



Importer Verification Report

Verification & Case Details

Initiation Date	24/06/2019	ADN:	2019/83
Case:	High Density Polyethylene Dumping Investigation Qenos Pty Ltd Korea, Singapore, Thailand & USA		
Case Number	515		
Company	VIP Plastic Packaging		
Location	Melbourne		
Verification date	31/07/2019		
Investigation Period	01/04/2018 to 31/03/2019		
Injury Period	From 01/04/2015		

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

VIP Plastic Packaging Pty Ltd (VIP) is an entity within the PACT Group. The ultimate holding entity is PACT Group Holdings Limited. VIP explained that they are a plastic and steel packaging company in Australia and New Zealand, and import high density polyethylene (HDPE or the goods) for its own production purposes.

VIP noted that it does not sell the imported goods. For this reason, the verification team did not undertake either upwards or downwards verification of sales.

1.2 Related parties

The verification team examined the relationships between parties involved in the importation of the goods. VIP explained that both itself, and its related entity Asia Peak Pte Ltd (based in Singapore), act as traders to import the goods for various entities within the PACT Group. Asia Peak Pte Ltd are listed as the supplier for certain shipments in their capacity as a trader. Outside of this, the verification team found that VIP does not have any related suppliers of the goods during the investigation period, from any of the subject countries.

2 THE GOODS

2.1 The goods

VIP confirmed that it imported the goods from Korea, Singapore, Thailand and the USA during the investigation period matching the description of the goods that are the subject of this investigation.

VIP provided information relating to the goods imported during the investigation period. This HDPE was utilised in the course of various entities within the PACT Group producing packaging products.

2.2 Like goods

VIP noted the following points in relation to differences between the imported goods and the goods produced by the Australian industry:

- i. Certain grades of HDPE different manufactures are interchangeable but many are not;
- ii. Specific products (designed for a certain end-use) will have unique requirements that the Australian industry may not be able to produce; and
- iii. Packing types may vary between the Australian industry and overseas suppliers.

The verification team invited VIP to make submissions to the case team reflecting the above points.

3 VERIFICATION OF IMPORTS

3.1 Import listing

The verification team sought to confirm that the import listing extracted from the ABF import database is a complete list of imports of the goods over the investigation period. VIP provided data from their records to evidence the total import volume, and the verification team were able to verify the total import volumes to within 1% of the ABF information. The verification team did not consider this to be a material difference.

Source invoices provided by VIP relating to selected imports from the import database indicated VIP as the importer and entities from either Korea, Singapore, Thailand or the USA, or the trading entity Asia Peak Pte Ltd, as the supplier.

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

3.2 Verification of cost to import

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

VIP's import documentation indicates that VIP imported during the investigation period at CFR delivery terms. VIP was therefore responsible for paying importation costs of goods into Australia.

3.3 Verification of cost to import allocation

The verification team verified the reasonableness of the methodology used to allocate the cost to import provided in the questionnaire response, to the relevant MCCs, in accordance with ADN No. 2016/30.

Cost Area	Methodology Applied
Ocean freight	Based on the actual ocean freight cost, invoice by freight forwarder applicable to the shipment
Marine insurance	Based on the annual marine insurance premium cost, allocated to goods based on calculation provided in contract.
Customs fees	Based on actual cost
Quarantine charges	Based on actual cost, invoice by freight forwarder applicable to the shipment
Port service charges	Based on actual cost, invoice by freight forwarder applicable to the shipment
Delivery	Based on actual cost, invoice by freight forwarder applicable to shipment
Rail Tag	Based on actual rail tag charges provided in customs invoice
Delivery order fee	Based on actual delivery order fee provided in customs invoice
Destination document fee	Based on actual destination document fee provided in customs invoice
Destination cargo automation fee	Based on actual destination cargo automation fee provided in customs invoice
Re-load fee	Based on actual port service charges provided in customs invoice

Table 1 - Cost calculation method

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

3.4 Verification of cost to import accuracy

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

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

3.4.1 Exceptions during verification of cost to import accuracy

As part of the process of verification of importation costs to source documents, VIP revised a number of expenses. The revision related to delivery expenses and the final payment. The revision of delivery expenses was due to the original response being completed using a general "rate" for the relevant importation period, rather than the actual delivery expense. The revision relating to the final payment was due to the original response being completed using the average exchange rate for the relevant importation period, rather than the actual daily exchange rate that was applied.

The verification team accepted the revised response and is satisfied that these expenses have been accurately verified to source documents.

3.5 Forward orders

The verification team verified VIP's forward orders by reconciling the listing provided in the questionnaire response to the company's records. The verified list of forward orders is at **Confidential Appendix 2**.

3.6 Cost to import verification finding

The verification team is satisfied that the cost to import provided by VIP, including any required amendments as outlined above, is accurate.

A table detailing the weighted average unit cost to import is at **Confidential Appendix 3**.

4 EXPORT PRICE

4.1 The importer

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

4.2 The exporter

4.2.1 Goods exported from Singapore

VIP provided commercial invoices and bills of lading to identify the supplier of goods originating from Singapore. The verification team were satisfied with the information provided by VIP.

4.2.2 Goods exported from Korea

VIP provided commercial invoices and bills of lading to identify the supplier of goods originating from Korea. The verification team were satisfied with the information provided by VIP.

4.2.3 Goods exported from Thailand

VIP provided commercial invoices and bills of lading to identify the suppliers of goods originating from Thailand. The verification team were satisfied with the information provided by VIP.

4.2.4 Goods exported from the USA

VIP provided commercial invoices and bills of lading to identify the supplier of goods originating from the USA. The verification team have referred the determination of the exporter of the goods from USA to the case team for further consideration.

4.3 Related party suppliers

The verification team did not find any evidence that VIP is related to suppliers of the goods exported from Korea, Singapore, Thailand or the USA during the investigation period.

4.4 Arms length

In respect of imports of the goods to Australia by VIP during the investigation 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 importer and its suppliers are arms length transactions.

4.5 Export price assessment

The verification team noted that certain imports during the investigation period list the related entity, Asia Peak Pte Ltd, as the supplier, while other imports list the manufacturer of the goods imported by VIP as the supplier.

The verification team is of the opinion that for the goods imported by VIP from the manufacturer:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter(s); 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 goods imported by VIP these exporters can be established under section 269TAB(1)(a) of the *Customs Act 1901* (the Act), using the invoiced price, less transport and other costs arising after exportation.

The verification team is of the opinion that for the goods imported by VIP with Asia Peak Pte Ltd as the supplier, the goods have not been exported to Australia otherwise than by the importer. Therefore, for these transactions, the verification team considers that the export price be established under section 269TAB(1)(c) of the Act, having regard to all the circumstances of the exportation. The verification team have referred the specific determination of the export price for these imports to the case team.

5 GENERAL COMMENTS

During the visit the verification team discussed with VIP the claims made by the Australian industry in the application, including claims regarding injury, causation, dumping and the Australian market for HDPE.

VIP have since made written submission outlining their views on certain claims.¹ The verification team considers the matters raised by VIP during the verification visit to be consistent with those provided in the submission.

¹ Refer to documents 10 and 48 on EPR 515.

6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Weighted average unit importation and selling costs
Confidential Attachment 1	Verification Work Program