



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	Austube Mills Pty Ltd		
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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PREFACE

This report details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Anti-Dumping Commission (Commission) by the verification team for publication on the public record.

It provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (the Act).¹

¹ References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

1 COMPANY BACKGROUND

1.1 Corporate structure and ownership

Austube Mills Pty Ltd ('Austube Mills') is a manufacturer of hollow structural sections and an importer of steel tubular, pipe and profile sections. Its products are used across the construction, manufacturing, transport, mining and agricultural industries. Austube Mills is a wholly owned subsidiary of Liberty InfraBuild Ltd.

Precision pipe and tube ('PPT' or 'the goods') forms a very minor part of the company's sales of tubular products. Its imports of PPT are further processed before being on-sold to distributors who on-sell the processed PPT to other industry sectors.

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 customers

Austube Mills made sales of PPT to a related party within the InfraBuild group of companies during the investigation period. The 'arms length' nature of these transactions is considered further in Section 6.3.

2 THE GOODS

2.1 The goods

Austube Mills confirmed that it imported PPT from Taiwan during the investigation period matching the description of the goods that are the subject of this investigation.

2.2 Model control codes (MCCs)

Austube Mills provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2020/030. All mandatory sales data was provided and the company did not propose any changes to the MCC structure.

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
Prime	Austube Mills only sold prime goods.
Steel base/type	Based on the importer's sales system and exporter data.
Steel grade	Based on the grade shown on commercial invoices.
Surface protection	The importer's PPT has no surface protection or coating.
Coating mass	
Shape	Based on the dimensions shown on commercial invoices.
Circular size	
Rectangular/Square/Oval/Other size	
Thickness	
Length	
End configuration	As the importer reconfigures the end configuration, the verification team was satisfied that this information had been accurately reported.

Table 1 MCC sub-category determination

2.4 The goods imported and sold in Australia

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

- P-H-2-N-1-C-1-N-B-2-O
- P-H-2-N-1-C-1-N-B-1-O

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 reviewed the Australian Border Force (ABF) import database. Due to the small volume of imports by Austube Mills during the investigation, the Commission elected not to conduct this verification process.

4 DOWNWARDS VERIFICATION OF SALES

4.1 Verification of sales accuracy

The accuracy of sales data is verified by reconciling selected data submitted "downwards" to source documents in accordance with ADN No. 2016/30. Specifically, it involves agreeing the volume, value and other key information fields submitted in Part C of the questionnaire response to source documents. This verifies the accuracy of the data.

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
1	MCC category 3 (steel grade) was incorrectly classified for each of the selected sales.	The verification team corrected the sales spreadsheet accordingly.
2	MCC category 7 (circular size) was incorrectly classified for all sales.	Austube Mills amended the sales spreadsheet accordingly.
3	MCC category 10 (length) was incorrectly classified for one sale.	The verification team amended the sales spreadsheet accordingly.
4	MCC category 11 (end configuration) was incorrectly classified for all sales.	The verification team amended the sales spreadsheet accordingly.
5	On-invoice rebates were reported for a number of sales, though these were not evident on any invoices.	Austube Mills clarified the nature of these transactions and amended the sales spreadsheet accordingly.
6	The net invoice values reported for select sales did not reconcile to their corresponding invoices.	Austube Mills amended the sales spreadsheet accordingly.
7	Austube Mills identified a sale for which the customer had been overcharged on the original invoice. An adjustment note had been issued for the overcharge.	Austube Mills provided a copy of the original invoice and adjustment note and amended the sales spreadsheet accordingly.

Table 2 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by Austube Mills, 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

Austube Mills confirmed that the import listing extracted from the 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 all shipments imported during the investigation period for Austube Mills to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

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

- commercial invoice from its supplier;
- customs declaration;
- bill of lading;
- marine insurance policy; and
- freight forwarder invoice.

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
Customs fees	Based on actual costs as per freight forwarder invoices.
Quarantine charges	
Port service charges	
Delivery to the importer	Based on actual costs as per delivery invoice.
SG&A	Calculated as a percentage of net revenue over the period, multiplied by the revenue for each shipment
Processing costs	Based on previously verified costs for a similar period.
Freight and distribution	

Table 3 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
8	The verification team queried the calculation of delivery costs to its customers.	Austube Mills revised this cost by disaggregating it by freight and distribution. It provided the verification team an overview of its calculations which the team were able to verify.

Table 4 Exceptions during verification of CTIS allocation

5.4 Verification of CTIS accuracy

The accuracy of CTIS data is verified by reconciling selected data submitted "downwards" to source documents in accordance with ADN No. 2016/30. Specifically, it involves agreeing key information fields submitted in Part B of the questionnaire response to source documents. This verifies the accuracy of the data.

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**.

5.4.1 Exceptions during verification of CTIS accuracy

No.	Exception	Resolution
9	The verification team identified minor discrepancies between source documents and the CTIS spreadsheet in relation to customs entry fees and quarantine charges.	The verification team amended the CTIS spreadsheet accordingly.
10	The verification team was unable to verify the delivery costs from the exporter to the importer through any source documents.	Austube Mills retrieved the delivery invoice which prompted an amendment to the CTIS spreadsheet.
11	Austube Mills was unable to provide evidence for the reported costs incurred for further processing of the goods, which were estimates.	These costs remain unverified.

Table 5 Exceptions during verification of accuracy of CTIS data

5.5 CTIS verification finding

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

While Austube Mills' further processing costs remain unverified, the verification team was satisfied that these had no impact on profitability.

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A table detailing the weighted average unit CTIS is at **Confidential Appendix 2**.

6 EXPORT PRICE

6.1 The importer

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

- 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 goods were imported to Australia by Austube Mills. The verification team considers its Taiwan-based supplier to be the exporter of the goods,² as it is:

- the manufacturer of the goods located in the country of export; and
- named as consignor on the bill of lading.

6.3 Related party customers

Austube Mills made sales of PPT to a related party within the InfraBuild group of companies during the investigation period. The verification team conducted a price analysis for related and unrelated customers and found differences between the two.

Austube Mills stated that imports from a particular country were purchased and sold at a higher price. The verification team disaggregated its price analysis by source country and found Austube Mills' claims to be substantiated, noting sales of this premium product were only sold to the segment which incurred higher prices.

The verification team also conducted a volume analysis and found a notable difference in sales volumes between the two segments. The verification team notes that prices can be influenced by volume. As the segment with lesser sales volumes incurred higher prices, the verification team was further satisfied that prices for both related and unrelated customers could be relied upon for the purposes of calculating profitability.

6.4 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

² 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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shipment cannot be traced to actual sales transactions, the verification team used the 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
Weighted average all shipments	Y

Table 6 Profitability of selected imports

The assessment is at **Confidential Appendix 2**.

6.5 Related party suppliers

The verification team did not find any evidence that Austube Mills is related to its supplier of PPT exported from Taiwan during the investigation period.

6.6 'Arms length'

In respect of imports of PPT to Australia by Austube Mills 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 Austube Mills and its suppliers are 'arms length' transactions.

6.7 Export price assessment

The verification team is of the opinion that for the goods imported by Austube Mills from its Taiwan-based supplier:

- 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 these exporters, the verification team recommends that the export price for PPT imported by Austube Mills from these exporters can be established under section 269TAB(1)(a) of the Act, using the invoiced price, less transport and other costs arising after exportation.

7 ATTACHMENTS

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