



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

**Anti-Dumping
Commission**

REVIEW 486 and REVIEW 489

**REVIEW OF ANTI-DUMPING MEASURES APPLYING TO STEEL
REINFORCING BAR**

**EXPORTED TO AUSTRALIA FROM THE REPUBLIC OF KOREA
AND TAIWAN (WITH THE EXCEPTION OF POWER STEEL CO.
LTD)**

VERIFICATION VISIT REPORT - IMPORTER

DITH AUSTRALIA 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**

November 2018

CONTENTS

CONTENTS..... 2

1 BACKGROUND..... 3

1.1 THIS REVIEW..... 3

1.2 COMPANY STRUCTURE 3

2 AUSTRALIAN SALES 4

2.1 VERIFICATION OF SALES 4

2.2 VERIFICATION OF SALES TO SOURCE DOCUMENTS 4

2.3 RELATED PARTY CUSTOMERS 4

3 IMPORTS..... 5

3.1 THE GOODS 5

3.2 VERIFICATION OF IMPORTATION AND SELLING COSTS 5

3.3 IMPORT LISTING..... 5

3.4 THE IMPORTER 6

3.5 THE EXPORTER 6

3.6 PROFITABILITY OF IMPORTS 6

3.7 RELATED PARTY SUPPLIERS 6

3.8 ARMS-LENGTH 6

4 RECOMMENDATIONS..... 8

5 ATTACHMENTS 9

1 BACKGROUND

1.1 This review

On 1 August 2018, following applications by DITH Australia Pty Ltd (DITH) and Liberty OneSteel (Newcastle) Pty Ltd, the Anti-Dumping Commissioner (the Commissioner) initiated reviews of the anti-dumping measures applying to steel reinforcing bar (rebar) exported to Australia from the Republic of Korea (Korea) and Taiwan (Review 486 and Review 489). These reviews will examine whether the variable factors relevant to the taking of anti-dumping measures, as they affect exports of certain rebar from Korea and Taiwan, except Power Steel Co. Ltd., should be varied.

The background relating to the initiation of this review is contained in Anti-Dumping Notice (ADN) No. 2018/112, published on the Commission's website.¹

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to DITH and other identified importers of rebar, inviting them to cooperate with the review. DITH cooperated with the review and completed the importer questionnaire and relevant attachments.

1.2 Company structure

DITH is part of the Duferco Group and functions as an importer to the Australian market. DITH purchases rebar from Daehan Steel Co Ltd (Daehan) through Duferco Asia Pte Ltd (Duferco), a related company within the Duferco Group, located in Singapore.

DITH's group organisation chart is at **Confidential Appendix 1**.

¹ www.adcommission.gov.au

2 AUSTRALIAN SALES

2.1 Verification of sales

The verification team verified the completeness and relevance of DITH's sales listing by reconciling them to management accounts.

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

2.1.1 Audited Financial Statements.

DITH follows the Duferco group's financial year which begins on 1 October and ends 30 September the following year.

As DITH commenced its business in Australia in October 2017, at the time of the verification visit in October 2018, it had not completed a full financial year and there were no audited financial statements available.

The verification team requested access to the 2017 tax return that DITH lodged with the Australian Taxation Office (ATO). DITH stated that they had applied for a tax return exemption from the ATO, as there were no commercial activities during the first financial year. DITH provided a copy of the ATO Transaction Completed receipt, which confirmed that DITH "has no obligation to lodge an income tax return for the financial year ending 2017".

DITH provided the verification team with the financial management accounts to date. The verification team did not find any issues with the verification of the sales listing to management accounts.

2.2 Verification of sales to source documents

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

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

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

2.3 Related party customers

The verification team did not find any evidence to suggest that DITH was related to any of its customers during the review period.

3 IMPORTS

3.1 The goods

DITH confirmed that they imported rebar from Daehan during the review period, which matches the description of the goods that are the subject of this review.

3.2 Verification of importation and selling 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 in **Confidential Attachment 1**.

3.2.1 Goods wrongly classified in the ABF imports database

Prior to the visit, the Commission selected 10 shipments from ABF import database and asked DITH to provide information in relation to these shipments.

At the visit, the verification team checked source documentations and noted that two of the ten selected shipments were not the goods. DITH's broker incorrectly classified the products as rebar. The verification team excluded these two shipments from their verification.

3.2.2 Calculation of Selling, general and administrative (SG&A) costs

DITH calculated selling, general and administration (SG&A) costs for each of the selected shipments based on an estimate of the total overhead divided by the total sales revenue in the 'normalised period of business'.

DITH said that the SG&A costs for the initial four months of the review period was significant and no revenue was generated during this period. DITH stated that from March 2018 onwards, business had normalised and was profitable. The verification team sighted relevant contracts, agreements and other documentation and accepted that the SG&A expenses can be calculated based on the normalised business period. Details of the verification are contained within the verification work program in **Confidential Attachment 1**.

3.3 Import listing

DITH confirmed that the import listing extracted from the ABF import database is a complete list of imports of the goods over the review period after removing two entries that were incorrectly classified.

The verification team calculated the weighted average free on board (FOB) export price by supplier at **Confidential Appendix 2**.

3.4 The importer

Daehan manufacturers rebar and sells to Duferco. Duferco then on sells the goods to DITH. Duferco is facilitating the transitions and in return receives a margin. At the time when the goods arrive in Australia, DITH arranges and pays for logistics, duty and customs clearance charges.

The verification team considers DITH to be the beneficial owner of the goods at the time of importation and therefore the importer as, DITH is:

- declared as the importer on the importation declaration to ABF;
- arranges and pays duties, customs clearance;
- pays for all the importation charges; and
- arranges delivery from the port to its customers.

3.5 The exporter

Subject to further enquiries, the verification team considers that Daehan, Korea is the exporter of rebar.²

3.6 Profitability of imports

The verification team calculated profit for the eight selected shipments.

While the verification team found that four of the eight selected shipments were not profitable, the weighted average of all eight shipments were profitable. The assessment is at **Confidential Appendix 3**.

The verification noted that during the review period, DITH has a very small amount of profit. This was due to start-up of a new company as explained in **Confidential Attachment 1**.

3.7 Related party suppliers

The verification team did not find any evidence to suggest that DITH is related to its supplier of rebar exported from Korea during the review period.

3.8 Arms-length

In respect of imports of rebar to Australia by DITH during the review period, the verification team found no evidence that:

² 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.

PUBLIC RECORD

- 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 is satisfied that import transactions between DITH and its customers are arms-length transactions.

4 RECOMMENDATIONS

The verification team are of the opinion that, for the goods imported by DITH from Daehan:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer from the exporters; and

Subject to further verification with the relevant exporter, the verification team recommends that the export price for rebar imported by DITH be established under s.269TAB(1)(c) of the *Customs Act 1901*, being a price to be determined having regard to all circumstances of the exportation using the invoiced price, less deductions.

5 ATTACHMENTS

Confidential Appendix 1	Group Organisational Chart
Confidential Appendix 2	Export Price
Confidential Appendix 3	Profitability of Sales
Confidential Attachment 1	Verification Work Program