



Importer Verification Report

Initiation Date	23 August 2019	ADN:	2019/100
Case	Review of measures – Zinc Coated (Galvanised) Steel – 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	thyssenkrupp Materials Trading Australia Pty Ltd (TKM)		
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

thyssenkrupp is a multinational conglomerate specialising in automotive/mechanical components, elevators, industrial solutions and materials. thyssenkrupp Materials Australia Pty Ltd (TKM) is the entity relevant to this review, and is part of the thyssenkrupp conglomerate. TKM has been headquartered in Australia for over 50 years.

1.2 Related parties

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

2 THE GOODS

2.1 The goods

TKM confirmed that it imported zinc coated (galvanised) steel from the People’s Republic of China (China) during the review period matching the description of the goods that are the subject of this review.

2.2 Model control codes (MCCs)

TKM provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2019/100.

TKM 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.

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.
Base steel	Sales were indicated as having hot or cold rolled base steel.
Coating type	Based on the coating type stated in commercial invoices.
Coating mass	Based on the coating mass stated in commercial invoices.
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

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

MCC			
NA-P-C-Z-2-C-3-B-C	NA-P-C-Z-2-C-4-B-C	NA-P-C-Z-2-C-5-B-C	NA-P-C-Z-3-C-3-B-C
NA-P-C-Z-3-C-4-B-C	NA-P-C-Z-3-C-5-B-C	NA-P-C-Z-3-C-8-B-C	NA-P-C-Z-3-G-5-B-C
NA-P-H-Z-2-C-4-B-C	NA-P-H-Z-2-C-6-B-C	NA-P-H-Z-3-C-5-B-C	NA-P-H-Z-3-C-6-B-C
NA-P-H-Z-3-C-8-B-C	NA-P-H-Z-3-C-8-C-C	NA-P-H-Z-3-G-6-B-C	NA-P-H-Z-3-G-7-B-C
NA-P-H-Z-3-G-8-C-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.

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.¹

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 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**.

3.2 Sales verification finding

The verification team is satisfied that the sales data provided by TKM is reliable to use. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

¹ 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 TKM to be relevant and reliable, given the downwards verification procedures.

4 VERIFICATION OF IMPORTS

4.1 Import listing

TKM 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 10 shipments for TKM 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, TKM 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.²

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. ³
Duties	Actual cost of duties as stated in data provided by the ABF.
Customs fees	Actual cost based on customs invoices.
Commission	Actual cost based on commission invoice.
Port service charges	Actual cost based on invoices regarding port services fees.
Delivery	Actual cost based on delivery invoices.
Bank charges	Actual cost based on LC charges invoices.
SG&A	SG&A applied as a proportion of revenue.

Table 3 Verification of cost calculation method

² Refer to EPR 529 Document #34 www.adcommission.gov.au

³ 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 #34 www.adcommission.gov.au

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**.

4.3.1 Exceptions during verification of CTIS allocation

No.	Exception	Resolution	Evidence Relied On
1	Total SG&A did not include interest and credit insurance.	The verification team calculated total SG&A to include interest and credit insurance.	Part B listings

Table 4 Exceptions during verification of CTIS allocation

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 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**.

4.4.1 Exceptions during verification of CTIS

No.	Exception	Resolution	Evidence Relied On
1	Shipment 1 did not include the shipping line documentation fee.	Amended port services charges by including the fee.	Destination Port Services Charges
2	CTIS included purchasing commission twice.	The verification team updated the formula to calculate CTIS by only including commission once.	Part B listings

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 TKM, 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
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5.1 The importer

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

5.2 The exporter

The goods were imported to Australia by TKM. The verification team considers the manufacturer of the goods to be the exporter of the goods⁴, as the company is:

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

5.3 Profitability of imports

The verification team assessed the profitability for the following 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 quarterly weighted average sales revenue to assess its profitability.

The outcome of this assessment is in Table 6 below.

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

⁴ 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.

Table 6 Profitability of selected imports

After assessing the shipments, the verification team found that they were profitable overall.

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

5.4 Related party suppliers

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

5.5 Arms length

In respect of imports of zinc coated (galvanised) steel to Australia by TKM 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 TKM 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 TKM from its exporter:

- 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, the verification team recommends that the export price for zinc coated (galvanised) steel imported by TKM from its exporter from China 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