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Sent: Thursday, 26 May 2016 1:44 PM
To: Anti-Dumping Commission Operations 3; McGovern, Reuben
Cc: PU, Lingchen /ZL; HAO, Jingyu /ZL
Subject: 答复: Grinding Ball_ Comments on the new calculation_Non-Confidential

Dear Matthew and Reuben,

Thanks for your clarification. With regard to the new calculation, we have three comments as follows.

1. The use of denominator to calculate the dumping margin is not proper.

We appreciate that the Commission has accepted our comments and compared the normal value and export price at the same EXW level. But, to calculate the dumping margin, the Commission further divided the dumping amount by the export price at EXW level. We consider that the export price as the denominator to calculate the dumping margin should be determined at the FOB level. This is because the antidumping duty is normally levied at FOB level, and the ascertained export price is also calculated at FOB level. If the dumping margin is calculated with a denominator at EXW level and the antidumping duty is levied at FOB level, the antidumping duty would exceed the margin of dumping. To give an example, if the dumping amount is 10 and the export price at EXW level is 100, then the dumping margin is 10%. If this 10% dumping margin is applied to the FOB price for example 120 at the customs, the duty levied would be $120 \times 10\% = 12$. As a result, the actual antidumping duty levied is inflated. Therefore, we kindly request the Commission to recalculate the dumping margin with a denominator at FOB level. In this regard, we believe that the actual FOB value in column 20 in worksheet "Confidential Attachment 4c - Xingcheng DM (post submission)" should be used.

2. There is no evidence on records support the Commission's conclusion that the export sales to the related party were non arms length.

CP Xingcheng would like to reiterate that the mere fact the importer being a related company of Xingcheng or both companies are controlled by a third party is not a decisive fact or element to find that the related import prices were not arms-length. No any evidence could have demonstrated that the prices between two related companies were influenced by their relationship that rendered such prices to be unreliable. If there is any such kind of evidence, we kindly request the Commission to give more detailed disclosure in this regard, otherwise CP Xingcheng is not in a position to defend its interests in this regard.

As matter of fact, as CP Xingcheng argued in its previous comments, the export prices for related transactions were determined based on free negotiation without any influence of their relationship. And this has been demonstrated by CP Xingcheng through the cost and price difference between different models, i.e. the higher the costs, the higher the prices, and the smaller the size, the higher the price and cost.

3. The adjustment for the related prices did not reflect the actual cost structure of CP Xingcheng.

In the worksheet “Confidential Attachment 4b - Xingcheng CTMS and NV (post submission)”, columns AB and AC contain the information of the “Source of grinding bar” and “Date of sources”. Based on this information, it is clear that [REDACTED]

First, [REDACTED]
[REDACTED]. Second, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Third, [REDACTED]

Fourth, again for the sake of argument, if the related price is affected by the relationship of two companies, what the Commission should do is to determine the export prices through a reasonable method to eliminate such influence resulting from the relationship. But what the Commission have done is to adjust the actual export prices with out-sourcing benchmark which was allegedly to eliminate to the distortion of the particular market situation. Thus, we consider that the Commission’s calculation of the export prices to relate party was not proper and reasonable.

In conclusion, there is no evidence on records to prove that the related prices are not reliable and affected by the companies’ relationship. Besides, even if the adjustment to the export prices is warranted, the Commission should do this based on CP Xingcheng’s records which have reasonably reflected the actual cost structure associated with the production of the grinding balls.

Lingchen Pu / Jian Guan