PUBLIC VERSION

J.BRACIC & ASSOCIATES
TRADE REMEDY ADVISORS

PO Box 3026
Manuka, ACT 2603
Mobile: +61 499 056 729
Email: john@jbracic.com.au
Web: www.jbracic.com.au

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Director Operations 1
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001

Dumping investigation into rod in coil exported from the Socialist Republic of Vietnam

Dear Director

This submission is made on behalf of the Hoa Phat Steel Group (Hoa Phat), which comprises Hoa Phat Joint Stock Company and Hoa Phat One Member Company, in response to the Anti-Dumping Commission's (the Commission) findings outlined in Statement of Essential Facts Report No. 416 (SEF 416) on 27 October 2017.

Hoa Phat fully supports the Commission's findings in SEF 416 as it relates to Vietnam and the proposed decision to terminate the investigation. It is noted that the Commission has determined Hoa Phat's exports of rod in coil to Australia during the investigation period were de minimis, at a margin of 0.7%. Hoa Phat submits that the preliminary findings of fact outlined in SEF 416 provide an accurate summary of the verification team's findings following detailed examination of Hoa Phat's financial records.

It is also noted that Hoa Phat's public record version of the verification report was placed on the public record almost a month ago, and no submission or information has been presented by the applicant during that period that would cause the Commission to overturn its preliminary findings. Accordingly, the Commissioner must immediately terminate the investigation so far as it relates to Hoa Phat, pursuant to subsection 269TDA(1) of the *Customs Act 1901*.

Notwithstanding its support for the Commission's proposed decision to terminate the investigation, Hoa Phat provides the following comments on specific issues with the Commission's determination of normal values. Whilst none of these issues detract from the Commission's de minimis dumping finding, they nonetheless require careful consideration.

Rebates

Hoa Phat notes that neither the visit report or SEF 416 make any mention of the verified rebates paid by Hoa Phat to its domestic customers of rod in coil. As identified in its questionnaire response and supported with relevant evidence including [redacted],

[redacted]. Hoa Phat offered its customers a rebate [redacted], of drawing wire rod products. Where individual [redacted], the full amount of the rebate was reimbursed and captured in the subsequent invoice.

The Commission verified the existence of the rebates through source documents issued to customers and the total rebated amount applicable to each customer across the full range of drawing wire rod products purchased. The calculated unit amount per tonne was reported in the domestic sales listing against relevant individual transactions.

It is noted that the calculated normal values do not include a deduction for these rebated amounts to ensure that they are based on the net domestic selling prices. It is also noted that the Commission has overlooked this adjustment claim or simple deduction from the reported gross invoice values in its visit report.

Hoa Phat therefore requests the Commission to properly consider the submitted verified information and grounds for the adjustment claim, and ensure proper comparison with the corresponding export prices by making the necessary deductions for the verified rebates.

Advertising

Hoa Phat also claimed a downward adjustment to normal values was warranted for domestic advertising expenses incurred by Hoa Phat which were specific to the domestic market and sales of wire rod. The claimed adjustment relates to the associated costs of [redacted] developing and improving the wire rod drawing domestic market.

As explained by Hoa Phat during the verification, these advertising expenses do not relate to generic brand or company-wide promotions. Instead, the [redacted] was particularly aimed at promoting drawing grade of rod in coil to its existing domestic customers. An adjustment for such advertising expenses is warranted and consistent with the Commission's practice of making due allowance '*where the connection to the sale is established and evidence is suitable*' and the '*advertising and sales promotion expenses are exclusive to the goods in question.*'

The relevant advertising costs were outlined in the submitted 3rd party supplier contracts which were engaged to provide direct services to the [redacted]. These total costs were apportioned across relevant sales to quantify the unit amount of the adjustment.

Hoa Phat therefore respectfully disagrees with the Commission's preliminary view and requests that it reconsider the submitted verified information and grounds for the adjustment claim, and ensure proper comparison with the corresponding export prices by making the necessary deductions for the domestic advertising expenses.

Yours sincerely

John Bracic