



Importer Verification Report

Verification & Case Details

Initiation Date	26/04/2019	ADN:	2019/059
Case:	Aluminium extrusions from Malaysia – Review and Revocation of Measures – EverPress Aluminium Industries Sdn Bhd		
Case Number	509		
Company	Louver-Lite Limited		
Location	Sydney		
Verification date	08/08/2019		
Review Period	01/04/2018	to	31/03/2019

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 COMPANY BACKGROUND

1.1 Corporate structure and ownership

Louver-Lite Limited (LL or the importer) is a foreign incorporated, privately owned, trading company which operates as an importer and wholesaler of window blind fabrics and components. It has functioned as a branch of its identically named United Kingdom (UK) parent company Louver-Lite Limited¹ since 2001. LL operates from its head office based in St Marys in New South Wales and has a sales representative in Melbourne.

1.2 Related parties

The verification team examined the relationships between related parties involved in the importation and sale of the goods.

The verification team found that LL does not have any related customers who purchased the goods during the period 1 April 2018 to 31 March 2019 (the review period).

The verification team found that LL imported extrusions from one unrelated Malaysian supplier during the review period.

¹ For clarity, the UK parent company will be referred to as “the UK parent” throughout this report whereas the importer the subject of this verification will be referred to as LL.

2 THE GOODS

2.1 The goods

LL confirmed that it imported aluminium extrusions during the review period matching the description of the goods that are the subject of this review.

During the period LL imported the goods under tariff code 7604.21.00 (statistical code 08). LL imports aluminium extrusions in three different finishes: mill finish (MF), anodised, or powder coated (PC).

2.2 Model control codes (MCCs)

LL provided sales and cost data in accordance with the MCC structure detailed in Consideration Report No. 509 and in ADN 2019/059.

LL sold goods with the following MCCs during the review period:

- M-6A-T1
- A-6A-T1
- PC-6A-T1

The verification team’s evaluation of the MCCs imported by LL and the evidence relied upon is shown in Table 1.

Category	Evidence relied on
Finish	Determined with reference to the description on importer’s purchase order, exporter’s invoice and extrusions product list as well as the importer’s sales invoice to the Australian customers.
Alloy	Determined with reference to the description on exporter’s invoice which also states the relevant importer’s stock code. This stock code was cross referenced to the same stock code on the importer’s purchase order.
Temper	Determined with reference to the description on exporter’s invoice which also states the relevant importer’s stock code. This stock code was cross referenced to the same stock code on the importer’s purchase order.

Table 1 MCC categorisation and supporting evidence

2.3 Like goods

LL agreed that the Australian Industry produced like goods to the goods that it imported during the review period.

LL stated that patented dies owned by the UK parent company are used to produce the imported goods so there would be no exact substitute manufactured locally.

3 UPWARDS VERIFICATION OF SALES

3.1 Verification of sales completeness and relevance

Verification of completeness and relevance is conducted by reconciling selected data submitted "upwards" through management accounts and up to audited financial accounts. The verification team attempted to verify the completeness and relevance of the sales listing provided in Part C of the questionnaire response by reconciling this to audited financial statements in accordance with ADN. No 2016/30.

At the visit LL stated that it does not record the goods as a separate cost centre in its system and it was unable to match the sales (Part C of the responses to the importer questionnaire) to its financial reports. However, LL provided a sales management report showing the sales of components including aluminium extrusions from March 2018 to May 2019.

The verification team identified the issue outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments are at **Confidential Attachment 1**.

3.1.1 Exception during verification of sales completeness and relevance

Exception	Resolution	Evidence Relied On
Sales data reported in Part C of the response to the importer questionnaire (RIQ) has inaccurate sales values. It was observed that two extrusion models were mixed together in one box for sales.	Revised sales data was provided.	Warehouse inspection during verification visit. Imports sales listing (Part C of the RIQ)

3.2 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by importer, including the required amendment as outlined in the exception table above, is complete and relevant.

4 DOWNWARDS VERIFICATION OF SALES

4.1 Verification of sales accuracy

The accuracy of data is verified by reconciling selected data submitted "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 down to source documents. This verifies the accuracy of the data (e.g. for sales data, the volume and value of the records for selected transactions are accurate and reflect sales that did occur). The verification team verified accuracy of the sales listing submitted in Part C of the questionnaire response by reconciling these to source documents in accordance with ADN. No 2016/30.

The verification team identified one issue during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1.1 Exception during verification of sales accuracy

No.	Exception	Resolution	Evidence Relied On
1	The verification team observed that for one sale the incorrect invoice value was provided. The invoice value was understated due to the value for the price per box and the value for the number of boxes being incorrect, resulting in an incorrect invoice value when the values were multiplied together.	The verification team used the source documentation to correct the price per box and the number of boxes which led to the correct invoice value being calculated.	Imports sales listing (Part C of the RIQ). Source documentation (commercial invoice).

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by LL, including the required amendment outlined in the exception table, is accurate.

5 VERIFICATION OF IMPORTS

5.1 Import listing

LL 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 calculated the weighted average FOB export price at **Confidential Appendix 1**.

