



## Importer Verification Report

### Verification & Case Details

<b>Initiation Date</b>	4 January 2022	<b>ADN:</b>	No. 2022/002
<b>Case Number</b>	594		
<b>The goods under consideration</b>	Hot Rolled Coil Steel		
<b>Case type</b>	Continuation Inquiry		
<b>Importer</b>	Macsteel International Australia		
<b>Verification date</b>	3 May 2022		
<b>Inquiry Period</b>	1 January 2021 to 31 December 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

**CONTENTS**

**CONTENTS ..... 2**

**PREFACE ..... 3**

**1 COMPANY BACKGROUND..... 4**

1.1 CORPORATE STRUCTURE AND OWNERSHIP ..... 4

1.2 RELATED PARTIES ..... 4

**2 THE GOODS ..... 5**

2.1 THE GOODS ..... 5

2.2 MODEL CONTROL CODES..... 5

2.3 VERIFICATION OF MCCS ..... 6

2.4 THE GOODS IMPORTED AND SOLD IN AUSTRALIA ..... 6

2.5 LIKE GOODS..... 6

**3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE..... 7**

3.1 SALES COMPLETENESS AND RELEVANCE FINDING ..... 7

**4 DOWNWARDS VERIFICATION OF SALES..... 8**

4.1 VERIFICATION OF SALES ACCURACY..... 8

4.2 SALES ACCURACY FINDING ..... 8

**5 VERIFICATION OF IMPORTS ..... 9**

5.1 IMPORT LISTING ..... 9

5.2 VERIFICATION OF COST TO IMPORT AND SELL (CTIS)..... 9

5.3 CTIS ALLOCATION METHOD ..... 9

5.4 VERIFICATION OF CTIS ACCURACY ..... 10

5.5 FORWARD ORDERS ..... 10

5.6 CTIS VERIFICATION FINDING ..... 10

**6 EXPORT PRICE..... 11**

6.1 THE IMPORTER..... 11

6.2 THE EXPORTER..... 11

6.3 PROFITABILITY OF IMPORTS ..... 11

6.4 RELATED PARTY SUPPLIERS ..... 12

6.5 ARMS LENGTH ..... 12

6.6 EXPORT PRICE ASSESSMENT ..... 12

**7 ATTACHMENTS ..... 13**

## **PREFACE**

The Anti-Dumping Commission (the commission) has undertaken verification of data provided by Macsteel International Australia for Continuation Inquiry 594. 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 Continuation Inquiry 594.

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* (the Act).<sup>1</sup>

---

<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**

Macsteel International Australia Pty Ltd (Macsteel) is a privately owned metals trading company that imports and sells a variety of steel products, including hot rolled coil (HRC or the goods). Macsteel sources HRC from mills located in Asia and elsewhere. Macsteel does not value add to the products they market and on sell in Australia.

Macsteel is part of the Macsteel International Group that is headquartered in Amsterdam, Netherlands.

### **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 Macsteel did not have any related party customers or suppliers of the goods during the inquiry period.

## 2 THE GOODS

### 2.1 The goods

Macsteel confirmed its imports of HRC steel from Taiwan during the inquiry period matched the description of the goods the subject of this inquiry.

### 2.2 Model control codes

Macsteel provided sales and cost data in accordance with the model control code (MCC) structure proposed in Anti-Dumping Notice (ADN) No. 2022/002 and in table 1 below.

Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Quality	Prime	P	Mandatory	Not applicable
		Non-Prime	N		
2	Form	Coil	C	Mandatory	Mandatory
		Sheet	S		
3	Surface condition	As rolled	A	Mandatory	Mandatory
		Pickled (with or without oil)	PI		
4	Standard/Grade	HA1(S) / G250 / HA250 / SPHC / SS400 (AS1594 / JIS G3131 / JIS G3101)	1	Mandatory	Mandatory
		G300 / HA300 (AS1594)	2		
		G350 / HA350 / SS490 (AS1594 / JIS G3106)	3		
		HW350 / SMA490 / 'Corton' (AS1594 / JIS G3114)	4		
		Other	5		
5	Thickness (BMT)	<1.6mm	T1	Mandatory	Mandatory
		=>1.6mm to <2.0mm	T2		
		=>2.0mm to <4.75mm	T3		
		>4.75mm	T4		
6	Width	<=1000mm	W1	Mandatory	Mandatory
		>1000mm	W2		

**Table 1 - MCC structure**

### 2.3 Verification of MCCs

Table 2 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Quality	All Australian sales of the goods are of prime products.
Form	Based on the information shown on the commercial invoices.
Surface condition	
Standard/Grade	
Thickness (BMT)	
Width	

**Table 2 - sub-category determination**

### 2.4 The goods imported and sold in Australia

The verification team is satisfied that Macsteel sold goods with the following MCCs during the inquiry period:

MCC			
P-C-A-1-T1-W1	P-C-A-1-T1-W2	P-C-PI-1-T3-W2	P-S-A-1-T2-W2
P-C-PI-1-T3-W1	P-C-A-1-T3-W2	P-C-PI-1-T1-W2	P-S-A-1-T1-W2
P-S-A-1-T3-W2	P-C-PI-1-T2-W2	P-C-A-1-T2-W2	

**Table 3 - MCCs sold during the inquiry period**

### 2.5 Like goods

Macsteel agreed that the Australian Industry produced like goods to the goods that it imported during the inquiry period.

