



Importer Verification Report

Verification & Case Details

Initiation Date	23 August 2019	ADN:	2019/100
Case	Review of measures – Zinc Coated (Galvanised) Steel – the People’s Republic of China, the Republic of Korea, Taiwan, The Republic of India, Malaysia, and the Socialist Republic of Vietnam		
Case Number	521		
Importer	DITH Australia Pty Ltd		
Review Period	1 July 2018 to 30 June 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

DITH Australia Pty Ltd (DITH) is an importer of steel products into Australia from producing mills located in Asia and elsewhere. DITH is an Australian private company incorporated on 8 August 2017. DITH was formerly known as DITH Pacific Pty Ltd and changed its name on 16 October 2017. DITH is part of the Duferco Group, which includes entities such as Duferco International Trading Holding S.A (Luxembourg), Duferco Asia Pte Ltd (Singapore), Hebsteeel Global Holding Pte Ltd (Singapore) and HBIS Group Co. Ltd (China).

1.2 Related parties

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

The verification team found that DITH did not have any related party customers of the goods during the review period.

2 THE GOODS

2.1 The goods

DITH confirmed that it imported zinc coated (galvanised) steel from the Republic of Korea (Korea) during the review period matching the description of the goods that are the subject of this review.

2.2 Model control codes (MCCs)

DITH provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2019/100. DITH did not propose changes to the MCC.

2.3 Verification of MCCs

Table 1 below provides detail on how the MCC sub-categories were determined and verified to source documents.¹

Category	Determination of the sub-category
Alloy	All sales were indicated as non-alloy steel.
Prime	All sales were indicated as prime quality.
Base Steel	All sales were indicated as having cold rolled base steel, but based on information from the exporter, base steel should be hot rolled instead. This is discussed in section 3.1 of this report.
Coating Type	Based on the coating type shown in commercial invoices.
Coating Mass	Based on the coating mass shown on the mill test certificate.
Steel Grade	Based on the coating type shown in commercial invoices.
Base Metal Thickness	Based on the thickness shown on the commercial invoices.
Width	Based on the width shown on the commercial invoices.
Form	Based on the form shown on the commercial invoices.

Table 1 MCC sub-category determination

2.4 The goods imported and sold in Australia

The verification team were satisfied that DITH sold goods with the following MCCs during the review period:

MCC			
NA-P-H-F-1-A-3-B-C	NA-P-H-F-1-A-4-C-C	NA-P-H-F-1-A-5-C-C	NA-P-H-F-1-A-6-C-C
NA-P-H-F-1-A-4-B-C	NA-P-H-F-1-A-5-B-C	NA-P-H-F-1-A-6-B-C	

Table 2 MCC categories sold during the review period

2.5 Like goods

The importer agreed that the Australian industry produced like goods to the goods that it imported during the review period.

¹ While the verification team could not verify some of the sub-categories from the source documentation provided, the verification team is satisfied that the determination for these sub-categories is reliable as it matched the MCC classification provided by the exporter. Refer to EPR 521 Document #23 www.adcommission.gov.au

3 VERIFICATION OF SALES

3.1 Verification of sales

The reliability 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 reliability of the data.²

The verification team verified the reliability of the sales listing submitted in Part C of the RIQ by reconciling the sales from the 9 selected imports downwards to source documents.

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, at **Confidential Attachment 1**.

3.1.1 Exception during verification of sales

No.	Exception	Resolution	Evidence Relied On
1	The sales listing identified all sales with the base steel of cold rolled. However, this differed to the information verified at Dongbu's onsite visit (where Dongbu only produced the GUC using hot rolled steel).	The verification team has updated the MCC in the sales listing with the base steel of hot rolled.	Dongbu's raw material invoices and information regarding its production process.

Table 3 Exception during verification of sales data

3.2 Sales verification finding

The verification team is satisfied that the sales data provided by DITH, including any required amendments as outlined in the exception table above, is reliable to use. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

² Being a benchmark verification, reconciliation of sales data "upwards" through management accounts up to audited financial accounts was not conducted. This does not prevent the Commission from considering the data provided by DITH to be relevant and reliable, given the downwards verification procedures.

