

PUBLIC VERSION

ADDITIONAL QUESTIONS – CITIC DICASTAL

1. Domestic sales spreadsheet
 - a) In the domestic sales spreadsheet, there are lines which show that specific goods were delivered but do not have inland transport costs allocated to them (e.g. for invoice #1896785 only the first two lines have inland transport fees allocated). Why is this case?

Answer:

There are two cases where inland transport fees are not allocated.

First, CITIC Dicastal manufactures goods, and then domestic customers come to pick the goods by themselves.

Second, [REDACTED] (Confidential information of CITIC Dicastal's domestic sales).

In the two cases, because CITIC Dicastal does not transport the goods, there is no transport fees indicated in the spreadsheet.

- b) I was unable to match invoices 5416558 and 5416560 to the spreadsheet. Can you explain to me how I can do so?
 - c) In invoice 5416559, only one line on the invoice is included in the spreadsheet – can you explain why this is the case?

Answer:

These two questions can be answered together.

As indicated in the domestic sales spreadsheet, there are lines on invoice "05416558-05416560" and "5416559". The sales information of these lines matches the gross amount of the "sample transaction documents of domestic sales":

1. Add up the "Net amount" indicated in invoice 05416558, 05416559 and 05416560

[REDACTED] (E1 of invoice 05416558) + [REDACTED] (E2 of invoice 05416559) + [REDACTED] (E3 of invoice 05416560) = [REDACTED] (Confidential information of CITIC Dicastal's invoice value)

2. Add up the "Gross invoice value" of line 4456 to 4459 and 4862 to 4867 in domestic sales spreadsheet

[REDACTED] = [REDACTED] (Confidential information of CITIC Dicastal's invoice value)

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3. According to the calculation result, the gross amount of the invoice 05416558, 05416559 and 05416560 equals to that of lines in the spreadsheet on the same three invoices.

It should be noted that “05416558-05416560” indicated in these lines includes three invoices: 5416558, 5416559 and 5416560. And for some reasons, there is a specific line on invoice 5416559.

- d) Certain transactions in the domestic sales spreadsheet do not have invoice numbers allocated. These transactions also lack an invoice date (though they do include a sales month). These transactions amount to [REDACTED] RMB.
- Why are invoice numbers and dates not listed for these transactions?
 - All these transactions are said to have customer name (免费样轮), which when placed in an online translator, means “Free Sample round” or “Free sample wheel”. Can you advise whether the products sold under this customer name are samples, if they are meant to be free of charge, and if so – why do they have costs allocated against them?

Answer:

According to the provisions of Chinese tax law, providing free samples (免费样轮) must be regarded as the ordinary course of “sales” in accounting. CITIC Dicastal must pay the VAT for the “sales” of these free samples. These transactions amount [REDACTED] (Confidential information of CITIC Dicastal’s invoice value) is the estimated amount by CITIC Dicastal for the purpose of paying VAT.

However, customers do not pay for free samples in practice, thus, CITIC Dicastal does not issue invoices to them. And it is therefore there are no invoice numbers in the spreadsheet.

2. Like goods

a) CITIC Dicastal has indicated it does not view that domestic sales of like goods are a suitable basis for comparison with export sales. Please provide further explanation as to the tangible differences between goods sold to domestically and export customers.

- For example, how does one type of cast or forged product as sold to a domestic customer differ to a cast or forged product sold to an Australian customer?

Answer:

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As explained in the previous submissions of CITIC Dicastal in original investigation, CITIC Dicastal only sells the goods to the OEM market, i.e. to the car makers directly. Each wheel model is unique and specially developed and manufactured for certain car model of a specific car maker¹. It cannot be used for any other motor vehicle model or by any other motor vehicle manufacturer².

The goods for OEM undergo an extensive design, testing and other quality assurance processes mandated by the motor vehicle manufacturer to ensure that the wheels meet its standards and specifications³. Because the specific requirements of different customers, the material composition, size and other important parameters for goods performance of the goods sold to domestic customers differ a lot to those sold to Australian customers⁴. Thus, it is not feasible or reasonable to find any like models in domestic sales which could be comparable to the models sold to Australia⁵.

The view that goods sold to domestic customers and goods sold to Australian customers are not comparable is supported by an Australian Anti-dumping Commission's recent decision in relation to dumping of deep drawn stainless steel sinks exported from China⁶.

3. Purchased goods

We understand that previously, [REDACTED], could you please:

Answer:

We advise not to take purchased goods into account for the following three reasons.

1. The calculation method should be consistent with the previous review.

[REDACTED]

¹ Exporter questionnaire response to review of aluminum road wheels anti-dumping measures exported to Australia from the people's republic of China, CITIC Dicastal, December 14, 2014, page.14, answer to B-3.

² CITIC Dicastal's comments on the margin calculation of statement of essential facts No. 181, page.2, para.5.

³ Corrs Chambers Westgarth - CITIC Dicastal comments on Issues Paper 2012/181, April 5, 2012, page.2, para.(a).

⁴ Ibid, page.2, para.(b).

⁵ Exporter questionnaire response to review of aluminum road wheels anti-dumping measures exported to Australia from the people's republic of China, CITIC Dicastal, December 14, 2014, page.17, answer to C-1.

⁶ Australian Anti-dumping Commission: statement of essential facts No. 238, December 23, 2014, page.31-32, para.6.4.4.

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[REDACTED] (Confidential information of CITIC Dicastal's resale method and practice)

- a. Advise the names of all companies supplying these purchased goods to CITIC Dicastal.

Answer:

[REDACTED] (Confidential information of CITIC Dicastal's resale arrangement with suppliers)

- b. Explain whether any suppliers of these purchased goods are:
- i. Aware of the final destination of the goods
 - ii. Involved in any aspect of the sales and distribution processes for these goods.

Answer:

[REDACTED] (Confidential information of CITIC Dicastal's resale arrangement with suppliers)

- c. Advise whether CITIC Dicastal would be able to provide prices paid for these purchased goods (by supplier), along with evidence of those prices paid.
- i. Note we are not requesting that information at this stage, we would just like to confirm whether or not the information will be available if needed.

Answer:

[REDACTED] (Confidential accounting information of CITIC Dicastal's in relation to resale)