### 3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

The verification team conducts verification of relevance and completeness by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The verification team reconciles total sales value and quantity to management reports, with particular attention given to including all relevant transactions and excluding all irrelevant transactions. 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:

- Reconciled the total revenue as per Macsteel's 2021 audited financial statement to the total revenue as reported in the 2021 management reports; and;
- Matched the volumes and values of Macsteel's Part C sales listings to sales reports, profit and loss statements and trial balances for the inquiry period.

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**.

#### 3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by Macsteel, is complete and relevant.

## 4 DOWNWARDS VERIFICATION OF SALES

### 4.1 Verification of sales accuracy

The verification team verifies the accuracy of data 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 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 Macsteel, is accurate.



## **5 VERIFICATION OF IMPORTS**

### **5.1 Import listing**

Macsteel 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.

### **5.2 Verification of cost to import and sell**

Prior to the verification, the commission selected twelve shipments for Macsteel to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

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

- Purchase contracts with supplier
- Commercial invoices from supplier
- Logistic invoices
- Customs and forwarding charges invoice
- Freight invoices
- Bills of lading
- Payment evidence.

### **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	Actual freight cost of the goods on the shipping invoices.
Marine and other insurance	Rate applied is based on all annual insurance premiums combined, allocated to the goods as percentage of sales value.
Port handling and other import charges	Actual cost based on tax invoices.
Duties	Actual duties paid based on ABF importation data.
Inland transport	Actual cost based on tax invoices.
SG&A	Based on SG&A costs incurred, as percentage of sales revenue and multiplied by the notional revenue for the shipment.

**Table 4 - 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**

<b>Exception</b>	<b>Resolution</b>
------------------	-------------------

## PUBLIC RECORD

Macsteel excluded indirect expenses related to depreciation and finance costs in the SG&A cost calculation.	The verification team revised the SG&A costs to include these accounts.
---	---

### Exception 1 - 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 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**.

### 5.4.1 Exceptions during verification of CTIS accuracy

Exception	Resolution
Inland transport for one consignment in the CTIS spreadsheet was incorrect.	Macsteel provided a revised CTIS spreadsheet with the corrected amount for the relevant consignment.
Marine insurance figures presented in the CTIS spreadsheet were all incorrect.	Macsteel provided a revised CTIS spreadsheet with corrected amounts for marine and other insurance.
The allocation of interim dumping duty was incorrect for two consignments.	The verification team has revised the CTIS spreadsheet to include the interim dumping duty using ABF importation data.

### Exception 2 - Exceptions during verification of accuracy of CTIS data

## 5.5 Forward orders

The verification team verified Macsteel's forward orders by conducting a sampled downward verification of the listing provided in the questionnaire response to the company's records. The verified list of forward orders is at **Confidential Appendix 1**.

## 5.6 CTIS verification finding

The verification team is satisfied that the CTIS provided by Macsteel, 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 2**.

## 6 EXPORT PRICE

### 6.1 The importer

The verification team considers Macsteel to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as Macsteel 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
- pays for all the importation charges
- arranges delivery from the port.

### 6.2 The exporter

The goods were imported to Australia by Macsteel. The verification team considers Shang Chen Steel Co., Ltd. (Shang Chen) to be the exporter of the goods<sup>2</sup>, as Shang Chen:

- is named on the commercial invoice and packing lists
- is named as consignor on the bill of lading
- arranges for the transport of the goods from the mill to the port of export in Taiwan.

### 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 5 below.

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

<sup>2</sup> 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.

## PUBLIC RECORD

Shipment	Profitable (Y/N?)
9	Y
10	Y
11	Y
12	Y
<b>Weighted average all shipments</b>	<b>Y</b>

**Table 5 - Profitability of selected imports**

The assessment is at **Confidential Appendix 2**.

### **6.4 Related party suppliers**

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

### **6.5 Arms length**

In respect of imports of the goods to Australia by Macsteel during the inquiry 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 transactions between Macsteel and its supplier are arms length transactions.

### **6.6 Export price assessment**

The verification team is of the opinion that for the goods imported by Macsteel from Shang Chen:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries, the verification team recommends that the export price for the goods imported by Macsteel from Shang Chen 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**

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