



Importer Verification Report

Verification & Case Details

Initiation Date	13/02/2020	ADN:	2020/017
Case Number	543		
The goods under consideration	Aluminium Extrusions		
Case type	Continuation Inquiry		
Importer	PanAsia Aluminium Pty Ltd		
Inquiry Period	1/01/2019 to 31/12/2019		

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

PanAsia Aluminium Pty Ltd (PAA) was registered in NSW in 2013. The company was former known as JCL Investment Pty Ltd. PAA's headquarters are in Silverwater NSW.

PAA is ultimately owned by PanAsialum Holdings Company Limited (Panasialum), an entity listed on the Hong Kong stock exchange.

PAA imports aluminium extrusions subject to the anti-dumping measures (subject goods) as well as further fabricated goods, such as grilles and security screens that is not subject to the measures (referred to as 'fabricated goods' or 'non-goods'), from OPAL (Macao Commercial Offshore) Limited - a related entity based in Macao. PAA stated that the goods are manufactured by PanAsia Aluminium (China) Co Ltd (PanAsia China).

PAA also imports aluminium extrusions from Indonesia. Aluminium extrusions exported to Australia from Indonesia are not subject to anti-dumping measures.

PAA has no subsidiaries.

PAA is a trader and distributor that subsequently sell the goods in the condition in which they were imported, to an outside party. Some sales are made on shipment basis, so called indent sales, where the goods are delivered straight from the docks to PAA's Australian customer, whilst other sales go through PAA's warehouses in various locations in Australia.

PAA sold aluminium extrusions of many various product codes and specifications during the inquiry period. The verification team found that PAA sold goods subject to the measures as well as fabricated goods not subject to the measures.

1.2 Related parties

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

1.2.1 Related suppliers

PAA imports aluminium extrusions from OPAL (Macao Commercial Offshore) Limited (OPAL). The goods are manufactured by PanAsia Aluminium (China) Co Ltd (PanAsia China).

OPAL and PanAsia China are both ultimately owned by Panasialum.

2 THE GOODS

2.1 The goods

PAA confirmed that it imported aluminium extrusions from China during the inquiry period matching the description of the goods that are the subject of this inquiry.

2.2 Model control codes (MCCs)

PAA provided sales data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2020/018.

2.3 Verification of MCCs

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

Category	Determination of the sub-category
Finish	Based on the finish shown on purchase order and commercial invoice.
Temper code	Based on the temper code shown on purchase order and commercial invoice.
Alloy code	Based on the alloy code shown on purchase order and commercial invoice.

Table 1 MCC sub-category determination

2.4 The goods imported and sold in Australia

The verification team was satisfied that PAA sold goods with the following MCCs during the investigation period:

MCC
A-6A-T1-0
A-6A-T1-1
A-6A-T1-2
A-6B-T1-1
A-6C-T1-1
A-6D-T1-1
A-O-T1-1
M-6A-T1-0
M-6A-T50-0
M-6B-T1-0
M-6C-T1-0
M-6D-T1-0
M-O-O-0
M-O-T1-0
PC-6A-T1-0
PC-6A-T50-0
PC-6B-T1-0
PC-6C-T1-0

PC-6D-T1-0
PC-O-T1-0

Table 2 MCCs sold in Australia

2.5 Like goods

PAA has cooperated with numerous anti-dumping investigations and reviews. It has been established that PAA holds the view that Australian industry manufactures like goods to the goods imported by PAA.

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified 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.

The visit team verified the relevance and completeness of the sales data as follows:

- The total sales listing was verified to the company's income statement.
- The proportion of sales of subject goods was verified to ABF imports data having regard to inventory turnover.

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 completeness and relevance

No.	Exception	Resolution
1	The verification team identified that quantity was denoted in pieces only, not by KG.	PAA provided an amended sales listing with an added column for quantity by KG. No other changes were made to the sales listing.
2	The verification team identified that the data in the finish column was incorrect, resulting in incorrect MCCs.	<p>PAA stated that a mistake had been done when filtering specification data and provided a third corrected sales listing on 19 June with corrected MCCs.</p> <p>The verification team subsequently found during upwards verification that some quantities of fabricated goods had incorrectly been categorised as subject goods in the sales listing and therefore re-classified these line items in the final corrected version of the sales listing that formed the basis for the profitability and deductive export price calculations respectively.</p>

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Table 3 Exceptions during verification of completeness and relevance of sales data

3.2 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by importer, including any required amendments 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.

The verification team verified accuracy of the sales listing submitted in Part C of the questionnaire response by reconciling these to audited financial statements 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**.

4.1.1 Exceptions during verification of sales accuracy

No.	Exception	Resolution
3	The verification team identified during downwards sales verification that the customer names and therefore also the level of trade columns were incorrect.	PAA stated that a mistake had been done when importing customer data and provided a second corrected sales listing on 17 June with corrected customer names and level of trade data.

Table 4 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

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

5 VERIFICATION OF IMPORTS

5.1 Import listing

PAA 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 investigation period.

