

**PUBLIC RECORD**



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

**Anti-Dumping  
Commission**

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**REVIEW 482**

**A REVIEW OF ANTI-DUMPING MEASURES APPLYING TO  
ALUMINIUM EXTRUSIONS**

**EXPORTED TO AUSTRALIA FROM**

**THE PEOPLE'S REPUBLIC OF CHINA**

**VERIFICATION VISIT REPORT - IMPORTER**

**PANASIA 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**

### **1.1 This review**

On 12 July 2018, the Anti-Dumping Commissioner (the Commissioner), on 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. The background relating to the initiation of this review is contained in the Anti-Dumping Notice (ADN) No. 2018/111, published on the Commission's website.<sup>1</sup>

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to PanAsia Aluminium Pty Ltd (PAA), and other identified importers of aluminium extrusions, inviting them to cooperate with the review. PAA cooperated with the review and completed the importer questionnaire and relevant attachments.

### **1.2 Company structure**

PAA forms part of the PanAsia group of companies, and functions as the importer to the Australian market. PAA purchases the goods from another company within the group, Macao Commercial Offshore Limited (OPAL). The goods are manufactured by PanAsia Aluminium (China) Limited (PAC) in China.

PAA, OPAL and PAC are all ultimately owned by the same holding company. Reference is made to **Confidential Attachment 1: PanAsia Group Organisational Chart**.

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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 audited financial statements**

The verification team verified the completeness and relevance of PAA's sales listing during the period 1 July 2017 to 30 June 2018 (the review period) by reconciling this to PAA's management accounts. The verification team was able to reconcile the sales listing to profit and loss to within an error margin of approximately 1 per cent.

Details of this verification process are contained in the verification work program at **Confidential Attachment 2**.

The verification team did not find any issues with the verification of the sales listing to its management account.

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

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

Details of this verification process are contained in the verification work program at **Confidential Attachment 2**.

The verification team did not find any issues with the verification of the sales listing to source documents.

### **2.3 Related party customers**

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

## **3 IMPORTS**

### **3.1 The goods**

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

Details of the verification are contained within the verification work program as **Confidential Attachment 2**.

### **3.3 Import listing**

PAA 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 review period.

The verification team has calculated the weighted average FOB export price at **Confidential Attachment 2**.

### **3.4 The importer**

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

### **3.5 The exporter**

Subject to further inquiries, the verification team considers the manufacturer to be the exporter of the goods<sup>2</sup>.

### **3.6 Profitability of imports**

PAA completed the sales of the 12 selected shipments in Part B of the importer questionnaire prior to the visit.

The verification team found that three of the 12 shipments which were based on back to back orders, were profitable. The remaining nine shipments were ordered to fill the stock and sold collectively to various clients. As such the verification team was not able to

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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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calculate the profit and profitability directly linked to the nine selected shipments. However, the verification team is satisfied that during the review period, about 80 per cent of its sales were related to the goods and PAA has been generally profitable.

The assessment is at **Confidential Attachment 2**.

### 3.6.1 Exception – Selling General and Administration Costs

The verification team noted that PAA had calculated total selling, general and administration (SG&A) costs for each of the shipments, based on a SG&A figure which was calculated as total direct expenses as a percentage of cost of sales.

Using PAA's profit and loss statement for the review period, the verification team verified the provided SG&A percentage as being the total direct expenses over total cost of sales of the goods.

For direct order sales, PAA claimed a lower SG&A rate as the goods were delivered directly to customer and were not required to be warehoused or handled by PAA.

The verification team is satisfied a higher SG&A is applicable for PAA as distributed sales rather than their direct order sales.

### 3.7 Related party suppliers

The verification team found that PAA is related to its supplier of aluminium extrusions exported from China during the review period. PAA is also related to the trading company facilitating the sales from China to Australia.

### 3.8 Arm's length

Section 269TAA of the *Customs Act 1901* (the Act) outlines the circumstances in which the price paid or payable shall not be treated as arm's length. These are where:

- there is any consideration payable for 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;
- in the opinion of the Minister, 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.

The verification team examined relevant information to determine whether there has been genuine bargaining between buyer and seller.

In respect of imports of the aluminium extrusions by PAA during the review period, the verification team found that the prices between OPAL and PAA are artificially set. PAA achieved a reasonable level of profit for the sales of the goods however genuine bargaining had not occurred between buyer and seller during the review period. (Detailed assessment is at **Confidential Attachment 2**)

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Therefore, given the relationships between PAA, OPAL and PAC, and the verification team's examination of pricing arrangements, the verification team has not satisfied that import transactions between PAA and its supplier are at arm's length.

## **4 RECOMMENDATIONS**

The verification team are of the opinion that, for the goods imported by PAA from PAC through the intermediary OPAL:

- 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 not arm's length transactions.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for aluminium extrusions imported by PAA from PAC can be established under subsection 269TAB(1)(b) of the Act.



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### **5 ATTACHMENTS**

<b>Confidential Attachment 1</b>	PanAsia Group Organisational Chart
<b>Confidential Attachment 2</b>	Verification work program