



Importer Verification Report

Verification & Case Details

Initiation Date	15/09/2021	ADN:	ADN 2021/119
Case Number	591		
The goods under consideration	Aluminium Extrusions		
Case type	Continuation Inquiry		
Importer	Press Metal Aluminium (Australia) Pty Ltd		
Verification date	13/12/2021		
Inquiry Period	1/07/2020 to 30/06/2021		

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 in relation to Continuation Inquiry No. 591.

As outlined in Anti-Dumping Notice (ADN) No. 2021/119, Continuation Inquiry 591 is in relation to whether the continuation of anti-dumping measures in respect of aluminium extrusions (the goods) exported to Australia from Malaysia and the Socialist Republic of Vietnam (Vietnam) is justified. Press Metal Aluminium (Australia) Pty Ltd (PMAA) was identified as an importer of the goods from Malaysia during the inquiry period.

This verification 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* (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

PMAA is a privately held Australian registered company, incorporated on 30 November 1998 with Australian business registration number 81 085 370 010. Its primary business is the importation and sale of aluminium extrusions (the goods) and other complementary products.

PMAA became a direct subsidiary of Press Metal International (HK) (PMIHK)² subsequent to the organisational restructure of the Press Metal Aluminium Holdings Berhad (PMAH) in October 2019.

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 inquiry period, PMAA purchased the goods from Press Metal Berhad (PMB), the goods were manufactured by PMB Aluminium Sdn. Bhd. (PMBA). Both companies are wholly owned subsidiaries of PMIHK.

Prior to the 2019 PMAH group restructure, PMB owned the aluminium extrusion mill assets, manufactured the goods and exported them to PMAA. In that restructure PMBA took over the mill assets, since then and including the inquiry period, PMBA manufactured the goods and sold them to PMB who in turn exported the goods to PMAA. PMB does not physically possess the goods, but acts as a sales facilitator for export arrangement to PMAA.

1.2.2 Related customers

The verification team found that PMAA does not have any related party customers of the goods during the inquiry period.

² PMAH 2019 Annual Report Note 8, p.169.

2 THE GOODS

2.1 The goods

PMAA confirmed that it imported the goods from Malaysia during the inquiry period matching the description of the goods that are the subject of this inquiry.

2.2 Model control codes (MCCs)

PMAA provided sales data in its response to the importer questionnaire (RIQ) in accordance with the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2021/119

- PMAA proposed changes to the MCC structure. The verification team analysed the sales data and supporting evidence provided with PMAA’s RIQ.

2.2.1 Amendments to MCCs

Based on analysis of the price comparability of the goods under consideration, the verification team considers it necessary to make the following amendments to the MCC structure.

No.	Exception	Resolution
1	The verification team found differences in the selling price between natural anodised and coloured anodised finished goods. The verification team also found that there were material price differences for polished bright silver (PBS) finished products, in comparison to other product finishes.	The verification team changed the finish code sub-categories for PMAA by: <ul style="list-style-type: none"> • Replacing the “A” (anodised) sub-category with two new sub-categories, “NA” (natural anodised) and “CA” (colour anodised); and • Adding subcategory “PBS” for polish bright silver finished goods.
2	The verification team found that price lists provided by PMAA demonstrate that the proposed alloy sub-categories were not an appropriate reflection of the pricing of the goods sold by PMAA.	The verification team changed the alloy code sub-categories for PMAA as follows: <ul style="list-style-type: none"> • sub-category 6A to cover alloy 6060, 6063 and 6005; • sub-category 6B re-designated to cover alloy 6061 only; • sub-category 6C re-designated to cover alloy 6082 only; and • sub-category 6D re-designated to cover alloy 6463 and 6005A.
3	The verification team found that price lists indicate that PMAA does not consider anodising microns in its pricing of the goods.	The verification team removed the MCC category for anodising microns.

Table 1 Amendments to the MCCs

The verification team revised the MCC table applicable to PMAA, as demonstrated in the table below:

PUBLIC RECORD

Category	Sub-category		Sales data	Cost data
Finish	NA	Natural anodise	Mandatory	Mandatory
	CA	Colour anodise		
	PBS	Polish bright silver		
	M	Mill		
	PC	Powder coating		
	MC	Mechanical		
	W	Wood grain		
Alloy code	6A	6005, 6060, 6063	Mandatory	Optional
	6B	6061		
	6C	6082		
	6D	6463, 6005A		
	O	Other		
Temper code	T1	T1, T4, T5, T6	Optional	Optional
	T50	T591, T595, T52		
	O	Other		

Table 2 Revised MCC Structure for PMAA

2.3 Verification of MCCs

Table 3 below provides details on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Finish	The finish is captured in PMAA's accounting system, and commercial documents such as commercial invoices and delivery docketts.
Alloy code	PMAA's sales listing did not report alloy however it was contained in the related delivery documents for the sales selected for downwards verification and also in PMAA's stock codes.
Temper	PMAA's sales listing did not report temper however it was contained in the related delivery documents for the sales selected for downwards verification also in PMAA's stock codes. PMAA submitted updated sales spreadsheet to include temper codes upon verification team's request

