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

**Anti-Dumping
Commission**

INVESTIGATION NO. 495

**ALLEGED DUMPING AND SUBSIDISATION OF
STEEL REINFORCING BAR
EXPORTED TO AUSTRALIA FROM
THE REPUBLIC OF TURKEY**

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**

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1 BACKGROUND

On 16 November 2018, the Commissioner of the Anti-Dumping Commission (the Commissioner) initiated an investigation into the alleged dumping and subsidisation of steel reinforcing bar (rebar or the goods) exported to Australia from the Republic of Turkey (Turkey). 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 No. 495*.

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

2 UPWARDS VERIFICATION OF SALES

2.1 Verification of Sales Completeness and Relevance

2.1.1 General

Verification of relevance and completeness is conducted by reconciling the sales data submitted “upwards” through management accounts to audited financial accounts. At the time of publishing this report, the audited financial statements were being prepared and were not available to the verification team.

The verification team verified the completeness and relevance of DITH’s sales listing provided in Part C of the response to the questionnaire (RIQ) by reconciling it to the company’s management reports in accordance with ADN No. 2016/30.

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

2.1.2 Exceptions during Verification of Sales to Management Reports

No.	Exception	Resolution	Evidence Relied On
1	The total sales value from Part C of the RIQ did not align with the management report. There was a minor variance.	The verification team queried this variance with DITH. The variance was found to be due to credit notes, a missing invoice and the impact of financial year cut-off. DITH provided evidence to support the above.	Sales listing (Part C of the RIQ) Management report Source documentation

2.2 Sales Completeness and Relevance Finding

The verification team are satisfied that the sales data provided in Part C of the RIQ by DITH is complete and relevant.

3 DOWNWARDS VERIFICATION OF SALES

3.1 Verification of Sales Accuracy

The accuracy of data is verified by reconciling selected transactions “downwards” to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data to source documents. This verifies the accuracy of the sales data (e.g. that the volume and value of the records for selected transactions are accurate and reflect sales that did occur).

The verification team verified the accuracy of DITH’s sales listing submitted in Part C of the RIQ by reconciling the sales from 12 selected imports downwards 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 1**.

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

3.2 Sales Accuracy Finding

The verification team are satisfied that the sales listing provided in Part C of the RIQ submitted by DITH is accurate.

3.3 Related Party Customers

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

4 IMPORTS

4.1 The Goods

DITH confirmed that it imported steel reinforcing bar from Turkey during the investigation period, which matches the description of the goods that are the subject of this application.

DITH mainly imported rebar in straight lengths (DBIL), and a minor volume of rebar in coil (DBIC) during the investigation period.

4.2 Verification of Importation and Selling Costs

4.2.1 General

The verification team verified the accuracy of the importation and selling costs by reconciling 12 selected imports to source documents in accordance with ADN No. 2016/30.

Details of the verification are contained within the verification work program at **Confidential Attachment 1**.

4.2.2 Exceptions during Verification of Importation and Selling Costs

The verification team found the following minor exceptions during the verification process.

No.	Exception	Resolution	Evidence Relied On
1	Exchange rates used did not align with source documentation.	During the verification visit DITH provided an explanation for the difference in exchange rates. The verification team determined that the difference in exchange rates was immaterial and did not impact on Part B of the RIQ. The verification team accepted the exchange rates provided.	Part B of the RIQ Source documentation
2	The freight costs for multiple selected imports did not align with source documentation.	The verification team revised the freight costs to align with source documentation.	Source documentation
3	The port service charges for multiple imports did not align with source documentation.	The verification team revised the port service charges to align with source documentation.	Source documentation
4	DITH calculated selling, general and administration (SG&A) expenses for each of the selected imports based on the total overhead divided by the total sales revenue in a 'normalised period of business'. DITH stated that the SG&A expenses for the initial three months of the investigation period, when DITH was	The verification team replaced the SG&A expenses reported in Part B of the RIQ to reflect the verified amounts from the management report	SG&A expenses (Part B of the RIQ) Management report Company agreements

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No.	Exception	Resolution	Evidence Relied On
	<p>established, were significant and limited revenue was generated during for these three months. DITH explained that this artificially inflated the SG&A expenses. DITH stated that the last nine months of the investigation period, e.g. January 2018 to September 2018, was a period where the business had normalised and was profitable. The verification team sighted relevant documents to verify DITH's claims and accepted that the SG&A expenses should be calculated based on January 2018 to September 2018. This is consistent with Review No. 486, which followed a similar approach.</p> <p>Upon reviewing DITH's calculations, the SG&A expenses reported in Part B of the RIQ did not align with the management report</p>		

4.3 Import Listing

The verification team queried certain details regarding imports declared in the ABF import database.

No.	Exception	Resolution	Evidence Relied On
1	Two entries were declared as rebar in coil, however upon further inspection the goods were found not to be the goods.	The verification team sighted relevant source documents and have amended the details of the imports in Appendix 1.	ABF import database Source documentation Appendix 1
2	One entry was declared as DBIL, however upon further inspection was found to be DBIC.	The verification team sighted relevant source documents and have amended the details of the imports in Appendix 1.	ABF import database Source documentation Appendix 1
3	There was a minor error in the statistical quantity declared for one shipment.	The verification team sighted relevant source documents and have amended the details of the imports in Appendix 1.	ABF import database Source documentation Appendix 1

After amending the import listing extracted from the ABF import database, the verification team matched the ABF import database with Part C of the RIQ. The verification team is satisfied that the import listing is a complete list of imports of the goods over the investigation period.

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

4.4 Forward Orders

A list of forward orders is at **Confidential Appendix 2**.

4.5 The Importer

The manufacturers of the goods sold the goods to DITH's related party intermediaries. These intermediaries then on sold the goods to DITH. The intermediaries are facilitating the transitions and in return receive a margin. At the time when the goods arrive in Australia, DITH arranges and pays for logistics, customs clearance charges and arranges for delivery to the final customers.

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:

- 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 the relevant manufacturers to be the exporters of the goods.¹

4.7 Profitability of Imports

The verification team calculated profit for the 12 selected imports.

The verification team found that all 12 imports were profitable. The assessment is at **Confidential Appendix 3**.

4.8 Related Party Suppliers

The verification team did not find any evidence that DITH is related to its suppliers of steel reinforcing bar exported from Turkey during the investigation period.

4.9 Arms Length

In respect of imports of steel reinforcing bar to Australia by DITH during the investigation period, the verification team found no evidence that:

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.

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- 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 DITH and its suppliers are arms length transactions.

5 RECOMMENDATIONS

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

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer from the exporters, given that there is an intermediary facilitating the imports; and
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries with the relevant exporters, the verification team recommends that the export price for steel reinforcing bar imported by DITH from Turkey can be established under subsection 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.

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6 ATTACHMENTS

Confidential Appendix 1	Export Price
Confidential Appendix 2	Forward Orders
Confidential Appendix 3	Profitability of Sales
Confidential Attachment 1	Verification Work Program