



Importer Verification Report

Verification & Case Details

Initiation Date	3 March 2020	ADN:	2020/020
Case Number	546		
The goods under consideration	Steel Reinforcing Bar		
Case type	Continuation Inquiry		
Importer	DITH Australia Pty Ltd		
Inquiry Period	1 January 2019 to 31 December 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 and trader of steel products, including steel reinforcing bar (rebar). Steel products are sourced from producing mills located predominantly in Asia but also other parts of the world. The imported steel is sold on a back to back basis to customers in Australia on a delivered free into store basis.

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). The head office of Duferco International Trading Holding S.A. is located in Switzerland, with the corporate centre located in Luxembourg.

1.2 Related parties

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

The verification team found that DITH did not have any related party customers or suppliers except for Duferco Asia Pte Ltd (Duferco), of the goods during the inquiry period.

DITH purchases rebar from a Korean exporter, Daehan Steel Co. Ltd. (Daehan), through Duferco. In 2019 DITH purchased a small quantity of rebar from a Taiwanese exporter Wei Chih through Duferco. This was the only time DITH has purchased from Wei Chih.

2 THE GOODS

2.1 The goods

DITH confirmed that it imported rebar from Korea and a small quantity from Taiwan during the investigation period matching the description of the goods that are the subject of this inquiry.

2.2 Model control codes (MCCs)

DITH provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2020/020. DITH did not propose changes to the MCC.

2.3 Verification of MCCs

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

Category	Determination and verification of the sub-category
Prime	Determined with reference to description on purchase order and bill of lading.
Minimum yield strength specified by product standard (Mega Pascals or “MPa”)	Based on the description on the purchase order, mill commercial invoice, and bill of lading.
Finished form	Based on the description on the purchase order, mill commercial invoice, bill of lading and commercial invoice.
Nominal Diameter	Based on the description on the purchase order, mill commercial invoice, bill of lading and commercial invoice.
Length	Based on the description on the purchase order, mill commercial invoice, bill of lading and commercial invoice.
Deformation pattern	Based on the description on the purchase order, mill commercial invoice, bill of lading and commercial invoice.

Table 1: MCC sub-category determination and verification

2.4 The goods imported and sold in Australia

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

- P-C-C-B-C-N
- P-C-C-C-C-N
- P-C-S-D-2-N

2.5 Like goods

The importer agreed that the Australian Industry produced like goods to the goods that it imported during the inquiry 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.

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.

The verification team verified the reliability of the sales listing submitted in Part C of the RIQ by reconciling the sales from the 12 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 3**.

3.2 Sales verification finding

The verification team is satisfied that the sales data provided by DITH, is reliable to use. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 3**.

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 investigation 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 12 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:

- DITH purchase order
- Commercial invoice
- Mill invoice
- Bill of lading
- Freight invoice
- Customs & Port charges invoice
- Import declaration
- Delivery charges
- Delivery authorisation
- Australian sales order
- Australian sales invoice
- Proof of payment (Import)
- Proof of payment (Sales)

4.3 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 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 goods based the rate provided in the contract.
Duties	Based on actual duties paid, invoice from freight forwarder.
Customs fees	Based on actual fees paid, invoice from freight forwarder, cost allocated to goods at applicable customs rates.

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Cost Area	Method applied
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.
Credit Insurance	Based on the annual insurance premium cost, allocated to goods based on calculation provided in contract.
SG&A	Based on the operating costs, as percentage of sales revenue.

Table 2: Verification of cost calculation method

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 verification team verified DITH'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**.

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 inquiry.

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

5 EXPORT PRICE

5.1 The importer

Daehan, the manufacturer of the goods sells the goods to Duferco. Duferco then on-sells the goods to DITH. Duferco is facilitating 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 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 DITH. The verification team considers Daehan Steel Co. Ltd (Daehan) to be the exporter of the goods¹, as Daehan is:

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

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 to assess its profitability.

The outcome of this assessment is in Table 1 below.

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

Table 1 Profitability of selected imports

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, and other related importation and selling costs, the 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 the ultimate (noting Duferco is acting as an intermediary) supplier of rebar, Daehan, exported from Korea during the investigation period.

5.5 Arm's length

In respect of imports of rebar to Australia by DITH 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;
- 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 arm's length transactions.

5.6 Export price assessment

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

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer from the exporter(s); and

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- the purchases of the goods by the importer were arm's length transactions.

Subject to further inquiries with this exporter, the verification team recommends that the export price for rebar imported by DITH from Daehan can be established under section 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