



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Importer Verification Report

Verification and Case Details

Initiation date	22 August 2022	ADN	2022/086
Case number	611		
The goods under consideration	Zinc coated (galvanised) steel		
Case type	Continuation Inquiry		
Importer	DITH Australia Pty Ltd		
Location	Level 30, 31 Market Street, Sydney, NSW 2000		
Verification date	17 November 2022		
Inquiry period	1 July 2021	to	30 June 2022

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

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Introduction

The verification team (the team) has verified whether the data DITH Australia Pty Ltd submitted is complete, relevant and accurate for use in case 611. [Anti-Dumping Notice \(ADN\) 2016/30](#) describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where DITH Australia Pty Ltd or the team materially revised the submitted data, this report outlines the nature, extent and outcomes of these revisions.

The commission prepared this report to publish on the electronic public record for case 611.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (the Act).¹

¹ All legal citations in this report are to the Act unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

DITH Australia Pty Ltd (DITH Australia) is an importer and trader of steel products, including zinc coated (galvanised) steel (the goods). DITH Australia sources steel products from mills located predominantly in Asia but also from other parts of the world.

DITH Australia is an Australian private company incorporated on 8 August 2017. DITH Australia is part of the Duferco Group, which is located in Switzerland. The ultimate controlling ownership of the group is held by the Government of China.

1.2 Related parties

The team examined the relationships between related parties involved in the importation and sale of the goods.

1.2.1 Related party customers

The team is satisfied that DITH Australia did not have any related party customers for sales of the goods during the inquiry period.

1.2.2 Related party suppliers

The team found that DITH Australia did not have any related party suppliers of the goods during the injury period. However, the team found that related party Duferco entities were party to the transactions for some consignments of the goods. In these instances the related Duferco entities acted as intermediaries, providing financing for larger orders.

2 Goods under consideration

2.1 Importation of the goods under consideration

DITH Australia confirmed that it imported goods from KG Dongbu Steel Co., Ltd. (KG Dongbu) of the Republic of Korea during the inquiry period. These imports matched the description of the goods that are the subject of this inquiry.

2.2 Model control codes

The sales and costs data DITH Australia submitted complies with the model control code (MCC) structure detailed in ADN 2022/086.

2.3 Verification of model control codes

Table 1 below details how the team determined MCC sub-categories and verified them to source documents.

Category	Determination of the sub-category
Alloy content	Based on standard and grade shown on the purchase order and tax invoice.
Prime	Not verified – all goods are stated to be prime
Steel base	Based on the standard and grade shown on the purchase order and tax invoice.
Coating type	Based on purchase order and tax invoice.
Coating Mass	Based on purchase order and tax invoice.
Steel grade	Based on standard and grade shown on the purchase order and tax invoice.
BMT	Based on purchase order and tax invoice.
Width	Based on purchase order and tax invoice.
Form	Based on purchase order and tax invoice.

Table 1 MCC sub-category determination

2.4 List of model control codes

DITH Australia imported and sold goods classified to the following MCCs during the inquiry period:

MCC
NA-P-C-F-1-A-3-B-C
NA-P-C-F-1-A-4-B-C
NA-P-C-F-1-A-4-C-C
NA-P-C-F-1-A-5-B-C
NA-P-C-F-1-A-5-B-S
NA-P-C-F-1-A-5-C-C
NA-P-C-F-1-A-6-B-C
NA-P-C-F-1-A-6-B-S
NA-P-C-F-1-A-6-C-C

NA-P-C-F-1-A-3-B-C

Table 2 MCCs imported and sold

2.5 Like goods assessment

The team considers that the goods were identical to, or had characteristics closely resembling, the like goods manufactured by the Australian industry.²

This is because:

- **Physical likeness:** The goods are physically alike to the like goods manufactured by Australian industry. The imported goods are cold rolled and coated using the same processes as those employed by the Australian industry.
- **Production likeness:** The imported goods are cold rolled and zinc coated using the same manufacturing processes and raw materials as the Australian industry.
- **Commercial likeness:** The goods compete in the same market sector, are interchangeable and use similar distribution channels.
- **Functional likeness:** The goods are functionally alike, as they have similar end uses.

