



Importer Verification Report

Verification & Case Details

Initiation Date	23 August 2019	ADN:	2019/100
Case	Review of measures on zinc coated (galvanised) steel exported from the People's Republic of China, the Republic of India, the Republic of Korea, Malaysia, Taiwan and the Socialist Republic of Vietnam		
Case Number	521		
Importer	Macsteel International 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

Macsteel International Australia Pty Ltd (Macsteel) is a privately owned metals trading company that imports and sells a variety of steel products, including zinc coated (galvanised) steel (the goods) and hollow structural sections (HSS). In early March 2018, the business of Commercial Metals Company (CMC) was acquired by Macsteel, which is a subsidiary of Macsteel International Trading Holdings B.V. (MITHBV), a privately owned steel trading division of the Macsteel Group, headquartered in Amsterdam. MITHBV is a major international steel and raw materials trading company operating through four regional hubs located in New York, Hong Kong, Australia and Dubai.

1.2 Related parties

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

2 THE GOODS

2.1 The goods

Macsteel 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)

Macsteel provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2019/100. Macsteel did not propose any 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 or non-alloy steel	All sales were indicated as non-alloy steel.
Quality	All sales were indicated as prime quality. This was verified to the purchase contracts.
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	All sales were indicated as having a zinc/iron alloy coating.
Coating mass	All sales were indicated as having less than 100 g/m ² coating mass.
Steel grade	Based on the steel grade stated in commercial invoices.
Base metal thickness	Based on the base metal thickness stated in commercial invoices.
Width	Based on the nominal width shown in commercial invoices.
Form	Based on the form stated in commercial invoices and the bills of lading.

Table 1 MCC sub-category determination

2.4 The goods imported and sold in Australia

After the amendments as outlined in the Table 1 (above) and Table 3 (below), the verification team were satisfied that Macsteel 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-5-B-C	NA-P-H-F-1-A-6-B-C
NA-P-H-F-1-A-4-B-C	NA-P-H-F-1-A-5-C-C	NA-P-H-F-1-A-6-C-C

Table 2 MCC categories sold 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

2.5 Like goods

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

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 10 selected imports downwards to source documents.

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**.

3.1.1 Exceptions during verification of sales

No.	Exception	Resolution	Evidence Relied On
1	The sales listing excluded sales identified in customer invoices corresponding to one selected import shipment.	The verification team added relevant sales listing information for the excluded sales listings.	Commercial invoices.
2	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 Exceptions during verification of sales data

3.2 Sales verification finding

The verification team is satisfied that the sales data provided by Macsteel, 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 Macsteel to be relevant and reliable, given the downwards verification procedures. For findings on Macsteel's upward sales please also refer to EPR 529 Document #30 www.adcommission.gov.au

4 VERIFICATION OF IMPORTS

4.1 Import listing

Macsteel did not suggest that the import listing extracted from the Australian Border Force (ABF) import database was other than 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 10 shipments for Macsteel to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

Aside from the exceptions noted below, for each of the selected shipments, Macsteel provided the following source documents:

- Bill of lading
- Purchase order
- Commercial invoice
- Packing list
- Customs payment invoice
- Ocean freight invoice
- Inland delivery invoice

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.
Marine insurance	Based on the annual marine insurance premium cost allocated to the goods. ⁴
Duties	Actual cost of duties as stated in data provided by the Australian Border Force.
Customs fees	Actual cost based on customs invoices.
Port service charges	Actual cost based on invoices regarding port services fees.
Delivery	Actual cost based on delivery invoices.
SG&A	SG&A applied as a proportion of revenue.

Table 4 Verification of cost calculation method

³ Refer to EPR 529 Document #30 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 #30 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 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**.

4.4.1 Exceptions during verification of CTIS

No.	Exception	Resolution	Evidence Relied On
1	Two selected shipments had import dumping duty inconsistent with information provided by the Australian Border Force (ABF).	The verification team updated the dumping duty in accordance with the ABF data.	ABF import data.

Table 5 Exceptions during verification of CTIS data

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 Macsteel, including any required amendments as outlined in the exception table above, 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

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

- named on the commercial invoice from its supplier;
- named as the notified 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 Macsteel. The verification team considers Dongbu Steel Co Ltd (Dongbu) to be the exporter of the goods⁵, as Dongbu is:

- named on the commercial invoice and packing lists;
- named on the bill of lading; and
- arranges for the transport of the goods to port in Korea.

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 outcome of this assessment is in **Error! Reference source not found.** below.

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

Table 6 Profitability of selected imports

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.

The verification team has found that eight of the 10 selected import shipments were profitable with the weighted average overall to be profitable.

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

5.4 Related party suppliers

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

5.5 Arms length

In respect of imports of zinc coated (galvanised) steel 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 is satisfied that the imports between Macsteel and its supplier are arms length transactions.

5.6 Export price assessment

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

- 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 Dongbu, the verification team recommends that the export price for zinc coated (galvanised) steel imported by Macsteel from Dongbu 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.

6 ATTACHMENTS

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