Australian Government
Department of Industry, Science, Energy and Resources

Anti-Dumping Commission

Importer Verification Report

Verification & Case Details

Initiation Date	15 March 2021	**ADN:**	2021/031
Case Number	578		
The goods under consideration	Quenched and tempered steel plate exported from the United States of America		
Case type	Investigation		
Importer	SSAB Swedish Steel Pty Ltd		
Verification date	16 September 2021		
Investigation Period	1 January 2020	**to**	31 December 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

CONTENTS

PREFACE

The Anti-Dumping Commission has undertaken verification of data provided by SSAB Swedish Steel Pty Ltd for Dumping Investigation 578. This report details the evidence gathered and the key findings from the verification of the data.

This report has been prepared for publication on the electronic public record for Dumping Investigation 578.

This report 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* (Cth) (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

SSAB Swedish Steel Pty Ltd (SSAB AU) is a subsidiary and the Australian trading arm of SSAB EMEA AB. The SSAB Group of companies is a major global supplier of special high strength steel products, and have sales offices and manufacturing facilities worldwide.

SSAB AU subsequently sell the quenched and tempered steel plate, the goods under consideration (hereafter referred to as 'Q&T steel plate' or 'the goods), in the condition in which they were imported to unrelated customers, mainly in Australia.

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 is satisfied that SSAB AU has no related customers in Australia.

1.2.1 Related suppliers

SSAB AU imports the goods from SSAB Alabama Inc. (SSAB Alabama) – a related SSAB Group entity in the United States of America (the USA). Testing of costs to determine whether SSAB AU purchases are arms length is discussed at section 6.4.

2 THE GOODS

2.1 The goods

SSAB AU confirmed that it imported Q&T steel plate subject to this investigation from the USA during the investigation period. SSAB AU also imports Q&T steel plate from other countries where SSAB has manufacturing and processing facilities.

2.2 Model control codes (MCCs)

SSAB AU provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2021/031. SSAB AU did not propose any amendment to the MCC structure.

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 (note evidence)
Category 1 - Grade	The grade was mapped to the relevant brand under which the product was sold and verified to technical datasheets and commercial invoices.
Category 2 – Tensile strength	Based on the brand shown on the commercial invoices. Verified to commercial invoices and technical data sheets. The VT noted that SSAB AU internally measure by yield rather than tensile strength
Category 3 – Brinell Hardness	Based on the brand shown on the commercial invoices. Verified to commercial invoices and technical data sheets.
Category 4 - Thickness	Based on the brand shown on the commercial invoices. Verified to commercial invoices and technical data sheets.
Category 5 - Width	Based on the brand shown on the commercial invoices. Verified to commercial invoices and technical data sheets.
Category 6 - Length	Based on the brand shown on the commercial invoices. Verified to commercial invoices and technical data sheets.

Table 1 - MCC sub-category determination

Table 2 below displays the relationship between grade, brand and MCC

Grade	Brand	MCC
Wear - W	Hardox 450	W--E-1-B-1
		W--E-1-B-2
		W--E-1-B-3
		W--E-1-C-3

		W--E-2-B-2
		W--E-2-B-3
		W--E-2-C-2
		W--E-2-C-3
	Hardox 500	W--E-2-B-1
		W--E-2-B-3
		W--F-2-B-1
		W--F-2-B-2
		W--F-2-B-3
Structural - S	Strenx 700	S-B--2-B-3
	Strenx 700E	S-B--1-B-3
		S-B--2-B-1
		S-B--2-B-2
		S-B--2-B-3
		S-B--2-C-2
		S-B--2-C-3
	SQ690	S-A--2-B-3
		S-B--2-B-3

Table 2 - MCC mapping

2.4 The goods imported and sold in Australia

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

MCC
S-A--2-B-3
S-B--1-B-3
S-B--2-B-1
S-B--2-B-2
S-B--2-B-3
S-B--2-C-2
S-B--2-C-3
W--E-1-B-1
W--E-1-B-2
W--E-1-B-3
W--E-1-C-3
W--E-2-B-1
W--E-2-B-2
W--E-2-B-3
W--E-2-C-2
W--E-2-C-3
W--F-2-B-1
W--F-2-B-2
W--F-2-B-3

Table 3 - List of MCCs sold in the IP

2.5 Like goods

SSAB AU claimed that the goods produced by the Australian industry are not like goods for the following reasons:

- SSAB AU mainly supplies end-users and have licencing agreements with these customers, whilst the Australian industry supplies distributors and government customers, therefore operating in different segments of the market.
- SSAB AU products are higher quality. Even though Bisalloy 450 may be interchangeable to Hardox 450 on a specification level, they are not comparable at a functional or performance level.
- SSAB products are made in a fully integrated process and based on self-produced steel plate (or greenfeed) that is quenched and tempered to the final product. The Australian industry manufactures the Q&T steel plate from purchased greenfeed.

The verification team notes that previous investigations and inquiries into Q&T steel plate have found the goods manufactured by the Australian industry to be like goods to the goods imported by SSAB AU.[2] Based on the evidence available, the verification team considers the goods manufactured by Australian industry to be like goods to the goods imported by SSAB AU because of the factors outlined below:

- Physical likeness - the goods have the same or similar chemical composition and same or similar measurements.
- Commercial likeness - although the importer mainly sells to end-users the verification team found that the importer also supplies to distributors.
- Functional likeness - the goods and the like goods are used for the same end-use.
- Production likeness - the goods are produced in similar facilities and utilising similar processes.

The verification team further notes that the case team will make the final assessment on like goods having regard to all relevant data gathered during the investigation, including submissions to the public record.