Table 3 MCC sub-category determination

2.4 The goods imported and sold in Australia

PMAA sold goods imported from PMBA with the following MCCs during the inquiry period:

CA-6A-T1	M-6B-T1	NA-6D-T1	PC-6B-T1
CA-6A-T50	M-6D-T1	PBS-6A-T1	PC-6D-T1
CA-6B-T1	M-6D-T50	PBS-6D-T1	PC-O-T1
M-6A-T1	M-O-O	PC-6A-T1	W-6A-T1
M-6A-T50	NA-6A-T1	PC-6A-T50	W-6D-T1

2.5 Like goods

PMAA advised that aluminium extrusion products manufactured by Australian industry are like goods to the aluminium extrusion imported from Malaysia in terms of commercial likeness, end use and functionality.

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 and monthly management report in accordance with ADN No. 2016/30.

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

- Comparing the amounts reported by the importer in its Australian sales listing to PMAA's 2020 audited report;
- Reconciling the total sales amounts reported by the importer in its Australian sales listing in 2021 inquiry period to PMAA's monthly accounting system ledger report;
- Having regard to product descriptions shown on commercial invoices and delivery dockets;
- Reconciling with the supplier's reported goods sold for the inquiry period.

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**.

3.1.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
1	Invoice value was inclusive of GST	PMAA provided revised sales listing with invoice value net of GST
2	The level of trade was not provided	PMAA updated sales listing to have customer level of trade included
3	Product MCC was not included	PMAA included MCC in the revised sales listing.

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 PMAA, 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 audited financial statements and 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
1	Sales with zero quantity but positive invoice value, those were not the sales of the goods, the invoice value represented other charges such as sticker charge, hinge handle set charge, and tool set charge.	The verification team removed those sales from the sales data.
2	Sales with quantity but no invoice value recorded, the quantity amounts were adjustments to invoices.	The verification team removed those sales from the sales data.

Table 5 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by PMAA, including any required amendments as outlined in the exception table, is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5 VERIFICATION OF IMPORTS

5.1 Import listing

PMAA 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 inquiry period.

However, the verification team was unable to calculate the weighted average FOB export price by MCC from the ABF import database as the tariff classification covers a range of products, and there was insufficient information to distinguish the MCCs based on the description of the goods in the database.

Notwithstanding the above, the verification team has calculated the weighted average free-on-board (FOB) export price by MCC for selected shipments at **Confidential Appendix 1**.

5.2 Verification of cost to import and sell (CTIS)

Prior to the verification, the Commission selected twelve shipments for PMAA to complete the cost to import and sell (CTIS) spreadsheet provided at Part B of the importer questionnaire.

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

- ABF import declaration;
- commercial invoice from its supplier;
- delivery dockets from PMB to PMAA;
- bill of lading;
- country of origin logistics company commercial invoice;
- Australian logistics company commercial invoices.
- MCCs of the goods in each shipment.
- PMAA creditor listing;
- PMB's accounts receivable listing; and
- Proof of payment.

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 ocean freight cost as per freight forwarder's invoice and allocated to goods based on weight.
Marine insurance	based on the recent actual marine insurance policy, allocated to goods based on weight for the inquiry period.
Customs fees	actual cost based on Australian logistic company's invoice and allocated to goods based on weight.

PUBLIC RECORD

Quarantine charges	actual cost based on Australian logistic company's invoice and allocated to goods based on weight.
Port service charges	actual cost based on Australian logistic company's invoice and allocated to goods based on weight.
Ancillary charges	actual cost based on Australian logistic company's invoice and allocated to goods based on weight.
Delivery (into store from port of arrival)	actual cost based on Australian logistic company's invoice and allocated to goods based on weight.
Customs duties	actual duties paid based on ABF customs documentation.
SG&A	based on SG&A costs incurred, as percentage of sales revenue and multiplied by the notional revenue for the shipment.

Table 6 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 identified the following issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.4.1 Exceptions during verification of CTIS accuracy

No.	Exception	Resolution
1	The verification team ascertained that, prior to 1 December 2020, PMB covered importation costs. The delivery terms stated by PMAA did not reflect these circumstances.	The verification team set aside the delivery terms initially reported by PMAA and amended its response to Part B of the RIQ with annotations to reflect the actual circumstances of its imports.
2	The verification team identified one selected shipment had extraordinary high freight.	PMAA advised it was a special order delivered via airfreight. The verification team checked details of this shipment and removed it from selected sales listing.

Table 7 Exceptions during verification of accuracy of CTIS data

5.5 Forward orders

PMAA provided a listing of its current forward orders at **Confidential Appendix 2**.

5.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by PMAA, including any required amendments as outlined in the exception table above and excluding other products that were not the goods as mentioned 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 PMAA is the beneficial owner of the goods at the time of importation and therefore the importer of the goods on the basis that PMAA was:

- named on the commercial invoice;
- named as the consignee on the bill of lading;
- declared as the importer on the importation declaration to ABF;
- paid for all the importation charges³; and
- arranged delivery from the Australian port of arrival to its warehouses.

