

06 August 2015

Director Operation4
Anti-Dumping Commission
PO Box 1632
MELBOURNE VIC 3001
AUSTRALIA

Dear Director,

Statement of Essential Facts ("SEF 263")

This submission is made on behalf of Pilotdoer Wheel Co.,Ltd ("Pilotdoer") and in response to the Anti-Dumping Commission's (the Commission) preliminary findings outlined in Statement of Essential Facts Report No. 263 ("SEF 263").

The purpose of this submission is to respectfully but firmly request the Commission to ascertain and recalculate the dumping margin and subsidy margin.

1、 Normal Values

In the SEF 263 and the Commission's calculation, Normal Values were determined at Free on Board (FOB) level, using constructed normal values under ss.269TAC(2)(c) of the Act,

The key elements in constructing a normal value are:

- the cost of production or manufacture of the exported good – the term cost to make has been used throughout this chapter.
- the, selling, general and administrative costs are those that would be incurred on the assumption that the exported good is sold on the domestic market; and
- an amount for profit.

Pilotdoer strongly disputes the methodology the Commission used to calculate the Cost to make、 Cost to sell and Profit.

1.1 Cost to make (CTM)

- a) In the Commission's calculation of SEF 263, the Commission calculated an uplifted raw material rate, based on Pilotdoer's aluminum purchase price compared with alloy benchmark price, but not based on aluminum benchmark price.

Pilotdoer finds the Commission considered Pilotdoer's aluminum purchase as aluminum alloy, and used the alloy benchmark price to calculate the uplift rate. Pilotdoer considers that it is obviously that the aluminum purchases are primary aluminum, and the aluminum cost and alloy cost are separately in Pilotdoer's cost record, it can be indentified from Pilotdoer's cost data, the Commission should use the aluminum benchmark price compared with Pilotdoer's purchase price to calculate the uplifted rate.

- b) In the Commission's calculation of SEF 263, the Commission calculated the uplifted raw material cost using the aggregated cost of aluminum and alloy and multiplied the uplifted rate.

Pilotdoer considers that the market situation should be with respect to the aluminum, not include alloy, the Commission should only use the aluminum cost multiplied an uplifted rate to calculate the uplifted cost.

In conclusion, Pilotdoer requests the Commission to undertake an objective examination of the relevant information available in calculating the CTM.

1.2 Cost to sell (SG&A)

In the Commission's calculation of SEF 263, the Commission calculated a weighted average unit cost of sell based on Pilotdoer's domestic sales data, the methodology is using the aggregated SG&A expenses and financial expenses of domestic sales divided by the aggregated sales volume.

- a) Pilotdoer considers that the SG&A expenses and financial expenses reported in domestic sales spreadsheet were allocated by sales value, not sales volume, it can be indentified in [Exhibit 19.3 SG&A worksheet](#) submitted following the Exporter's Questionnaire, and another significant circumstance is that different rim size wheels have major cost variance and price variance, simply divided by sales volume can't reflect a reasonable situation, it is inappropriate. In view of this, Pilotdoer suggests that reference the methodology used in the wind towers case (case no. 221), please refer to the **【Confidential Exhibit】**, the Commission should calculate the cost to sell as a proportion of the CTM.
- b) Pilotdoer also finds that the method the Commission used to determine cost to sell and determine profit are inconsistently, on one hand the Commission determined cost to sell using Pilotdoer's domestic sales data, but on other hand the Commission didn't consider Pilotdoer's domestic sales data and determined the rate of profit based on the weighted average of actual profits realised by other cooperating exporters from the sale of like goods in the domestic market. Pilotdoer considered such approach is not in accordance

with the policy under ss. 269TAC (2) of the Act.

In conclusion, Pilotdoer requests the Commission to undertake a reasonable and objective method in calculating the cost to sell.

1.3 Profit

SEF 263 stated that in the previous investigation, the ACBPS did not use Pilotdoer's domestic sales for the purpose of determining the company's rate of profit. Instead, the ACBPS determined Pilotdoer's rate of profit based on the weighted average of actual profits realised by other cooperating exporters from the sale of like goods in the domestic market (Regulation 181A(3)(b)). No adjustments were made.

The ACBPS stated it took this approach because Pilotdoer's volume of domestic sales was too low to be considered reasonably reflective of domestic sales of like goods.

Pilotdoer finds that the Commission considered Pilotdoer's domestic sales of like goods as a very low volume, Pilotdoer considers that the Commission's approach is lack of objective and unfounded.

Low volume is defined in ss.269TAC (14) (c) of the Act, it indicates that:

“the volume of sales of like goods for home consumption in the country of export by the exporter or another seller of like goods is less than 5% of the volume of goods the subject of the application that are exported to Australia by the exporter; the volume of sales referred to in paragraph (c) is taken, for the purposes of paragraph (2)(a), to be a low volume unless the Minister is satisfied that it is still large enough to permit a proper comparison for the purposes of assessing a dumping margin under section 269TACB”

Also the Commission's dumping and subsidy manual made a detailed guidance about it.

In accordance with the ss.269TAC (14) (c) of the Act and dumping & subsidy manual, Pilotdoer takes a test for suitability of sales as below, it sufficiently demonstrates that Pilotdoer's domestic sales of like goods don't conform to the definition of “low volume” in ss.269TAC, it should not be considered as low volume, and the Commission's approach of determining Pilotdoer's rate of profit is unreasonable and not in accordance with the ss.269TAC (14) (c) of the Act.

The Commission should determine the rate of profit based on Pilotdoer's domestic sales data.

In conclusion, Pilotdoer requests the Commission to undertake a reasonable and objective method in determining the rate of profit.

Test for suitability of sales	
Volume of Pilotdoer sales on the domestic market	██████████
Volume of Pilotdoer sales to Australia	██████████
Volume of Pilotdoer sales of product on the domestic market in the ordinary course of trade	██████████
% Domestic sales as a proportion of export sales to Australia	██████████
% ordinary course of trade sales as a proportion of sales to Australia	██████████
% ordinary course of trade sales as a proportion of domestic sales	██████████

2、 Dumping Margin

Based on above, Pilotdoer requests the Commission to reconsider its approaches in calculating the normal values and recalculate the dumping margin.

3、 Subsidy Margin

SEF 263 stated that the value of the subsidy was determined using the actual amount of benefit received as shown in exporter questionnaires. For program 1, benefits were established by calculating the difference between the actual prices paid by exporters and the aluminum cost substitute benchmark. Where other subsidies were actually received by exporters during the review period, the Commission determined the value of subsidies (in line with the above methodologies) based on the actual values of benefits received by those selected exporters. In relation to taxation-related subsidy programs, the value of the subsidy is determined to be the amount of tax revenue forgone by the GOC. Benefits were attributed using the applicable turnover values as submitted by each of these selected exporters.

- a) In the Commission's calculation of SEF 263, for the program 1, the Commission determined the benefit received based on Pilotdoer's aluminum purchase price compared with alloy benchmark price.

As mentioned above, Pilotdoer considers that the Commission should use the aluminum benchmark price compared with Pilotdoer's aluminum purchase price to determine the benefit.

- b) In the Commission's calculation of SEF 263, the Commission attributed the benefit of each program using the sales volume, and then calculated the subsidy margin.

Pilotdoer finds that the Commission didn't attribute the benefits using the turnover

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value as it stated in SEF 263, but using the sales volume.

Pilotdoer considers that the Commission should use the turnover value to attribute the benefits of each program.

In conclusion, Pilotdoer requests the Commission to reconsider its approaches in calculating the benefits and recalculate the subsidy margin.

Yours sincerely,

Paul Chao