² Section 269T(1), the Act

3 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the sales listings DITH Australia submitted are complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

The team verified whether the sales data was complete and relevant by completing a:

1. Reconciliation of revenue in the income statement for the last finished financial year³ to the audited annual report
2. Reconciliation of revenue in the income statement for the last finished financial year to revenue in the inquiry period
3. Reconciliation to the general category of goods and
4. Reconciliation to sales of the goods.

The team identified the issue outlined below. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

3.1 Sales completeness and relevance exceptions

Exception 1: Inclusion of sales outside the inquiry period

Description: The team identified that the sales listing included goods that were sold in the September quarter of 2022 and therefore fall outside of the inquiry period.

Resolution: The team removed transactions in the September quarter of 2022 from the sales listing.

3.2 Sales completeness and relevance finding

The team is satisfied that the sales data DITH Australia submitted is complete and relevant, including any revision outlined in the exception above.

³ DITH Australia's financial year ends 30 September due to the Duferco group being located in Switzerland.

4 Downwards verification of sales

4.1 Verification of sales accuracy

The commission typically verifies the accuracy of data by reconciling selected data submitted 'downwards' to source documents. This part of verification involves the process of reconciling the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The team verified the accuracy of the sales listing submitted in Part C of the questionnaire response by reconciling these to source documents in accordance with ADN 2016/30.

The 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 completeness and relevance finding

The team is satisfied that the sales data provided by DITH Australia is accurate.

5 Verification of imports and cost to import and sell

5.1 Import listing

DITH Australia 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 thirteen shipments for DITH Australia to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected shipments, DITH Australia 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

Table 3 outlines how the team allocated each CTMS component.

Cost Area	Method applied
Ocean freight	Actual freight cost of the goods on the shipping invoices.
Marine insurance	Rate applied is based on all annual insurance premiums combined, allocated to the goods as percentage of sales value.
Port handling and other imports charges	Actual cost based on tax invoices.
Duties	Actual duties paid based on ABF importation data.
Inland transport	Actual cost based on tax invoices.
Selling, general and administrative expenses (SG&A)	Based on SG&A costs incurred, as percentage of sales revenue and multiplied by the notional revenue for the shipment.

Table 3 CTIS allocation 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 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 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

Exception 2: Exceptions during verification of CTIS

Description: The team found that the SG&A expenses included reversed accruals from prior provisions for travel expenses, as a result of unexpected changes in business conditions during the Covid-19 pandemic. These reversals lowered the total SG&A expenses.

Resolution: As these items did not reflect real world conditions in the period, the team removed these items, which resulted in a slight increase to the SG&A.

5.5 Forward orders

The team verified DITH Australia's forward orders by reconciling 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 team is satisfied that the CTIS provided by DITH Australia is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 2**.

6 Export price

6.1 The importer

The team considers DITH Australia to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as DITH Australia:

- was named on the commercial invoice from its supplier
- was named as the consignee on the bill of lading
- was declared as the importer on the importation declaration to ABF
- paid for all the importation charges and
- arranged delivery from the port.

6.2 The exporter

For the good imported to Australia by DITH Australia the team considers KG Dongbu to be the exporter of the goods,⁴ as KG Dongbu:

- is named on the commercial invoice and packing lists
- is named as shipper on the bill of lading
- arranged transport of the goods to the port of export
- is the manufacturer of the goods located in the country of export and
- knows that the goods were destined to Australia.

6.3 Profitability of imports

The team assessed the profitability for the following selected shipments by comparing the revenue to the CTIS for each shipment. As the team can trace each selected shipment to actual sales transactions, the team used the actual revenue for each shipment 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	Y
9	Y
10	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?)
11	Y
12	Y
13	Y
Weighted average all shipments	Y

Table 4 Profitability of selected imports

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

6.4 Related party suppliers

The team did not find any evidence that DITH Australia is related to its supplier of the goods, noting that Duferco Asia and Duferco SA acted as intermediaries in some of these transactions.

6.5 Arms length

In respect of imports of the goods by DITH Australia during the inquiry period, the team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- 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
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

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

6.6 Export price assessment

The team is of the opinion that for the goods imported by DITH Australia from KG Dongbu:

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

Subject to further inquiries with this exporter, the team recommends that the export price for goods imported by DITH Australia from KG Dongbu 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

Confidential Appendix 1	Forward orders
Confidential Appendix 2	Profitability of imports
Confidential attachment 1	Verification work program