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18 January, 2016
BY EMAIL

Anti-dumping Notice No. 2015/142
PRELIMINARY AFFIRMATIVE
DETERMINATION REPORT NO. 301

Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001
Australia

Attention: Director Operations 4 Director Operations 1

**Re: Rod in Coils Exported from the People's Republic of China
Comments on the Preliminary Determination**

Dear Director:

The Anti-Dumping Commission ("the Commission") has published, on 27 November 2015, the Preliminary Affirmative Determination ("PAD") No. 2015/142 for Case 301: Anti-dumping Investigation into Rod in Coils ("rod", the subject merchandise) Exported from the People's Republic of China.

On behalf of Hunan Valin Xiangtan Iron & Steel Co., Ltd ("Valin"), we submit the following comments in respect of the PAD:

Typo of the Dumping-margin in the PAD

According to the Appendix 5 to the PAD, the preliminary dumping-margin calculated by the Commission for Valin is 8.55%, whereas the figure in the PAD is 9.5%. Valin requests the Commission to correct this critical error in the PAD.

Incorrectly Changing the Model of the Subject Merchandise Reported in the Australian Sales Database in the Dumping-margin Calculation

In the Appendix 5 Dumping Margin to the PAD, Valin found that the Commission changed the product model of [REDACTED] in one line of originally reported Australian sale to [REDACTED] in the dumping-margin calculation, and thus the applicable normal value ("NV") is changed as consequence.

Valin submits that such a mode change is not correct, since all of the exports data has been verified during the verification, the product model of [REDACTED] for this exportation is correctly reported in the original database, therefore, Valin corrected this error at **Exhibit C-1** to this submission, and requests the Commission to make the same correction in both the SEF and the final determination.

In addition, according to the Appendix 4 Normal Value to the PAD, there is [REDACTED]
[REDACTED]
[REDACTED]. With same methodology adopted by the Commission in calculating the NV for the subject merchandise of [REDACTED]
[REDACTED], Valin calculated the NV for the subject merchandise of [REDACTED] for [REDACTED], at **Exhibit C-2** to this submission for your reference.

Pre-Verification Corrections on the Domestic Sales Database and the Australian Sales Database

In the beginning of the on-site verification which was conducted between 2 December to 7 December, 2015, Valin submitted its corrigendum to the Domestic Sales Database and the Australian Sales Database to the Commission officials, in which Valin identified the following errors in the original Exhibit 11 and Exhibit 15 to the initial questionnaire response:

1. A line of non-subject merchandise is mistakenly included in the Exhibit 15 of the Domestic Sales Database;
2. In Exhibit 11 of the Australian Sales Database, the export values of three lines of exportation of subject merchandise were incorrect by mistake..

The corrections of the databases above have been verified by the officials of the Commission during the verification

Based on the corrected databases of Australian sales and domestic sales of the subject merchandise, Valin re-calculated the dumping-margin at **Exhibit C-1 and C-2** to this submission for your reference. Valin believes that the Commission will use the corrected database for the purpose of Statement of

Essential Fact ("SEF") and the final determination.

Incorrect treatment for the Value-Added Tax in the Dumping Margin Calculation

According to the Appendix 4 Normal Value to the PAD, the Commission made an Upwards Adjustment of Value-added Tax ("VAT") to the NV, i.e. to extend the EXW NV by the non-refundable rate of export VAT, i.e. the variance between the applicable VAT rate, [REDACTED], and the VAT refund rate, [REDACTED] in this rod case, for the exportation of subject merchandise.

According to the Article 2.4 of AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994 ("ADA"), {a} *fair comparison.....between the export price and the normal value.....shall be made at the same level of trade..... If in these cases price comparability has been affected, **the authorities shall establish the normal value at a level of trade equivalent to the level of trade of the constructed export price*** {emphasis added}.....

In this ongoing rod case, the Commission's understanding is that the exportation of the subject merchandise incurs the non-refundable VAT to the cost side of the sale, and therefore the NV should be upwards adjusted to include in the non-refundable value of VAT therein. However, the exportation will, at the same time, bring the refund of VAT to the exporter by the VAT refund rate, [REDACTED], for its exportation, while the export price reported in the Australian sales database did not include such "tax income" in it.

Valin submits that, within the meaning of the Article 2.4 of ADA, it is unfair to the exporter, if the Commission only made an Upwards Adjustment of Value-added Tax ("VAT") to the NV, on the basis of the tax liability of the non-refundable VAT on the "cost of goods sold" side of the exportation, but not to take into any account of the value of VAT refunded to the exporter for its exportation. The Commission's calculation in the PAD of this case is deviating from the aforesaid "fair comparison" requirement of the Article 2.4 of ADA, in specific, the NV established in this case is not established at the **level of trade equivalent to the level of trade of the constructed export price**.

Therefore, if the Commission considers it is appropriate to make the Upwards Adjustment of VAT liability to the NV by the non-refundable VAT rate, it should also make Upwards Adjustment of refunded VAT to the export price by the refundable VAT rate applicable to the subject merchandise during the investigating period.

Valin re-calculated the dumping-margin based on the arguments above at

Exhibit C-1 to this submission, and requests the Commission to treat the VAT calculation correctly in both the SEF and the final determination.

On behalf of Valin, we appreciate the opportunity to submit the comments above. Please feel free to contact the undersigned should you have any questions on this submission.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Frank Zhang', written over a horizontal line.

Frank ZHANG
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