



Importer Verification Report

Verification & Case Details

Initiation Date	30 June 2020	ADN:	2020/067
Case Number	558		
The goods under consideration	Aluminium Zinc Coated Steel (\geq 600mm)		
Case type	Dumping and Subsidy Investigation		
Importer	DITH Australia Pty Ltd		
Investigation Period	1 April 2019 to 31 March 2020		

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

DITH Australia Pty Ltd (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 2018.

DITH and Duferco Asia Pte Ltd (Singapore) are subsidiaries of Duferco International Trading Holding S.A (Luxembourg). Hebsteeel Global Holding Pte Ltd (Singapore) and HBIS Group Co. Ltd (China) are shareholders of Duferco International Trading Holding S.A (Luxembourg).

DITH is an importer of steel products, including aluminium zinc coated steel (of a width equal to or greater than 600mm) (the goods), whose products are sourced from producing mills located in Asia and elsewhere.

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

DITH is part of the Duferco Group and functions as an importer to the Australian market. DITH purchases aluminium zinc coated steel from Dongbu Steel Co., Ltd. (Dongbu) and Dongkuk Steel Mill. Co., Ltd. (Dongkuk) through Duferco Asia Pte Ltd (Duferco), a related company located in Singapore.

DITH is not related to Dongkuk nor Dongbu. Duferco acts as an intermediary and is also unrelated to Dongkuk and Dongbu.

These relationships are discussed further in section 6 of this report.

2 THE GOODS

2.1 The goods

DITH confirmed that it imported aluminium zinc coated steel (of a width equal to or greater than 600mm) from the Republic of Korea (Korea) during the investigation period matching the description of the goods that are the subject of this investigation.

2.2 Model control codes (MCCs)

DITH provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2020/067. DITH did not propose 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
Prime	All Australian sales of the goods are of prime products.
Coating Mass	Based on the coating mass shown on the mill test certificate.
Steel Grade	Based on the steel grade shown in commercial invoices.
Base Metal Thickness	Based on the thickness shown on the commercial invoices.
Width	Based on the width shown on the commercial invoices.
Form	Based on the form shown on the commercial invoices.

Table 1 MCC sub-category determination

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:

MCC			
P-1-F-1-2-C	P-2-E-5-2-C	P-2-F-4-2-C	P-2-D-5-2-C
P-2-D-3-2-C	P-2-F-1-2-C	P-2-F-5-1-C	P-2-F-3-2-C
P-2-D-4-2-C	P-2-F-2-2-C	P-2-F-5-2-C	

Table 2 MCC categories sold during the investigation period

2.5 Like goods

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

- Reconciled the total revenue as per DITH's 2019 audited financial statement to the total revenue as reported in the 2019 management reports; and
- Matching the volumes and values of DITH's Part C sale listings to sales reports, profit and loss statements and trial balances for the investigation period.

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 DITH, 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 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**.

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by DITH is accurate.

5 VERIFICATION OF IMPORTS

5.1 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**.

5.2 Verification of cost to import and sell (CTIS)

Prior to the verification, the Commission selected 13 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:

- Bill of lading
- Intercompany commercial invoices
- Freight and port charge invoices
- Delivery invoice
- Tax invoice
- Mill Test Certificate
- Weight and Packing List
- Import Declaration (N10)

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 freight cost. Invoice of freight provider was allocated to the goods based on weight.
Marine insurance	Based on the marine insurance policy and allocated to the goods based on invoice value.
Credit insurance	Based on the credit insurance policy and allocated to the goods based on invoice value.
Customs fees	Based on the actual customs fees.
Port service charges	Based on the actual port service charges. Invoice of freight forwarder was allocated to the goods based on weight.
Trade loan interest	Based on the agreement between DITH and Duferco and allocated to the goods based on invoice value.
Bank charges	Based on the bank charges and allocated to the goods based on invoice value.
Delivery	Based on the actual delivery cost. Invoice of freight provider was allocated to the goods based on weight.

PUBLIC RECORD

SG&A	Based on DITH's actual expenditure as a proportion of sales revenue from continuing operations.
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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
1	For two shipments, the allocation of ocean freight to the goods was incorrect.	A revised data set was submitted that correctly allocated ocean freight cost to goods which was verified against the import documentation.

Table 4 Exceptions during verification of CTIS allocation

5.4 Verification of CTIS accuracy

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**.

5.5 Forward orders

The list of forward orders is at **Confidential Appendix 2**.

5.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by DITH, 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 3**.

6 EXPORT PRICE

6.1 The importer

Dongkuk and Dongbu, manufacturers of the goods, sold the goods to Duferco. Duferco who then on-sells the goods to DITH. Duferco facilitates 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 as the notify party 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 goods were imported to Australia by DITH. The verification team considers Dongkuk and Dongbu to be the exporter of the goods², as Dongkuk or Dongbu are:

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

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 can be traced to actual sales transactions, the verification team used the actual revenue for each shipment revenue to assess its profitability.

The outcome of this assessment is in Table 5 below.

Shipment	Profitable (Y/N?)
1	Y
2	N
3	Y
4	N
5	Y
6	N
7	Y

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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8	Y
9	N
10	N
11	Y
12	Y
13	N
Weighted average all shipments	Y

Table 5 Profitability of selected imports

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

6.4 Related party suppliers

DITH purchased all of the goods from Dongkuk and Dongbu through a related party, Duferco, during the investigation period. The verification team considers Duferco to be an intermediary in each of these transactions. Both DITH and Duferco are not related to the exporter, Dongkuk or Dongbu.

6.5 Arms length

In respect of imports of aluminium zinc coated steel (of a width equal to or greater than 600mm) 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; 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 DITH 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 DITH from Dongkuk and Dongbu:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer (DITH) from the exporters. Instead, the goods were purchased by DITH from Duferco facilitating the imports as an intermediary; and
- the purchases of the goods by DITH were 'arms length' transactions.

As the goods are not purchased by the importer from the exporter, the export price cannot be established under sections 269TAB(1)(a) or (b) of the Act.

PUBLIC RECORD

The verification team recommends that the export price be established under section 269TAB(1)(c) of the Act, having regard to all the circumstances of the exportation using the invoiced price between DITH and Duferco, less deductions.

7 ATTACHMENTS

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