



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) - Republic of Korea, Taiwan and the Socialist Republic of Vietnam		
Case type	Dumping and Subsidy Investigation		
Importer	Macsteel International Australia		
Investigation Period	1 April 2019 to 31 March 2020		
Initiation Date	30 June 2020	ADN:	2020/067

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

Macsteel International Australia Pty Ltd (Macsteel) is a privately owned metals trading company that imports and sells a variety of steel products, including aluminium zinc coated steel (of a width equal to or greater than 600 millimeters) (the goods) and hollow structural sections (HSS). In early March 2018, the business of Commercial Metals Company (CMC) was acquired by Macsteel, which is a subsidiary of Macsteel International Trading Holdings B.V. (MITHBV), a privately owned steel trading division of the Macsteel Group, headquartered in Amsterdam. MITHBV is a major international steel and raw materials trading company operating through four regional hubs located in New York, Hong Kong, Australia and Dubai.

1.2 Related parties

The verification team did not find any evidence that Macsteel is related to any customers or suppliers of the goods during the investigation period.

2 THE GOODS

2.1 The goods

Macsteel confirmed that it imported the goods from the Republic of Korea (Korea), Taiwan and the Socialist Republic of Vietnam (Vietnam) during the investigation period matching the description of the goods that are the subject of this investigation.

2.2 Model control codes (MCCs)

Macsteel provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2020/067. Macsteel did not propose any 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 commercial invoices.
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 Macsteel sold goods with the following MCCs during the investigation period:

MCC			
P-2-D-2-2-C	P-2-D-5-2-C	P-2-F-3-2-C	P-2-G-6-2-C
P-2-D-3-2-C	P-2-F-1-2-C	P-2-F-4-2-C	P-2-F-5-2-C
P-2-D-4-2-C	P-2-F-2-2-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 Macsteel's 2019 audited financial statement to the total revenue as reported in the 2019 management reports; and
- Matching the volumes and values of Macsteel'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 Macsteel, 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 the 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 Macsteel, is accurate.

5 VERIFICATION OF IMPORTS

5.1 Import listing

Macsteel 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 Macsteel to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

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

- Bill of lading
- Purchase order
- Commercial invoice
- Agent commissions
- Packing list
- Customs payment invoice
- Ocean freight invoice
- Inland delivery 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
Ocean freight	Based on the actual ocean freight cost invoiced to Macsteel by the ocean freight provider allocated by weight.
Marine insurance	Based on the annual marine insurance premium cost allocated to the goods based on the calculation provided in the contract applied to the quantity imported.
Duties	Based on tax disbursement invoiced to Macsteel from their customs agent.
Customs fees	Based on tax disbursement invoiced to Macsteel from their customs agent showing customs entry fees and the Australian importation declaration (N10) form.
Port service charges	Based on port services charges on importation costs invoiced to Macsteel from their ocean freight provider.

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Cost Area	Method applied
Delivery	Based on actual delivery and toll fees invoiced to Macsteel from their inland transport freight forwarder.
Credit insurance	Based on the annual credit insurance premium cost allocated to the goods based on the calculation provided in contract applied to the quantity imported.
Agent Commission	Based on actual commission fees invoice from Macsteel to relevant agents.
SG&A	Based on a calculation of indirect costs as a percentage of sales value.

Table 3 Verification of cost calculation method

The verification team identified an issue 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	The verification observed an issue with the SG&A relating to the overhead costs.	The verification team updated the calculation to include relevant fields in the overhead costs.

Table 4 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.

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**.

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5.4.1 Exceptions during verification of CTIS accuracy

No.	Exception	Resolution
2	For one shipment, a transcription error occurred and the inland transport value in the CTIS spreadsheet did not match the source documentation from the delivery company.	Inland transport value updated in line with source documents provided from the inland transport freight forwarder.
3	For one shipment, the invoice date differed to those listed on the source documents.	Invoice date updated in line with commercial invoices provided.
4	For all shipments, Macsteel reported bank and LC charges, however there were no realised bank and LC charges.	Since the charges were not realised during the importation of the goods, the verification team removed these charges from the CTIS.

Table 5 Exceptions during verification of accuracy of CTIS data

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 Macsteel, 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

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

- named on the commercial invoice from its supplier;
- named as the notified 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 Macsteel. The verification team considers exporters in Korea, Taiwan and in Vietnam to be the exporter of the goods², as these exporters:

- are named on the commercial invoice and packing lists; and
- are named as consignor on the bill of lading.
- arrange for the transport of the goods to the port in Korea, Taiwan and Vietnam, respectively.

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 to assess its profitability.

The outcome of this assessment is in Table 6 below.

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

Table 6 Profitability of selected imports

The verification team has found that 11 of the 13 selected import shipments were profitable with the weighted average of all shipments being found to be profitable.

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

6.4 Related party suppliers

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

6.5 Arms length

In respect of imports of the goods to Australia by Macsteel 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 Macsteel 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 Macsteel from Korea, Vietnam and Taiwan:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter(s); and
- the purchases of the goods by the importer were arms length transactions.

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Subject to further inquiries with exporters from Korea, Vietnam and Taiwan, the verification team recommends that the export price for aluminium zinc coated steel (of a width equal to or greater than 600 mm) imported by Macsteel 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	Forward orders
Confidential Appendix 3	Profitability of imports
Confidential Attachment 1	Verification Work Program