



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	Marubeni Itochu Steel Oceania Pty Ltd (MISO)		
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

Marubeni Itochu Steel Oceania Pty Ltd (MISO) is a wholly owned subsidiary of Marubeni-Itochu Steel Inc. (MISI), a Japanese steel trading company established in 2001. MISI is a joint venture partnership between the iron and steel divisions of Marubeni Corporation and Itochu Corporation.

MISO identifies itself as an importer and trader of a range of carbon steel products including semi-finished steel, flat rolled steel sheets and plates, long products and other steel related products. The flat rolled sheets and plates include both galvanised steel and aluminium zinc coated steel among other products.

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

During the investigation period, MISO purchased aluminium zinc coated steel from one of the subject countries through an intermediary, however this entity was not related to exporters from that subject country, and was not utilised for purchases from the other subject countries.

2 THE GOODS

2.1 The goods

MISO confirmed that it imported aluminium zinc coated steel ($\geq 600\text{mm}$) (the goods) from subject countries during the investigation period matching the description of the goods that are the subject of this investigation.

2.2 Model control codes (MCCs)

MISO provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2020/067. MISO 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 MISO sold goods with the following MCCs during the investigation period:

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

Table 2 MCC categories sold during the investigation period

2.5 Like goods

The MISO 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 was unable to verify the completeness and relevance of the sales listing provided in Part C of the questionnaire response to MISO's audited financial accounts in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

3.1.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
1	Part C sales listing did not include the detailed MCC information to determine the MCC structure i.e. width and thickness.	MISO supplied a revised version of Part C sales to include the required data.
2	MISO's Part C sales listings included goods not under consideration (non-GUC).	The verification team removed non-GUC goods sales from the Part C sales listings.

Table 3 Exceptions during verification of completeness and relevance of sales data

3.2 Sales completeness and relevance finding

As the sales listing could not be verified in accordance with ADN. No 2016/30, the verification team is not able to determine if the sales data provided by MISO is complete.

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 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
3	Four sales listed in MISO's Part C sales had included an invoice date that differed from invoice date on the source documents.	The verification team updated the invoice date in line with commercial invoices provided for all 4 sales.
4	Six sales listed in MISO's Part C sales listed payment term days which differed to those listed on the source documents.	The verification team updated the payment term days updated in line with commercial invoices provided for all 6 sales.

Table 4 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by MISO, including any required amendments as outlined in the exception tables above is accurate.

5 VERIFICATION OF IMPORTS

5.1 Import listing

MISO 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 14 shipments for MISO to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

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

- Bill of lading
- 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 incurred.
Customs fees	Based on the actual cost incurred.
Port service charges	Based on the actual port service charges incurred.
Delivery	Based on the actual delivery cost incurred.
Other selling expenses	Based on actual expenses incurred.
SG&A	Based on verified data.

Table 5 Verification of cost calculation method

The verification team identified the 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
5	For one shipment, the allocation of delivery to the goods was incorrect.	A revised data set was submitted that correctly allocated the cost of delivery to the goods which was verified against the import documentation.

Table 6 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 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 MISO'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 MISO, 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 MISO to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as MISO is:

- 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 goods were imported to Australia by MISO. The verification team considers the manufacturers of the goods from the subject countries to be the exporter of the goods², as the manufacturers 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 14 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 assessment is at **Confidential Appendix 3**.

6.4 Arms length

Based on the Commission's assessment of profitability, in respect of imports of the goods to Australia by MISO 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

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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- 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 MISO and its suppliers are arms length transactions.

6.5 Export price assessment

The verification team is of the opinion that for the goods imported by MISO from one of the subject countries:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer (MISO) from the exporters. Instead, the goods were purchased by MISO via an intermediary; and
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries with the exporters, the verification team recommends that the export price for aluminium zinc coated steel (of a width equal to or greater than 600mm) imported by MISO through an intermediary be established under section 269TAB(1)(c) of the Act, being a price to be determined having regard to all circumstances of the exportation using the invoiced price, less deductions.

The verification team is of the opinion that for the goods imported by MISO from other subject countries:

- 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.

Subject to further inquiries with the exporters, the verification team recommends that the export price for aluminium zinc coated steel (of a width equal to or greater than 600mm) imported by MISO from these subject countries 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