



COCKBURN CEMENT

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Mr Mayuran Jeyarajah
Assistant Director
Anti-Dumping Commission
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Dear Mr Jeyarajah

Investigation No. 348 – Quicklime exported from Malaysia, Thailand and Vietnam - Exporter Verification Report – RCI Lime SDN BHD

Introduction

I refer to the exporter verification report for RCI Lime SDN BHD ("RCI Lime") recently placed on the electronic public file.

Cockburn Cement Pty Ltd ("Cockburn Cement") provides the following comments in relation to the determination of normal values and dumping margins for RCI Lime. Cockburn Cement requests the Commission to have regard to the comments hereunder in determining Statement of Essential Facts No. 348.

Cost to make and sell

Cockburn Cement welcomes the Anti-Dumping Commission's ("Commission") requirement of RCI Lime to revise the exporter's cost-to-make-and-sell ("CTM&S") due to problems associated with the allocation of costs between quicklime and hydrated lime.

Cockburn Cement agrees with the Commission's assessment that RCI Lime's quarry costs should be included in the CTM&S the quicklime, along with transportation costs to bring the lime to RCI Lime's manufacturing site. Additionally, Cockburn Cement considers that relining costs associated with the kiln are recurring items that a quicklime manufacturer incurs and are required to be included in the CTM&S quicklime.

Normal values

The Commission has determined normal values for RCI Lime on the basis of domestic sales under s.269TAC(1) of the *Customs Act*. This finding confirms that any domestic sales that were unprofitable accounted for less than 20 per cent of total domestic sales. It is not clear from the RCI Lime Report whether the related party sales made to the subsidiary company, Batamas Sdn Bhd ("Batamas") are included within the weighted-average normal value calculation.

Adjustments

Cockburn Cement notes that the Commission has afforded RCI Lime an adjustment for domestic sales commission "on any transactions where the customer had been referred to RCI Lime". The adjustment was applied based upon the commission costs listed for the relevant domestic transactions.

The RCI Lime Report is silent on whether the commissions were paid to an agent. It is not clear on what basis the commission has been calculated and what evidence was provided in support of the commission costs applied.

The RCI Lime Report does not indicate whether the Commission verified the sales commission paid (to the agent) by requesting evidence in the form of a sales invoice for the related transaction(s). Cockburn Cement would anticipate that the Commission requested from RCI Lime details of all commissions paid during the investigation period, a schedule of the invoices to which the commission related and evidence of the commission components, to ensure that the commissions paid were consistent with the percentage rate agreed between RCI Lime and its agent.

In the absence of the complete validation and verification of the evidence supporting the payment of the sales commission, the adjustment must be reversed.

Conclusion

Cockburn Cement seeks to ensure that the Commission has fully validated the adjustment to RCI Lime's normal value for domestic sales commission paid to a party (i.e. agent) for claimed referred sales to customers. The substantiation of the adjustment for the sales commission includes sighting of the invoices in support of the sales commission, evidence of the commission components and confirmation that the commission paid are consistent with the agreed rate quoted by RCI Lime.

If you have any questions concerning this submission, please do not hesitate to contact Mr Drew Elsbury on (08) 9411 1116 or Cockburn's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely



Vince Valastro
General Manager - Sales and Marketing