6.2 The exporter

The verification team considers PMBA to be the exporter of the goods, on the basis that;

- PMBA has been identified as the manufacturer of the goods;
- PMBA was named on the commercial invoice as the supplier of the goods to PMB⁴;and
- PMBA knew that the goods were destined for Australia as PMB's Australian customer's purchase order details, name and place of delivery is specified on PMBA invoices relating to the goods it sold to PMB⁵;

The verification team further considers PMB to be an intermediary in the export of the goods⁶ on the basis that:

- PMB purchased the goods from PMBA prior to their exportation;
- PMB is named as consignor and/or exporter on the bill of lading, certificate of origin, country of origin export declaration and country of origin logistics company invoices;
- PMB receives purchase orders from PMAA;
- PMB is named on the commercial invoice to PMAA, and

PMB receives payment from PMAA.

³ For imports prior to November 2019, PMAA later reimbursed those costs to PMB.

⁴ As established in the exporter verification work program relating to PMBA's REQ for this review.

⁵ Ibid

⁶ The Commission considers that only in rare circumstances would an intermediary be found to be the exporter. Typically this would only occur where the intermediary purchased the goods from the manufacturer; the manufacturer has no knowledge at all that the goods are destined for export to any country; and the essential role of the intermediary is that of a distributor rather than a trader and because it is acting more like a distributor the intermediary would usually have its own inventory for all export sales.

6.3 Profitability of imports

The verification team assessed the profit for each selected sample shipment, calculation of the profitability of PMAA's Australian sales was undertaken having regard to the following:

- The FOB purchase price for each MCC sub-category paid by PMAA to the exporter, adding all importation costs;
- The weighted average selling prices for each MCC sub-category in due course; and
- SG&A costs expressed as a proportion of selling price.

Applying the approach outlined above, all of PMAA's sales of the goods sourced from the exporter appeared to be profitable. Of the 12 shipments reviewed, the verification team found that 11 were profitable. One shipment was excluded as it was for a small quantity shipment delivered by airfreight. The weighted average of all shipments were also profitable.

The profitability of PMAA's Australian sales is provided in the assessment at **Confidential Appendix 4**.

6.4 Related party suppliers

PMAA purchased goods from related party PMBA through PMB during the inquiry period.

6.5 Arms length

Having regard to the finding above in relation to the profitability of PMAA's Australian sales of the goods it imported from Malaysia, the verification team has ascertained that PMAA was paying PMB for the goods in amounts equal to the value stated on PMB's commercial invoices.

The verification team has also had regard to the following information:

- the profit on PMB's exports of the goods to Australia, having regard to all of the costs it incurred in the production and sale of the goods;
- price lists provided in relation to a sample of export transactions subject to detailed examination;
- price structure components (London Metals Exchange (LME), Major Japanese Port (MJP) and seller's margin);
- treatment of certain exportation costs covered by PMB; and,
- the established trading practices between PMB and PMAA.

However, given the related party arrangements, the verification team recommends that the arms length assessment be established subject to the outcome of the exporter verification.

6.6 Export price assessment

In relation to the goods exported to Australia during the inquiry period by PMB, the goods were sold between PMBA (the exporter) and its related entity PMB, and separately, PMB on-sold the goods to PMAA (the importer).

To apply the provisions of subsections 269TAB(1)(a) or (b), the sales must be between the importer and exporter and the goods must have been exported by someone other than the importer. The verification team found that these criteria are not met for transactions between PMB and PMAA.

Sufficient information exists to determine export price under section 269TAB(1)(c), having regard to all relevant information.

7 INJURY AND CAUSATION CLAIMS

PMAA estimated that Capral occupies 60% market share, it is the largest local producer, and in contrast, PMAA's market share is only about 3%.

PMAA stated that Capral has the most advanced production facilities in Australia and can produce good quality products with lower costs, because of this, PMAA purchases from Capral intermittently to replenish its stock.

PMAA claims that although purchase price is an important factor, other factors such as security of supply, quality and provision of service are all important in choosing a supplier of the goods. PMAA explained that Capral is currently the cheapest (by about 10%) provider of the goods in Australia market due to the surge of international freight costs.

PMAA claims that normal price per container shipping charge from Malaysia to Australia was approximately USD1,200 to USD1,500. For the same shipping route post inquiry period the cost is USD7,000, making their sales price much more expensive than that of Australian industry's.

PMAA claims that there is an increasing demand for aluminium extrusions in the market due to construction boom in residential, commercial and industrial sectors. PMAA states that Capral has been enjoying unprecedented profit since last year, which are reflected in Capral's annual reports.

PMAA states that Capral keeps on delivering increased profit in 2020, there is absolutely no injury to the Australian industry and the measures on aluminium extrusions should not be continued.

8 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	CTIS
Confidential Appendix 4	Profitability of imports
Confidential Attachment 1	Verification Work Program