[2] Investigation 234 and Continuation 506 for quenched and tempered steel plate from Finland, Japan, Sweden.

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:

- Verification of SSAB AU's total sales revenue (in the income statement) to the trial balance and the company's audited financial statement.
- Verification of SSAB AU's total sales in the sales listing to revenue as per its income statement.
- The verification team confirmed that goods that did not meet the goods description were not included in the sales listing.

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**.

3.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
1	The verification team found that the sales listing reported GST inclusive prices instead of GST exclusive values to match the income statement.	The importer provided a revised Part C (sales listing) and provided revised sales revenue data for Part B (cost to import and sell).
2	The verification team identified inconsistencies in the sales listing in relation to freight revenue.	The importer provided a revised Part C (sales listing) and provided revised sales revenue data for Part B (cost to import and sell).

Table 4 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 SSAB AU, including any required amendments as outlined in the exception table above, 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 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 SSAB AU is accurate.

5 VERIFICATION OF IMPORTS

5.1 Import listing

SSAB AU confirmed that the import listing extracted from the Australian Border Force (ABF) imports database is a complete list of imports of the goods over the investigation period.[3]

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 19 shipments for SSAB AU to complete the cost to import and sell (CTIS) spreadsheet of the SSAB AU questionnaire.

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

- commercial invoice from its supplier
- packing list
- purchase order
- bill of lading
- invoice from freight forwarder and
- proof of payment

[3] The verification team selected certain import consignments for further verification. The ABF import database identified all consignments as being manufactured in the USA. SSAB AU claimed that certain consignments, despite being marked as having a country of origin as the USA, were actually exported from SSAB facilities in other countries. SSAB AU claimed that these consignments originated in the USA, but were further processed and subsequently exported to Australia from other SSAB facilities.

The verification team has investigated the consignments identified as exported from Sweden and is satisfied that these are not the goods subject to this investigation.

The verification team has investigated consignments identified by SSAB as having been exported from a SSAB facility in a third country. Based on the information and evidence provided, SSAB Alabama and the other SSAB facility agree to the terms for the sale of certain quenched and tempered steel plate. These goods undergo further work at that facility (a process involving these goods being cut, blasted and primed). That SSAB company then agrees terms for the sale of these further worked goods with parties in Australia and other countries. There is no evidence to indicate that SSAB Alabama was involved in the transactions to the final customer, nor evidence to indicate that they had knowledge of the final customer or the final destination for these goods. Based on an examination of the role of the parties, their functions and responsibilities, the verification team does not consider the goods imported from the third country SSAB facility concerned to have been exported from the USA. These consignments have not been included in the determination of the export price for SSAB Alabama.

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. The cost was verified against invoices from the shipping company,
Marine insurance	Based on an allocation of insurance cost incurred by the exporter.
Customs fees	Based on actual cost incurred as per customs import declaration and freight forwarder's invoice.
Quarantine charges	Based on actual cost incurred as per freight forwarder's invoice.
Fumigation	Based on actual cost incurred as per freight forwarder's invoice.
Port service charges	Based on actual cost incurred as per freight forwarder's invoice.
Delivery from port to warehouses	Based on actual cost incurred as per freight forwarder's invoice.
Warehousing and distribution costs	Based on an allocation of total warehousing and distribution costs incurred by the importer.
SG&A	Based on the importer's indirect SG&A expenses as per income statement divided by sales revenue.

Table 5 Verification of cost calculation method

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**.

5.4 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 SSAB AU orders by reconciling the listing provided in the questionnaire response to the company's imports as per the ABF imports database. 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 SSAB AU is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 3.**

6 EXPORT PRICE

6.1 The importer

In relation to the goods exported by SSAB Alabama, the verification team considers SSAB AU to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as SSAB AU:

- is named on the commercial invoice from its supplier
- is named as the consignee on the bill of lading
- is 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 the importer. The verification team considers SSAB Alabama to be the exporter of the goods, as SSAB Alabama: [4]

- is the manufacturer of the goods
- is named on the mill certificate
- is named on the commercial invoice and packing lists and
- is 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 cannot be traced to actual sales transactions, the verification team used quarterly weighted average sales revenue supplied by the importer to assess its profitability.

The outcome of this assessment is in Table 6 Profitability of selected imports

below.

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

[4] 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.

Shipment	Profitable (Y/N?)
6	Y
7	Y
8	Y
9	Y
10	Y
11	Y
12	Y
Weighted average all shipments	**Y**

Table 6 Profitability of selected imports

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

6.4 Related party suppliers

SSAB AU purchased all of the goods from related party, SSAB Alabama, during the investigation period.

SSAB AU advised that the parties do not negotiate on price, rather the price is set based on a transfer pricing framework. The verification team therefore does not consider the transactions between SSAB AU and SSAB Alabama to be conducted at arm's length.

6.5 Arm's length

In respect of imports of the goods to Australia by SSAB AU during the investigation period, the verification team found evidence that 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 not satisfied that the imports between SSAB AU and its supplier are arm's length transactions.

6.6 Export price assessment

The verification team is of the opinion that for the goods imported by SSAB AU from SSAB Alabama:

- the goods have been exported to Australia otherwise than by the importer
- the goods have been purchased by the SSAB AU from the exporter
- the purchases of the goods by the SSAB AU were not arm's length transactions and
- the goods are subsequently sold by the SSAB AU, in the condition in which they were imported, to a person who is not an associate of the SSAB AU.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for Q&T steel plates imported by SSAB AU from

SSAB Alabama be established under section 269TAB(1)(b) of the Act, being the price at which the goods were sold by SSAB AU to its unrelated customers less the prescribed 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
Confidential Attachment 2	Deductive export price