form
- Invoices
- Packing list for each invoice
- Bill of lading
- Itemised invoice from Malaysian shipping agent – covering Malaysian inland transport and port handling.
- Certificate of origin
- Itemised invoice from Australian shipping agent – covering ocean freight, Australian port charges and cartage.
- Purchase orders

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.

The team verified whether the CTIS PMAA submitted are complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

The team 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**.

5.1.1 Exceptions during verification of CTIS

Exception 8: Removal of COGS items relating to powder coating from the SG&A expenses

Description: The commission found that the SG&A listing included cost items in relating to PMAAs powder coating line. These costs are incurred for the process of powder coating some imported extrusions in Australia.

Resolution: The commission notes that when PMAA sells goods that have been powder coated in Australia PMAA adds the finishing charge as a separate line item and this income is hence captured separately. Given that the Part C sales listing is based on the goods in the condition when entering Australia the commission considers it suitable to remove these cost items.

Exception 9: Addition of relevant income items to the SG&A expenses

Description: The commission found that PMAA had failed to include relevant other income items to the SG&A expenses. These items include recovered freight charges, die charges, interest received and foreign currency gains.

Resolution: The commission verified these items against management reports and relevant accounting ledger. The team is satisfied that these items should be included since these are closely related to the sale of the goods and in some cases are directly offsetting expenses incurred by PMAA. The team therefore added these items to the SG&A listing.

Exception 10: Addition of relevant income items to the SG&A expenses

Description: The commission found that PMAA had failed to include relevant other income items to the SG&A expenses. These items include recovered freight charges, die charges, interest received and foreign currency gains.

Resolution: The commission verified these items against management reports and relevant accounting ledger. The team is satisfied that these items should be included since these are closely related to the sale of the goods and in some cases are directly offsetting expenses incurred by PMAA. The team therefore added these items to the SG&A listing.

Exception 11: Data entry error for supplier invoice

Description: When reconciling the import listing for supplier invoice number 90105657 the commission noted that the total invoiced amount for that invoice was correct, however the value was incorrectly allocated to each line item.

Resolution: After consulting with PMAA the discrepancy was attributed to data entry error. The commission revised the relevant amounts to match the invoice.

Exception 12:

Addition of additional SG&A item for borrowings from PMB

Description: The commission found that PMAA's balance sheet includes borrowings that are not interest bearing from related party PMB. The commission considered the treatment of these borrowings given that interest payable on commercial loans form part of the SG&A expenses.

Resolution: The commission considered it suitable to calculate commercial interest[2] to the average loan amount of the borrowings from PMB and to add this amount to the SG&A applicable to PMAA's purchases made via PMB when calculating profitability of PMAA's imports.

CTIS allocation method

Table 5 outlines how the commission allocated each CTIS component.

Cost Area	Method applied
Ocean freight	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
Marine insurance	Actual marine insurance premium allocated to goods by weight.
Customs fees	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
Quarantine charges	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
Fumigation	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
Wharf storage	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
Port service charges	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
Cartage from port to PMAAs warehouses	Actual cost as per freight forwarders invoice was allocated to the goods by weight.
SG&A	Based on total SGA expenses over net sales revenue and allocated to the goods based on weight. The SG&A expenses include PMAA's costs of delivering the goods to its Australian customers.

Table 5 CTIS allocation method

CTIS verification finding

The team is satisfied that the CTIS provided by PMAA, 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 1.**

[2] The commission requested PMAA to provide the interest rate payable on its commercial long-term loans in the review period. This rate was utilised in the calculations.

6 Export price

The importer

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

- 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.

The exporter and intermediary

In relation to the goods exported by PMB and PMBA the commission found that PMBA was the exporter as PMBA is the principal located in the country of export who knowingly placed the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia.

6.1.1 Role of intermediary

The commission found that until February 2023 the sales from PMBA to PMAA were made through related party intermediary PMB. The sales transacted through PMB were 'mirrored transactions' insofar that PMB added the costs incurred to bring the goods from ex-works to FOB. However, PMB did not charge SGA and profit and there was no evidence that the goods physically changed hands between PMBA and PMB. PMBA sold to PMB at ex-works and PMB sold to PMAA at FOB. These sales from PMB/PMBA to PMAA were at FOB Incoterms. From February 2023 PMBA sold directly to PMAA.

The commission established that for PMAAs purchases prior to February 2023:

- PMB is named as the seller on the commercial invoice.
- PMB issued the delivery order and packing list.
- PMB is named as the shipper on the bill of lading and the Certificate of Origin.
- PMB is not the manufacturer of the goods located in the country of export. PMB purchased the goods from PMBA. PMBA is the manufacturer of the goods located in the country of export.
- PMBA arranged and paid transportation of the goods to the port of export to Australia.
- PMB and PMBA knew that the goods were destined for Australia.

The commission therefore considers that for these goods PMBA was the exporter of the goods and PMB was the intermediary.

