



Importer Verification Report

Verification & Case Details

Initiation Date	31/03/2020	ADN:	2020/30
Case Number	550		
The goods under consideration	Precision Pipe and Tube		
Case type	Dumping and Subsidy Investigation		
Importer	RCR International		
Verification from	6 July 2020	to	24 July 2020
Investigation 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

RCR International Pty Ltd (RCR) is a privately owned Australian company.

RCR are importers and sellers of “MetalMate”, individually barcoded lengths of handyman steel and aluminium to retail hardware stores. The company is not an end user of the goods.

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 RCR did not have any related party customers or suppliers of the goods during the investigation period.

2 THE GOODS

2.1 The goods

RCR confirmed that it imported the goods from Vietnam during the investigation period matching the description of the goods that are the subject of this investigation.

2.2 Model control codes (MCCs)

RCR provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2020/030

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
1. Prime	All prime, as per importer categorisation
2. Steel Base/Type	Based on description shown on commercial invoices
3. Steel Grade	All MCC category one, as per importer categorisation
4. Surface Protection	Based on description shown on commercial invoices
5. Coating Mass	As per importer categorisation
6. Shape	Based on description shown on commercial invoices
7. Circular Size	Based on description shown on commercial invoices
8. Rectangular / Square / Oval / Other size	Based on description shown on commercial invoices
9. Thickness	Based on nominal thickness shown on commercial invoices
10.Length	Based on length shown on commercial invoices
11.End configuration	All plain ends as per importer categorisation

Table 1 MCC sub-category determination

2.4 The goods imported and sold in Australia

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

P-G-1-O-3-C-2-N-A-1-P

P-G-1-O-3-C-1-N-A-1-P

2.5 Like goods

The importer agrees that the Australian Industry produced like goods to the goods that it imported during the investigation period.

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 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**.

3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by RCR 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 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**.

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by RCR 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

RCR 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**.

5.2 Verification of cost to import and sell (CTIS)

Prior to the verification, the Commission selected 13 shipments for RCR to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

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

- Import Logistics Tax Invoice
- Import Declaration (N10)
- Shipment Advice
- Commercial Invoice
- Packing List
- Quality certificate
- Certificate of Origin
- Bill of Lading
- Remittance / payment advice

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 actual ocean freight cost. Information supplied by the supplier.
Marine insurance	Total insurance payable by % of steel shipments
Customs fees	Based on actual invoice from logistics company
Quarantine charges	Based on actual invoice from logistics company
Port service charges	Based on actual invoice from logistics company
Delivery	Based on actual invoice from transport company
SG&A	Based on weighted average cost
Tolls	Based on actual invoice from logistics company

PUBLIC RECORD

Terminal infrastructure charge	Based on actual invoice from logistics company
Timeslot booking fees	Based on actual invoice from logistics company
Fuel surcharge	Based on actual invoice from logistics company
Empty Container Dehire Fee	Based on actual invoice from logistics company
Facilitation and handling charges	Based on actual invoice from logistics company
CMR Compliance Fee	Based on actual invoice from logistics company

Table 2 Verification of cost calculation method

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**.

5.4 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.

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 verification team verified RCR'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**.

5.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by RCR is accurate.

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

6 EXPORT PRICE

6.1 The importer

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

6.2 The exporter

The verification team has established the following:

- RCR's supplier is named as the seller on the commercial invoice;
- RCR's supplier is named as the shipper on the bill of lading;
- RCR's supplier is not the manufacturer of the goods, it trades products that are produced by other manufacturers;
- RCR's supplier arranges transportation of the goods to the port of export to Australia; and
- RCR's supplier knows that the goods are destined for Australia.

The verification team considers the manufacturer of the goods to be the exporter of the goods¹, despite the sale transaction being between RCR and RCR's supplier.

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. As each selected shipment cannot be traced to actual sales transactions, the verification team used weighted average sales revenue on an MCC basis to assess its profitability.

The verification team observed that the majority of sales in relation to the selected shipments were profitable. Despite certain sales being unprofitable, the verification team has calculated that, in total, the selected shipments were profitable

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

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.

team found that these costs will be able to be recovered within a reasonable period of time.

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

6.4 Related party suppliers

The verification team did not find any evidence that RCR is related to its supplier of the goods exported from Vietnam during the investigation period.

6.5 Arms length

In respect of imports of the goods to Australia by RCR 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; 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 RCR and its suppliers are arms length transactions.

6.6 Export price assessment

The verification team is of the opinion that for the goods imported by RCR through Its Supplier:

- 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
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries with RCR's supplier, the verification team recommends that the export price for goods imported by RCR through Its supplier can be established under section 269TAB(1)(c) of the *Customs Act 1901*, having regard to all the circumstances of the exportation.

7 ATTACHMENTS

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