5.2 Verification of cost to import and sell

The verification team verified the accuracy of the cost to import and sell (CTIS) listed for selected shipments in Part B of the questionnaire response by reconciling to source documents in accordance with ADN No. 2016/30.

The verification team have verified the export price to Australia against source documentation including the Australian import declaration forms, freight forwarder invoices and insurance contract. The verification team have also verified the currency of purchase of the exports to Australia against the commercial invoice and proof of payment documents.

5.3 Verification of CTIS allocation

The verification team verified the CTIS provided in the questionnaire response in accordance with ADN No. 2016/30.

Cost area	Method and evidence relied upon
Origin inland transport to port of export (ex works to free on board (FOB))	Based on the actual inland transport cost, invoice by freight forwarder allocated to the goods based on weight.
Ocean freight	Based on the actual ocean freight cost, invoice by freight forwarder allocated to the goods based on weight.
Marine insurance	Based on the annual marine insurance premium cost, allocated to the goods based on calculation provided in contract.
Customs entry fees	Based on the actual custom fee cost, invoice by freight forwarder allocated to the goods based on weight.
Importation costs (including loading, terminal, timeslot, wharfage, processing and documentation fees)	Based on the actual costs, invoice by freight forwarder allocated to the goods based on weight.
Delivery	Based on the actual delivery and delivery fuel surcharge cost, invoice by freight forwarder allocated to the goods based on weight.
Selling, general and administration	Based on the relevant sales to total sales as percentage of revenue.

Table 2 Cost calculation method

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.4 Verification of CTIS accuracy

The verification team verified the accuracy of the CTIS provided in the questionnaire response by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified issues outlined in the table below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.4.1 Exceptions during verification of CTIS accuracy

No.	Exception	Resolution	Evidence Relied On
1	The verification team observed that several shipments had excluded the cost of packaging from the invoice price.	The verification team compared the value reported in the commercial invoice with the amount reported by the importer. The verification team requested the importer resubmit the invoice price data inclusive of packaging. The importer provided a revised total invoice price which included packaging and this value matched the source documentation.	Selected imports sales listing (Part B of the RIQ) Source documentation (Exporter commercial invoice to importer)
2	The verification team observed that one shipment had misreported the value for ocean freight when compared to the source documentation.	The verification team used the source documentation to revise the ocean freight value.	Selected imports sales listing (Part B of the RIQ) Source documentation (Freight forwarders shipping and importation costs invoices)
3	The verification team observed that for one shipment the delivery charge had been double counted in calculating the total Australian importation costs charged by LL's freight forwarder. The total importation costs were therefore overstated.	The verification team compared the value reported in the freight forwarder's commercial invoice with the amount reported by the importer. The verification team used the source documentation to revise the calculation to ensure that delivery charges were not double counted.	Selected imports sales listing (Part B of the RIQ) Source documentation (Freight forwarders shipping and importation costs invoices)
4	The verification team observed that for one shipment the calculation used to determine the other importation costs contained an error. The total importation costs were therefore overstated.	The verification team compared the value reported in the freight forwarder's commercial invoice with the amount reported by the importer. The verification team used the source documentation to revise the calculation.	Selected imports sales listing (Part B of the RIQ) Source documentation (Freight forwarders shipping and importation costs invoices)

5.5 Forward orders

LL did not report forward orders as part of their questionnaire response as they did not have any forward orders at the time of verification. **Confidential Appendix 2** refers.

5.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by LL, including any required amendments as outlined in the exception table, is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 3**.

6 EXPORT PRICE

6.1 The importer

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

- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading and country of origin declaration;
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

6.2 The exporter

The goods were imported to Australia by LL. Subject to further inquiries, the verification team considers LL's supplier to be the manufacturer and exporter of the goods², as LL's supplier:

- is named on the commercial invoice and packing list;
- gave up responsibility by knowingly placing the goods in the hands of LL's nominated freight forwarder to export the goods to Australia; and
- is named as consignor on the bills of lading.

6.3 Profitability of imports

The verification team's assessment of the profitability for the selected shipments is in Table 3.

Shipment	Profitable (Y/N?)
1	Y
2	N
3	Y
4	Y
5	Y
6	Y
7	Y
8	Y
Weighted average all shipments	Y

Table 3 Profitability of selected imports

The verification team examined the eight shipments LL imported during the review period. The verification team noted that seven shipments were profitable and one shipment was sold at a minor loss. Collectively, the eight shipments were profitably sold.

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.

A detailed assessment is at **Confidential Appendix 4**.

6.4 Related party suppliers

An examination of LL's imports and the ABF import database confirmed that LL imported all the goods from an unrelated supplier during the review period. The verification team did not find evidence that LL is related to its supplier of aluminium extrusions exported from Malaysia during the review period.

6.5 Arms length

In respect of imports of the goods to Australia by the importer 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 is satisfied that the imports between LL and its supplier are arm's length transactions.

6.6 Export price assessment

The verification team is of the opinion that for the goods imported by LL from Malaysia during the review period:

- 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 arms length transactions.

Subject to further inquiries with the exporter, the verification team recommends that the export price for aluminium extrusions imported by LL from the exporter 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.

7 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Weighted average unit importation and selling costs
Confidential Appendix 4	Profitability of sales
Confidential Attachment 1	Verification work program