

**PUBLIC RECORD**



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**

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**REVIEW 482**

**ALLEGED DUMPING AND SUBSIDISATION OF CERTAIN  
ALUMINIUM EXTRUSIONS**

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

**VERIFICATION VISIT REPORT - IMPORTER**

**MEGA STONE ALUMINIUM PTY 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**

**September 2018**

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## 1 BACKGROUND

On 12 July 2018, the Anti-Dumping Commissioner (the Commissioner) on the request by the then Assistant Minister for Science, Jobs and Innovation to the then Minister for Jobs and Innovation, initiated a review into whether the variable factors related to certain aluminium extrusions exported to Australia from the People's Republic of China (China) should be varied. Public notification of the initiation of the review was published on the Anti-Dumping Commission's website<sup>1</sup>.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to Mega Stone Aluminium Pty Ltd (Mega Stone) and other importers of aluminium extrusions, as identified in the Australian Border Force (ABF) imports database inviting them to cooperate with the review. Mega Stone cooperated and completed the importer questionnaire and relevant attachments.

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<sup>1</sup> [www.adcommission.gov.au](http://www.adcommission.gov.au)

## 2 AUSTRALIAN SALES

### 2.1 Verification of sales to financial statements

The verification team verified the completeness and relevance of Mega Stone's sales listing by reconciling it to its draft financial statements.

The verification team noted that the financial statements produced by Mega Stone are not audited. The verification team asked Mega Stone to provide the Commission with its final accounts together with its Tax returns for the financial year 2017/2018 when submitting it to the Australia Taxation Office. The Verification team has noted a minor difference between the sales listing provided in Part C of the importer questionnaire and the draft financial report as discussed in section 2.1.1 below.

The verification team considers that the draft financial statements prepared by Mega Stone are reliable for the purposes of upwards verification.

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

#### 2.1.1 Exception – Upwards sales verification

The verification team found a minor variance of 1.3 percent between the sales listing provided in Part C of the importer questionnaire and Mega Stone's draft financial statements. Mega Stone explained the difference was due to some service fees which were not related to the goods were included in the financial statements. Mega Stone provided source documents to support its claims.

### 2.2 Verification of sales to source documents

The verification team verified the accuracy of Mega Stone's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30. The verification team note one exception as outlined below. The verification team did not find any other issues with the verification of the sales listing to source documents and are satisfied that the sales listing is accurate.

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

#### 2.2.1 Exception – downward sales verification

The verification team noted that Mega Stone incorrectly reported its credit term and delivery terms in Part C of the importer questionnaire. Mega Stone stated that Part C of the importer questionnaire was prepared manually, there was an error on its part and provided a revised Part C of the importer questionnaire.

The verification team check the information provided in the revised sales data and is satisfied that the delivery and credit terms are correctly reported.

### **2.3 Related party customers**

The verification team did not find evidence that Mega Stone is related to any of its customers during the review period.

## 3 IMPORTS

### 3.1 The goods

Mega Stone confirmed that it imported aluminium extrusions from China during the review period, which matches the description of the goods that are the subject of this application.

### 3.2 Verification of importation and selling costs

The visit team verified the accuracy of the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN 2016/30. The verification team note one exception as outlined below. The verification team did not find any other issues with the verification of the import listing to source documents and are satisfied that the importation data is accurate

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

#### 3.2.1 Exception – downward verification

Mega Stone explained the omission of service fees which was not in relation to the goods from the selling, general and administration (SG&A) expense calculation. The verification team is satisfied that these fees are not related to aluminium extrusions and considers it reasonable to exclude them from the SG&A calculation.

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

### 3.3 Import listing

Mega Stone confirmed that the import listing extracted from the ABF import database is a complete list of imports of the goods over the review period.

The verification team calculated the weighted average free on board (FOB) export price by supplier at **Confidential Attachment 1.1**.

### 3.4 The importer

The verification team considers Mega Stone to be the beneficial owner of the goods at the time of importation and therefore the importer as Mega Stone 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.

### 3.5 The exporter

Subject to further inquiries, the verification team considers the Chinese manufacturers of aluminium extrusions to be the exporters<sup>2</sup>.

### 3.6 Profitability of imports

Mega Stone did not complete the sales of the 12 selected shipments in Part B of the importer questionnaire.

At the visit, Mega Stone stated that the goods supplied by various suppliers (imported and domestically sourced) is mixed and sold collectively as they do not differ in models/types etc. and can be used for the same end-use function. Mega Stone also does not separate the goods sold by the supplier. As such the verification team was not able to calculate the profit and profitability of the 12 selected shipments.

The verification team noted from Mega Stone's Profit and Loss Statement that during the review period Mega Stone was profitable. At the visit, Mega Stone stated that approximately 80 per cent of its business is in relation to the goods.

Based on the detailed revised sales data provided the verification team noted that during the review period, approximately 72 percent of Mega Stone's sales were in relation to the goods.

### 3.7 Related party suppliers

The verification team did not find any evidence that suggests Mega Stone is related to any of its suppliers of aluminium extrusions exported from China during the review period.

### 3.8 Arms length

In respect of imports of aluminium extrusions to Australia by Mega Stone during the review 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

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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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Therefore, subject to further inquiries, the verification team is satisfied that import transactions between Mega Stone and its suppliers are at arms length transactions.



## 4 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by Mega Stone from two exporters:

- 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 these exporters, the verification team recommends that the export price for goods imported by Mega Stone from the exporters can be established under s.269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less transport and other costs arising after exportation.

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**ATTACHMENTS**

|                                    |                        |
|------------------------------------|------------------------|
| <b>Confidential Attachment 1</b>   | Verification Work Plan |
| <b>Confidential Attachment 1.1</b> | Analysis               |