



**INVESTIGATION 466**

**ALLEGED DUMPING OF CERTAIN RAILWAY WHEELS  
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA AND  
FRANCE**

**AND**

**ALLEGED SUBSIDISATION OF CERTAIN RAILWAY WHEELS  
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

**VERIFICATION VISIT REPORT**

**FORTESCUE METALS GROUP 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**

**June 2018**

# PUBLIC RECORD

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## 1 BACKGROUND

On 18 April 2018, the Anti-Dumping Commissioner (the Commissioner) initiated an investigation into the alleged dumping of certain railway wheels (railway wheels or the goods) exported to Australia from the People's Republic of China (China) and France and the alleged subsidisation of the goods exported to Australia from China. Public notification of the initiation of the investigation was published on the Commission's website. The background relating to the initiation of this investigation is contained in Consideration Report 466.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to Fortescue Metals Group Ltd (FMG) and other parties associated with the importation of the goods inviting them to cooperate with the investigation. FMG cooperated with the investigation and completed the importer questionnaire and relevant attachments.

## 2 AUSTRALIAN SALES

FMG uses the imported goods. It does not sell the goods.

## 3 IMPORTS

### 3.1 The goods

FMG confirmed that, during the investigation period, it purchased railway wheels meeting the description of the goods under investigation, imported from the Chinese exporter, Maanshan Iron & Steel Co Ltd (Masteel).

### 3.2 Verification of importation costs

The verification team verified the accuracy of the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN 2016/30.

Details of the verification are contained within the verification work program at **confidential attachment 1**.

The verification team did not find any issues with the verification of importation and selling costs to source documents.

### 3.3 Import listing

FMG 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.

Details of the verification are contained within the verification work program as **confidential attachment 1**.

### 3.4 Forward orders

FMG provided a list of its forward orders in its importer questionnaire response.

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### 3.5 The importer

The verification team considers FMG to be the beneficial owner of the goods at the time of importation and therefore the importer. FMG is:

- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading,
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

### 3.6 The exporter

Subject to further inquiries, the verification team considers Masteel to be the exporter of the goods<sup>1</sup>.

### 3.7 Related party suppliers

The verification team found no evidence that FMG is related to its supplier of railway wheels exported from China during the investigation period.

### 3.8 Arms length

In respect of imports of railway wheels by FMG 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.

Therefore, subject to further inquiries, the verification team is satisfied that import transactions between FMG and its supplier were arms length transactions.

## 4 GENERAL COMMENTS

FMG advised that it currently has 3,384 iron ore carriages in service on its rail facilities transporting iron ore from its mines to Port Hedland. **[Redacted: number of wheels in operation]**.

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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.

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FMG originally purchased the ore cars from China (with Chinese manufactured wheels) in 2007. A major expansion in 2010 saw the addition of further carriages.

FMG had minimal replacement railway wheel requirements up until 2016. It sourced these requirements from the Australian manufacturer, Commonwealth Steel Company Pty Ltd, and from imports.

On 30 May 2016, FMG issued a tender to purchase railway wheels. Initial pricing was submitted by tenderers on 10 June 2016. Eight potential suppliers were identified as part of the tender process, however, three tenderers declined to participate and did not proceed to the bidding stage.

After an evaluation process, FMG selected Masteel as the preferred supplier. FMG did not provide copies of the tender evaluation or contract award documentation. **[Redacted: describes confidential tender evaluation process].**

FMG advised that the selection of Masteel as the preferred supplier was followed by a lengthy contract negotiation period prior to a contract between the parties. **[Redacted: describes terms of the contract].**

FMG advised that it has previously provided Comsteel with opportunities to price in the event FMG experienced a sudden increase in demand for ore car wheels, however quotes provided by Comsteel were not competitive and did not meet the required delivery dates. FMG stated that it continued to buy locomotive wheels (wheels that are not subject to the investigation) from Comsteel. FMG also advised that it has had positive experiences with both Comsteel and Masteel.

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### 5 RECOMMENDATION

The verification team is of the opinion that, for the goods imported by FMG from Masteel:

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

Subject to further inquiries with the exporter, the verification team recommends that the export price for railway wheels imported by FMG from Masteel can be established under s.269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less transport and other costs (if any) arising after exportation.

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### 6 ATTACHMENTS

Confidential Attachment 1

Verification Work Plan