The commission established that for PMAAs purchases from February 2023 onwards:

- PMBA is named as the seller on the commercial invoice.
- PMBA issued the delivery order and packing list.
- PMBA is named as the shipper on the bill of lading and the Certificate of Origin.
- PMBA is the manufacturer of the goods located in the country of export.
- PMAA arranged transportation of the goods to the port of export to Australia.
- PMBA knew that the goods were destined for Australia.

The commission is therefore satisfied that PMBA was the exporter of the goods.

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 cannot trace each selected shipment to actual sales transactions, the team used quarterly weighted average sales revenue to assess its profitability. The team notes that shipment No 1 entered Australia in the review period but was shipped and invoiced outside the review period. The commission has considered PMAA's role as a distributor, and PMAA's inventory turnover rate to form the conclusion that the goods of Shipment 1 were sold to Australian customers in the review period and therefore included this shipment in the profitability calculation.

The outcome of this assessment is in Table 6 below.

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

Table 6 Profitability of selected imports

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

Related party suppliers

PMAA purchased the goods from related party, PMBA, during the investigation period. Until February 2023 PMAA purchased these goods via intermediary PMB, also a related party.

The commission tested the transactions to determine whether the purchases represent arms length transactions. The commission found that:

- The prices are set on accordance with a sales agreement between the parties. The sales agreement includes the pricing structure that that provides for a base price for aluminium as per London Metal exchange (LME), major Japanese ports (MJP) and conversion costs including margin. The base price refers to mill finish goods. PMBA keeps price lists for extras which includes the additional charges payable for anodising, powder coating and other specifics.
- The exporter provides regular updates to the price guidance to the importer. The commission reconciled prices paid by PMAA to the price guidance and subsequent

purchase orders raised and is satisfied that the price mechanism was relied upon by the parties.

- The commission compared the prices paid by PMAA to PMB and PMBA to those charged to unrelated customers in Australian and Malaysia. The commission found that the prices paid by PMAA were similar to those paid by unrelated customers for similar goods in contemporaneous transactions.

Arms length

6.1.2 Arms length finding – goods supplied by PMBA

In respect of imports of the goods to Australia by PMAA from the manufacturer PMBA during the review period, the commission 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, the commission is preliminarily satisfied that the imports of the goods by PMAA from the manufacturer PMBA are arms length transactions.

6.1.3 Arms length finding – goods supplied via intermediary PMB

In respect of imports of the goods to Australia by PMAA from the intermediary PMB during the review period, the commission found no evidence that there was any consideration payable for, or in respect of, the goods other than its price.

However, the commission also found that:

- 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.

Specifically, the commission found that during the review period PMAA held long-term borrowings from PMB that are not interest bearing. The commission notes the following about the borrowings and how these impact the arms length assessment:

- The borrowings are aged accounts payables that the parties at some stage agreed to convert to a long-term loan, and the loan balance has reduced since 2017.
- The commission has analysed PMAA's rate of repayment of the loan and found that PMAA makes larger repayments some years, and smaller or even no repayments other years depending on their access to cash.
- The borrowings are not interest bearing. The commission has therefore calculated commercial interest on the loan amount and added to the SGA to these imports that were supplied through PMB for the purpose of profitability calculations and found that

the interest in itself made a small increase to the SGA that in itself did not impact the profitability to PMAA's imports.[3]

- The commission then turned its mind to the structure of the loan arrangement and the quantum and timing of the repayments. The commission consider that the non-commercial nature of this arrangement, that the absence of regular amortisations and the scope for PMAA to schedule its repayments based on cash flow considerations is a strong indication that the buyer received a benefit for, or in respect of, whole or any part of the price.
- The commission therefore found that a commercial or other relationship may influence the price.[4]

Therefore, the commission is not satisfied that the imports of the goods by PMAA from the intermediary PMB are arms length transactions.

Export price assessment

The commission is of the opinion that for the goods imported by PMAA from the manufacturer PMBA:

- the goods have been exported to Australia otherwise than by the importer
- the goods have been purchased by the importer from the exporter
- the purchases of the goods by the importer were arms length transactions.

For the goods imported by PMAA from PMBA, the manufacturer, the commission recommends that the export price can be established under section 269TAB(1)(a) of the Act, using the invoiced price, less transport and other costs arising after exportation.

The commission is satisfied that the goods imported by PMAA from PMBA via intermediary PMB were exported to Australia otherwise than by the importer. In relation to these shipments, the commission recommends that the export price be established under section 269TAB(1)(c) of the Act, having regard to all the circumstances of the exportation. Specifically, the commission recommends calculating an export price using the price paid by the intermediary inclusive of charges incurred for inland transport to the port of export and port of origin handling expenses.

[3] This adjustment was made to the SG&A applicable to shipments 1 and 2 of table 6.

[4] Confidential attachment 1 pages 47-50 refer.

7 Attachments

Confidential appendix 1	Profitability of imports
Confidential attachment 1	Verification work program