4 VERIFICATION OF IMPORTS

4.1 Import listing

DITH 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 free-on-board (FOB) export price by supplier at **Confidential Appendix 1**.

4.2 Verification of cost to import and sell (CTIS)

Prior to the verification, the Commission selected 9 shipments for DITH to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected shipments, DITH provided the following source documents:

- Bill of lading
- Intercompany commercial invoices
- Freight and port charge invoices
- Delivery invoice
- Proof of payment
- Tax invoice
- Mill Test Certificate
- Weight and Packing List
- Import Declaration (N10)

4.3 CTIS allocation method

The verification team verified the reasonableness of the method used to allocate the CTIS provided in the questionnaire response to source documentation or by benchmarking the data against other verified data. This included comparing the data to a recent verification of the importer for a similar steel product.³

Cost Area	Method applied
Ocean freight	Based on the actual ocean freight cost, invoice by freight forwarder allocated to goods based on weight.
Marine insurance	Based on the annual marine insurance premium cost allocated to the goods. ⁴
Customs fees	Based on the actual cost.
Port service charges	Based on the actual cost, invoiced by freight forwarder applicable to the shipment and allocated to goods based on weight.
Delivery	Based on the actual cost, invoiced by freight forwarder applicable to the shipment and allocated to goods based on weight.
Duty	Based on the actual cost listed on the import declaration.
SG&A	Based on the operating costs, as percentage of sales revenue.

Table 4 Verification of cost calculation method

³ Refer to EPR 529 Document #32 www.adcommission.gov.au

⁴ Although no marine insurance source documents was available, the verification team is nonetheless satisfied as to the reasonableness as these costs were in line with those verified in Review no. 529. Refer to EPR 529 Document #32 www.adcommission.gov.au

The verification team did not identify any issues. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.4 Verification of CTIS

The reliability of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing key information fields within the CTIS data down to source documents.

The verification team verified the reliability of the CTIS provided in the questionnaire response by reconciling it to source documents.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.5 Forward orders

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

4.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by DITH, is reliable to use for the purpose of this review.

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

5 EXPORT PRICE

5.1 The importer

Dongbu, the manufacturer of the goods, sold the goods to Duferco. Duferco then on-sells the goods to DITH. Duferco facilitates the transaction and in return receives a fee from DITH. At the time when the goods arrive in Australia, DITH arranges and pays for logistics, customs clearance charges and for delivery to its Australian customers.

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

- named as the notify party 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.

5.2 The exporter

The goods were imported to Australia by DITH. The verification team considers Dongbu to be the exporter of the goods⁵, as Dongbu is:

- named on the commercial invoice and packing lists; and
- named as consignor on the bill of lading.

5.3 Profitability of imports

The verification team assessed the profitability for the selected shipments by comparing the revenue to the CTIS for each shipment. As each selected shipment can be traced to actual sales transactions, the verification team used the actual revenue for each shipment to assess its profitability.

The verification team has found that two of the nine selected import shipments were profitable but overall, on a weighted average, sales of the selected imports resulted in a slight loss. Further consideration and analysis was conducted to assess whether the losses could be recovered within a reasonable time, being 12 months. After having regard to the price paid by the importer, other related importation and selling costs, and additional information provided by the importer, the verification team found that it is likely these costs will be able to be recovered within a reasonable period of time.

The assessment is at **Confidential Appendix 3**.

5.4 Related party suppliers

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

⁵ 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.

5.5 Arms length

In respect of imports of galvanised steel to Australia by DITH 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 DITH and its suppliers are arms length transactions.

5.6 Export price assessment

The verification team is of the opinion that for the goods imported by DITH from Dongbu:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not 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 Dongbu, the verification team recommends that the export price for galvanised steel imported by DITH from Dongbu can 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.

6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Profitability of imports
Confidential Attachment 1	Verification Work Program