



## Importer Verification Report

### Verification & Case Details

<b>Initiation Date</b>	30 June 2020	<b>ADN:</b>	2020/067
<b>Case Number</b>	558		
<b>The goods under consideration</b>	Aluminium Zinc Coated Steel ( $\geq$ 600 mm)		
<b>Case type</b>	Dumping and Subsidy Investigation		
<b>Importer</b>	GS Global Australia Pty Ltd		
<b>Investigation Period</b>	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).<sup>1</sup>

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<sup>1</sup> 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**

GS Global Australia is a publicly listed international trading company that supplies distributors and fabricators with imported steel products (coated, pre-painted, electrolytic tin plate, hot rolled, plate, h-beam and pipe).

GS Global is a subsidiary of the GS Group, a South Korean based conglomerate.

### **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 GS Global had no related party customers and had all the goods supplied from a related supplier, GS Global Corp.

## **2 THE GOODS**

### **2.1 The goods**

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

### **2.2 Model control codes (MCCs)**

GS Global provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) 2020/067. GS Global 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.

<b>Category</b>	<b>Determination of the sub-category</b>
Prime	All Australian sales of the goods are of prime products.
Coating Mass	Based on the coating mass shown on the commercial tax invoice.
Steel Grade	Based on the steel grade shown on the commercial tax invoice.
Base Metal Thickness	Based on the thickness shown on the commercial tax invoice.
Width	Based on the width shown on the commercial tax invoice.
Form	Based on the form shown on the commercial tax invoice.

**Table 1 MCC sub-category determination**

### **2.4 The goods imported and sold in Australia**

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

<b>MCC</b>			
P-2-D-1-2-C	P-2-D-2-2-C	P-2-D-3-2-C	P-2-D-4-2-C
P-2-D-5-2-C	P-2-F-1-2-C	P-2-F-2-2-C	P-2-F-3-2-C
P-2-F-4-2-C	P-2-F-5-2-C	P-3-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. 2016/030.

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

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

The verification team identified no 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 GS Global, including any required amendments, 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.

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 GS Global, including any required amendments, is accurate.

## **5 VERIFICATION OF IMPORTS**

### **5.1 Import listing**

The verification team 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 GS Global 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, GS Global 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.

<b>Cost Area</b>	<b>Method applied</b>
Ocean freight	Quantity multiplied by unit charges and divided by the exchange rate.
Marine insurance	Calculated by adding the stamp duty and broker fee.
Port service charges	Unit charges were calculated by dividing the total port service charge by the quantity of related goods.
Port service charges and carrier document fee	Unit port service and carrier document fee only related to the importation of the goods
Delivery	Based on delivery tax invoices.
Bank charges	The bank charges handling per set of D/A documents.
SG&A	Based on SG&A costs incurred, as percentage of sales revenue and multiplied by the notional revenue for the shipment.



**Table 3 Verification of cost calculation method**

## **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**.

## **5.5 Forward orders**

GS Global 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 GS Global, including any required amendments, 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 GS Global to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as GS Global 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 Commission will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export, the Commission will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

It is common for traders and other intermediaries to play a role in the exportation of the goods. These parties will typically provide services such as arranging transportation, conducting price negotiations and arranging contact with the producer.

In such cases, the trader typically acts as an intermediary who, although one of the principles, is essentially a facilitator in the sale and shipment of the goods on behalf of the manufacturer. Typically the manufacturer, as a principal who knowingly sent the goods for export to any destination, will be the exporter.

Based on the information available, we consider GS Global Corp to be an intermediary and not the exporter.

Subject to further enquiries, we consider Dongkuk Steel Mill Co., Ltd. (Dongkuk) to be the only exporter of the goods to GS Global Australia during 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

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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 4 below.

Shipment	Profitable (Y/N?)
1	Y
2	Y
3	Y
4	Y
5	Y
6	Y
7	Y
8 (not the goods)	NA
9	Y
10 (not the goods)	NA
11	Y
12	Y
<b>Weighted average all shipments</b>	Y

**Table 4 Profitability of selected imports**

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

### 6.4 Related party suppliers

GS Global Australia purchased all of the goods from Dongkuk through GS Global Corp, during the investigation period. The verification team considers GS Global Corp to be an intermediary in these transactions. Both GS Global Australia and GS Global Corp are not related to the exporter Dongkuk.

### 6.5 Arms length

In respect of imports the goods to Australia by GS Global Australia 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 GS Global 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 GS Global Australia through its related trader, GS Global Corp from Dongkuk:

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. 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 Dongkuk and GS Global Corp, less deductions.

**7 ATTACHMENTS**

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