



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 600 mm)		
Case type	Dumping and Subsidy Investigation		
Importer	CA Steel Products 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

CA Steel Products Pty Ltd (CA Steel), formerly known as CITIC Australia Steel Products Pty Ltd (ACN 603 950 778) was incorporated on 30 January 2015, its primary business activity being the importation of steel products. CITIC Australia Steel Products Pty Ltd changed its name into CA Steel Products Pty Ltd in May 2020.

CA Steel is wholly owned by CITIC Resources Australia Pty Ltd (CITIC Resources), which in turn is wholly owned by a listed entity in Hong Kong.

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

2 THE GOODS

2.1 The goods

CA Steel confirmed that it imported aluminium zinc coated steel (of a width equal to or greater than 600 mm) 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)

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

MCC			
P-2-D-3-2-C	P-2-D-5-2-C	P-2-F-3-2-C	P-2-F-5-2-C
P-2-D-4-2-C	P-2-F-2-2-C	P-2-F-4-2-C	P-2-G-3-2-C
P-2-D-1-2-C	P-2-E-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. 2016/030.

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

- CA steel's sales revenue for the relevant period was reconciled to audited financial reports, quarterly income statements, and trial balance;
- Matching the volumes and values of CA Steel's Part C sale listings to sales reports, profit and loss statements and trial balances for the investigation period.

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**.

3.1.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
1	CA Steel'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

The verification team is satisfied that the sales data provided by CA Steel, including any required amendments as outlined in the exception table, 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. 2016/030.

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
2	A single sale in CA Steel’s Part C sales had an invoice value that differed from the invoice value on the source documents.	Invoice value updated in line with commercial invoices provided for the single sale.
3	Various sales listed in CA Steel’s Part C sales had included an invoice date that differed from invoice date on the source documents.	Invoice date was updated according to the commercial invoices provided for all sales having an inconsistent invoice date.

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 CA steel, including any required amendments as outlined in the exception table above, is accurate.

5 VERIFICATION OF IMPORTS

5.1 Import listing

CA Steel 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 12 shipments for CA Steel to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

The verification team verified the accuracy of the importation and selling costs by reconciling selected imports to source documents in accordance with ADN 2016/030.

For each of the selected shipments, CA Steel provided the following source documents, on which it is named as the purchasing party:

- Commercial invoices and payment evidence;
- Logistic invoices;
- Duty invoice;
- Freight invoice;
- Bill of lading; and
- Port charge invoices.

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	Actual freight cost of the goods on the shipping invoices.
Marine insurance	Unit amount calculated using the fixed percentage rate from the marine insurance policy and total company imports during the period.
Duties	Actual duties paid based on ABF customs documentation.
Customs entry and broker fees	Actual cost based on ABF customs documentation and invoice from the customs broker, in some instance, if the entry contains products other than the goods, pro rata the expenses to the goods based on the FOB prices.
Port service charges and carrier document fee	Unit port service and carrier document fee only related to the importation of the goods
Delivery	Actual cost based on tax invoices.

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Cost Area	Method applied
SG&A	Based on SG&A costs incurred, as percentage of sales revenue and multiplied by the notional revenue for the shipment.

Table 5 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
4	CA Steel included an incorrect item of indirect expense, specifically, an income account in the SG&A costs calculation.	The verification team revised the SG&A costs as a percentage of sales revenue, having regard to relevant accounts, as detailed in the financial report.

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. 2016/030.

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**.

5.4.1 Exceptions during verification of CTIS accuracy

No.	Exception	Resolution
5	CA Steel's Part B listings included non-GUC.	The verification team removed non-GUC sales from the Part B listing and amended the CTIS values accordingly.

Table 7 Exceptions during verification of CTIS accuracy

5.5 Forward orders

CA Steel provided a listing of its forward orders as part of the contract to be fulfilled. Forward orders are at **Confidential Appendix 2**.

5.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by CA Steel, including any required amendments as outlined in the exception tables 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 CA Steel to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as CA Steel 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;
- paying for all the importation charges; and
- arranging delivery from the port to customers.

6.2 The exporter

The goods were imported to Australia by CA Steel either directly from Yieh Phui Enterprise Co., Ltd (Yieh Phui) through Yieh Phui's related trader Asiazone Co., Ltd.,(Asiazone) located in Hong Kong. However, the verification team considers Yieh Phui is the exporter, as Yieh Phui is:

- the manufacturer of the goods;
- named on the commercial invoice to Asiazone and between Asiazone and CA Steel;
- named as shipper on the bill of lading;
- arranging and paying for the inland transport to the port of export; and
- arranging and paying for the port handling charges at the port of export.

The verification team is satisfied that for all Australian export sales during the investigation period Yieh Phui was the principal located in the country of export who knowingly placed the goods in the hands of a carrier for delivery to Australia. As such, the verification team considers Yieh Phui to be the exporter of the goods in the investigation period.

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 8 below.

Shipment	Profitable (Y/N?)
1 (not the goods)	NA
2	Y
3	Y
4	Y
5	Y

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Shipment	Profitable (Y/N?)
6	Y
7	Y
8 (not the goods)	NA
9	Y
10 (not the goods)	NA
11	Y
12	Y
Weighted average all shipments	Y

Table 8 Profitability of selected imports

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

6.4 Related party suppliers

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

6.5 Arms length

In respect of imports the goods to Australia by CA Steel 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.

Therefore, subject to further inquiries, the verification team is satisfied that the imports between CA Steel and its suppliers are arms length transactions.

6.6 Export price assessment

In relation to the goods imported by CA Steel through Yieh Phui's related trader, Asiazone, the verification team identified that the importer has not purchased the goods from the exporter and therefore the export price cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b). The verification team recommends that the export price be calculated under section 269TAB(1)(c) 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