

PUBLIC RECORD



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

**Anti-Dumping
Commission**

REVIEW 489

**STEEL REINFORCING BAR
EXPORTED FROM THE REPUBLIC OF KOREA AND TAIWAN**

VERIFICATION VISIT REPORT - IMPORTER

Macsteel International 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

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PUBLIC RECORD

CONTENTS

CONTENTS	2
1 BACKGROUND	3
2 AUSTRALIAN SALES	5
2.1 VERIFICATION OF SALES TO AUDITED FINANCIAL STATEMENTS.....	5
2.2 VERIFICATION OF SALES TO SOURCE DOCUMENTS.....	5
2.3 RELATED PARTY CUSTOMERS	5
3 IMPORTS	6
3.1 THE GOODS	6
3.2 VERIFICATION OF IMPORTATION AND SELLING COSTS	6
3.3 IMPORT LISTING	6
3.4 FORWARD ORDERS	7
3.5 THE IMPORTER	7
3.6 THE EXPORTER.....	7
3.7 PROFITABILITY OF IMPORTS	7
3.8 RELATED PARTY SUPPLIERS	7
3.9 ARMS LENGTH.....	8
4 RECOMMENDATIONS	9
5 ATTACHMENTS	10

1 BACKGROUND

On 1 August 2018, the Commissioner of the Anti-Dumping Commission (the Commissioner) initiated a review of the anti-dumping measures applying to certain steel reinforcing bar (rebar) exported to Australia from the Republic of Korea and Taiwan (with the exception of Power Steel Co, Ltd). Public notification of the initiation of the review was published on the Commission's website. The background relating to the initiation of this review is contained in Consideration Report 489.

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

2 CHANGE OF OWNERSHIP

During the review period (1 July 2017 – 30 June 2018), Commercial Metals Company Pty Ltd (CMC) was taken over by Macsteel. The change of ownership process included changes in staff and accounting systems, relevant to this importer visit.

As a result of these change activities, some aspects of the Commission's verification were unable to be performed. Details of processes affected are in this report.

The Commission understands that these change activities are an anomaly and that, where possible, Macsteel have provided information to the best of its abilities.

3 AUSTRALIAN SALES

3.1 Verification of sales to audited financial statements

The Commission's usual practice is to verify the data provided by the importer to audited financial statements. However, due to the change in ownership referenced at Chapter 2, Macsteel were unable to provide a sales listing to the detail usually required by the Commission. They were however able to provide a sales listing summary (by customer for each month of the review period).

CMC did not have an audited financial statement for their last financial year and as Macsteel had just begun operations in Australia, it also did not have an audited financial statement.

As such, the verification team were unable to verify the completeness and relevance of Macsteel's sales listing by reconciling it to audited financial statements. Nonetheless, given that Macsteel is a new company and has yet to complete its first year of operations, the verification team considers that the information directly extracted from its accounting system to be the best available information for the purpose of this importer verification visit.

3.2 Verification of sales to source documents

The verification team verified the accuracy of Macsteel's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30. Due to the change in ownership, Macsteel were unable to provide all the source documents requested by the Commission.

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

3.3 Related party customers

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

4 IMPORTS

4.1 The goods

Macsteel confirmed that it imported rebar from Taiwan during the review period, which matches the description of the goods that are the subject of this application.

Macsteel imported rolled deformed steel reinforcing bar in straight lengths.

4.2 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 as **Confidential Attachment 1**.

4.2.1 Missing source documents – Importation and insurance costs

Due to changes in staff as a result of the change in ownership, Macsteel were unable to provide the source documents for the importation and insurance (credit and marine) costs. Insurance costs were calculated as percentage of the total quantity of the imported rebar.

In the absence of any contemporaneous verifiable data relating to importation and insurance costs, the Commission has elected to use the data provided by Macsteel.

4.2.2 Missing source documents – Commission costs

Macsteel were unable to provide the source documents for the commission costs claimed in its questionnaire response. The verification team has elected not to include commission costs when calculating importation and selling costs.

4.2.3 Verified selling goods and administrative costs from previous Commission visit

Macsteel explained that the selling goods and administrative (SG&A) costs figure in their importer questionnaire response was the same as provided by CMC at a previous Commission verification. Macsteel were unable to provide importation and selling costs relating to the current review period due to the changes in ownership. In that instance, the case manager was also unable to verify the importation and selling costs.

In the absence of any contemporaneous verifiable data, the Commission has elected to use the verified importation and selling costs from an earlier period (1 April 2016 – 31 March 2017) in working out the selling goods and administrative (SG&A) costs for Macsteel. In that case, the percentage allocated to SG&A related to Australian operations only and reflected the direct costs incurred in the sale of goods into the Australian market. Import listing

4.3 Import listing

Macsteel confirmed that the import listing extracted from the ABF import database is a complete list of imports of the goods over the investigation period.

The verification team calculated the weighted average FOB export price by supplier at **Confidential Appendix 1**.

4.4 Forward orders

Macsteel confirmed that it had no forward orders.

4.5 The importer

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

4.6 The exporter

Subject to further inquiries, the verification team considers Wei Chih Steel Industrial Co Ltd to be the exporter of rebar¹.

4.7 Profitability of imports

The verification team calculated profit for the 10 selected shipments.

The verification team found that all 10 shipments were profitable. The assessment is at **Confidential Appendix 2**.

4.8 Related party suppliers

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

¹ 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.

4.9 Arms length

In respect of imports of rebar to Australia by Macsteel 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
- 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 are satisfied that import transactions between Macsteel and its suppliers are at arms length transactions.

5 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by Macsteel from Wei Chih Steel Industrial Co Ltd:

- 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 rebar imported by Macsteel from Wei Chih Steel Industrial Co Ltd 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.

PUBLIC RECORD

6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Profitability of sales
Confidential Attachment 1	Verification Work Plan