



**INVESTIGATION NO. 384**

**ALLEGED DUMPING OF  
ALLOY ROUND STEEL BAR**

**EXPORTED FROM  
THE PEOPLE'S REPUBLIC OF CHINA**

**VERIFICATION VISIT REPORT - IMPORTER  
STEMCOR (SEA) PTE LTD**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN  
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT  
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

**March 2017**

# PUBLIC RECORD

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## **1 BACKGROUND**

On 10 January 2017, the Commissioner of the Anti-Dumping Commission (the Commissioner) gave public notice of his decision to initiate an investigation in respect of the alleged dumping of alloy round steel bar (the goods) exported from the People's Republic Of China (China). Anti-Dumping Notice (ADN) No. 2017/02 provides further information on the investigation and is available on the Commission's electronic public record (EPR) at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Following the initiation of the investigation, the Commission wrote to Stemcor SEA Pte Ltd. (Stemcor SEA) inviting Stemcor SEA to cooperate with the investigation. Stemcor SEA responded to the Commission's invitation and completed the importer questionnaire and relevant attachments.

The verification was conducted at the office of a related entity, Stemcor Australia Pty Ltd (Stemcor Australia).

## **2 AUSTRALIAN SALES**

### **2.1 Verification of sales to audited financial statements**

Stemcor SEA is the contractual party in the purchasing and selling of the goods and all transfers of funds relating to the shipments exported to Australia. Its related entity, Stemcor Australia, provided the verification team with its audited financial statements and Stemcor SEA's financial statements.

The verification team verified the completeness and relevance of Stemcor SEA's sales listing by reconciling it to audited financial statements in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

The verification team did not find any issues with the verification of the sales listing to audited financial statements.

### **2.2 Verification of sales to source documents**

The verification team verified the accuracy of Stemcor SEA's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30.

Aside from differences in the invoice date, the verification team did not find any issues with the verification of the sales listing to source documents.

#### **2.2.1 Invoice dates**

The verification team found that the provided invoices' dates recorded in the Importer Questionnaire Responses did not correspond to the source documents. Stemcor noted that they had mistakenly put in the database entry date instead of the invoice date when it compiled the questionnaire response.

The verification team verified the revised information provided by Stemcor and found that the information to match the source documents. The revised information is in **Confidential Appendix 3**.

### **2.3 Related party customers**

The verification team did not find any evidence that Stemcor SEA is related to any of its Australian customers during the investigation period.

## **3 IMPORTS**

### **3.1 The goods**

The verification team confirmed that Stemcor SEA imported goods during the investigation period matching the description of the goods that are the subject of this application.

### **3.2 Verification of importation and selling costs**

The verification team verified the accuracy of all the importation and selling costs listed by Stemcor SEA in its response to Part B of the questionnaire to the source documents in accordance with ADN 2016/30.

Details of the verification are contained in **Confidential Attachment 1**.

The verification team found no issue with the verification to the source documents, except for the selling, general and administration costs.

#### **3.2.1 Selling, General & Administration Costs**

The verification team found that the SG&A reported in its importer questionnaire was incorrect. A review of the importer questionnaire indicated that the SG&A costs were incorrect as they did not include general office costs, such as rent and electricity. In addition, the verification team noted that the SG&A did not include costs incurred by the Singapore office in relation to staff and overheads resources used in the processing of importation and sales.

On this basis, the verification team recalculated the SG&A costs and derived a percentage for Stemcor's operations based on revenue.

The resultant percentage was applied to importation costs and the details are contained in **Confidential Appendix 3**.

### **3.3 Import listing**

Stemcor SEA confirmed that the import listing extracted from the Australian Border Force import database is a complete list of imports of the goods over the investigation period.

The verification team calculated the weighted average Free-On-Board (FOB) export price by supplier at **Confidential Appendix 3**.

### **3.4 Forward orders**

The verification team verified Stemcor SEA's forward orders by reconciling the listing provided in the importer questionnaire response to the company's records. The verified list of forward orders is in **Confidential Appendix 2**.

### **3.5 The importer**

The visit team considers Stemcor SEA to be the beneficial owner of the goods at the time of importation and is therefore the importer.

### **3.6 The exporter**

Subject to further inquiries, the verification team considers that Stemcor SEA's suppliers to be the exporters of the goods.<sup>1</sup>

### **3.7 Profitability of imports**

The verification team compared the selling prices into the Australian market with the corresponding full cost to import and sell those shipments for each of the consignments on the Part B spreadsheet.

The verification team identified that the selected shipments produced a profit when the profits and losses for all shipments were aggregated. Accordingly, the verification team considers that it is reasonable to consider the overall sales were profitable. The verification team's assessment is in **Confidential Appendix 3**.

### **3.8 Related party suppliers**

The verification team did not find any evidence that Stemcor SEA is related to the exporters of the goods exported from China during the investigation period.

### **3.9 Arms length**

In respect of imports of the goods to Australia by Stemcor SEA during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- 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; or
- 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.

The verification team therefore considers that all sales of the goods imported to Australia by Stemcor SEA during the investigation period were arms length transactions<sup>2</sup>.

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<sup>1</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.

<sup>2</sup> Section 269TAA of the Act outlines the circumstances in which the price paid or payable shall not be treated as being at arms-length. These are where: there is any consideration payable for or in respect of the goods other than price; the price is 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; or, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

## **4 RECOMMENDATIONS**

The verification team are of the opinion that for the goods imported by Stemcor SEA from its suppliers:

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

Subject to further inquiries with the exporters, the verification team recommends that the export price for the goods imported by Stemcor SEA from the exporters can be established under s.269TAB(1)(a) of the *Customs Act 1901*, as the price paid by the importer to the exporter less transport and other costs arising after exportation.

## **PUBLIC RECORD**

### **5 ATTACHMENTS**

<b>Confidential Appendix 1</b>	Export Listing
<b>Confidential Appendix 2</b>	Forward Orders
<b>Confidential Appendix 3</b>	Profitability of sales
<b>Confidential Attachment 1</b>	Verification Work Plan