5.2 Verification of cost to import and sell (CTIS)

Prior to the verification, the Commission selected 12 shipments for PAA to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

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

- Commercial invoice from its supplier;
- Packing declaration;
- Manufacturer certificate;
- Container weight declaration;
- Packing list;
- Bill of lading;
- Certificate of origin;
- Freight forwarder's tax invoices;
- Import declaration; and
- Proof of payments.

5.3 CTIS allocation method

The verification team verified the reasonableness of the method used to allocate the CTIS provided in the questionnaire response.

Cost Area	Method applied
Ocean freight	Based on the ocean freight costs charged by OPAL to PAA allocated to goods based on weight.
Marine insurance	Based on the marine insurance costs charged by OPAL to PAA allocated to goods based on weight.
Interim dumping duty and interim countervailing duty	Based on actual duties paid by PAA.
Customs fees	Based on itemised payment to customs broker allocated to goods based on weight.
Quarantine charges	Based on itemised payment to customs broker allocated to goods based on weight.
Wharf storage	Based on itemised payment to customs broker allocated to goods based on weight.
Port service charges	Based on itemised payment to customs broker allocated to goods based on weight.

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Delivery	Based on itemised payment to customs broker allocated to goods based on weight.
SG&A	The SGA was calculated as a percentage of SGA expenses (less delivery expenses) over net revenue over the period. The SGA percentage was then multiplied by the revenue for each shipment.

Table 5 Verification of cost calculation method

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**.

5.3.1 Exceptions during verification of CTIS allocation

No.	Exception	Resolution
4	The verification team identified that the quantities in Part B were not broken down to subject goods and non-goods.	PAA provided a revised Part B that identified quantities of subject goods. This version of Part B to the RIQ formed basis for the verification.
5	PAA had calculated a company-wide SGA rate that was based on all expenses (less delivery expenses) that PAA applied on sales that go through its warehouses. PAA also calculated a reduced SGA rate which did not include its warehouse related expenses, which PAA applied on its indent sales. The verification team does not agree with PAA's allocation method as this would lead to the total SGA being understated on an aggregate level and has applied the higher company-wide SGA to all sales for the profitability calculations.	The verification team applied the higher company-wide SGA to all sales for the profitability calculations.

Table 6 Exceptions during verification of CTIS allocation

5.4 Verification of CTIS 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 key information fields within the CTIS data down to source documents. This verifies the accuracy of the data.

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.

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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**.

5.5 Forward orders

The importer did not provide forward orders.

5.6 CTIS verification finding

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

A table detailing the weighted average unit CTIS is at **Confidential Appendix 1**.

6 EXPORT PRICE

6.1 The importer

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

- is named on the commercial invoice from its supplier;
- is named as the consignee on the bill of lading;
- is 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 verification team is satisfied that the goods were exported to Australia by someone other than the importer. Subject to further inquiries the verification team considers PanAsia China to be the exporter of the goods¹, as PanAsia China is named as the producer and exporter on the certificate of origin and the manufacturer certificate.

6.3 Profitability of imports

The verification team assessed the profitability for the following selected shipments by comparing the revenue to the CTIS for each shipment.

The verification team notes that PAA is both a trader and a distributor. Regarding the sampled shipments, some of these were so called indent sales that were delivered directly to the customer from the wharf. The remainder of the shipments were received into the PAA warehouses and on-sold to various customers. PAA provided sales revenue data for its indent sales only.

For the indent sales the verification team used the actual revenue for each shipment to assess its profitability.

For the remainder of the sales the verification team used the monthly weighted average sales revenue to assess its profitability.

The outcome of this assessment is in Table below.

Shipment	Profitable (Y/N?)
1	Y
2	N

¹ 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.

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3	Y
4	N
5	N
6	N
7	Not applicable – Shipment 7 was part of shipment 8
8	Y
9	N
10	N
11	N
12	N
Weighted average all shipments	Y

Table 7 Profitability of selected imports

The assessment is at **Confidential Appendix 1**.

6.4 Related party suppliers

PAA purchased all of the goods from related party, OPAL, during the investigation period. The verification team has reviewed the sales process and the price setting mechanisms between OPAL and PAA and is satisfied that these transactions were not conducted at arm's length.

6.5 Arms length

In respect of imports of the goods to Australia by PAA during the investigation period, the verification team found evidence that 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. Specifically, the absence of negotiation on price and conditions in relation to the purchases of the goods, specifics relating to the price setting mechanisms between OPAL and PAA, and the common ownership of PAA, OPAL and PanAsia China indicated that the price is influenced by a commercial or other relationship.

Therefore, subject to further inquiries, the verification team is not satisfied that the imports between PAA and its supplier are arms length transactions.

6.6 Export price assessment

The verification team is of the opinion that for the goods imported by PAA from OPAL:

- the goods have been exported to Australia otherwise than by the importer;
 - the goods have been purchased by the importer from OPAL;
 - the purchases of the goods by the importer were not arms length transactions;
- and

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- the goods are subsequently sold by the importer, in the condition in which they were imported, to a person who is not an associate of the importer.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for the goods imported by PAA from OPAL be established under section 269TAB(1)(b) of the *Customs Act 1901*, being the price at which the goods were sold by the importer less the prescribed deductions.

7 ATTACHMENTS

Confidential Appendix 1	Profitability of imports
Confidential Attachment 1	Verification Work Program