

December 12,

2019

Mr Gavin Crooks
Anti-Dumping Commission
55 Collins Street VIC 3000
Melbourne, Australia

Re: Comments on the Statement of Essential Facts Relating to Rhine Sinkwares Manufacturing Ltd. Huizhou

Rhine Sinkwares Manufacturing Ltd. Huizhou (the “Rhine”) received the Statement of Essential Facts (the “SEF”) from the Anti-dumping Commission (the “Commission”) on November 27, 2019. Rhine’s comments on the SEF are as follows:

1. When constructing the normal value for Rhine, the Commission calculated the profit incorrectly.

According to the MCCs used by the Commission, the products sold by Rhine to Australia market and in domestic market are classified into the following categories:

(The company wishes to keep all the information in these Exhibits confidential as it sets out the company’s sales information. The release of the information to any third party, especially competitors will impact negatively on the competitiveness of the company.)

For the five MCCs of Australia [Confidential], there are like goods in domestic market. For other eight MCCS of Australia, according to the SEF, “there is an absence of sales of like goods in the market of the country of export”. In such situation, it is not correct for the Commission to work out profit for them under section 45(2) of the Regulation, since there are no like products for them in domestic market. Regulation 45(2) refers to the profit achieved for sales of ‘like goods’ sold by the exporter or producer ‘in the ordinary course of trade’.

When there are no like products, Regulation 45(3) sets out three other methods for profit determination. The alternatives are:

- identify the actual amounts realised by the exporter or producer from the sale of the same general category of goods in the domestic market of the country of export—Regulation 45(3)(a); or

- identify the weighted average of the actual amounts realised by other exporters or producers from the sale of like goods in the domestic market of the country of export—Regulation 45(3)(b); or
- subject to Regulation 45(4), use any other reasonable method and have regard to all relevant information—Regulation 45(3)(c).

Rhine suggests the Commission to use the first alternative to work out the profit for the remaining eight MCCs. The total domestic sales of product concerned should be reasonably regarded as the same general category of goods in the domestic market. There is no requirement to test for ordinary course of trade in any of these three alternatives, nor will the Commission read any ordinary course of trade requirement into them. Therefore, the weighted average profit rate of total domestic sales of product concerned should be the profit rate for the remaining eight MCCs when the Commission constructs the normal value for them. Please be noted that the Commission should not exclude the unprofitable sales when calculating the profit under section 45(3) of the Regulation.

Rhine has corrected the error in the calculation of domestic profit and re-calculated the dumping margin accordingly. Please refer to the following Exhibits:

(The company wishes to keep all the information in these Exhibits confidential as it sets out the company's sales and cost information. The release of the information to any third party, especially competitors will impact negatively on the competitiveness of the company.)

Please be noted that the domestic profit is a key factor in the calculation of dumping margin. The incorrect calculation of domestic profit by the Commission increased the dumping margin of Rhine greatly. Having corrected this error, the dumping margin of Rhine could be significantly decreased from [Confidential] % to [Confidential] %.

To sum, the Commission calculated the profit incorrectly when constructing normal value for Rhine. We hereby respectfully request the Commission to correct this error and re-calculate the profit and dumping margin for Rhine.

2. Rhine never purchases the stainless steel from a public body and never receives benefits under Program 1.

With respect to “Program 1 – Raw Materials Provided by the Government at Less than Fair Market Value”, the Commission made a statement in the SEF

as follows:

“Rhine reported a material quantity of stainless steel purchases that were described as “*Goods received but not invoiced*” in the same column that the REQ required the identification of the manufacture/supplier to be reported. In addition, in the same column, it also reported negative quantities which were described as “*Offsetting goods received but not invoiced*”. By reporting its purchases in this manner, the Commission is not only unable to identify the supplier of the goods, it is also unable to assess whether the supplier is a public body for the purpose of Program 1.”

Rhine hereby clarifies the above issues as follows:

- 1) “*Goods received but not invoiced*” indicates the purchases in which the goods have been received by Rhine but the invoices have not been issued timely in this month. Usually, the relevant invoices will be issued in the next month or following months.
- 2) “*Offsetting goods received but not invoiced*” indicates offsetting the recorded purchases which were not invoiced in last month timely and are invoiced in this month.
- 3) Rhine hereby provides the names of suppliers as well as their respective quantity and value relating to “*Goods received but not invoiced*” and “*Offsetting goods received but not invoiced*” in detail. Please refer to [Confidential] Exhibit 4.
- 4) It is clearly shown by Exhibit 4 that Rhine has six stainless steel suppliers during POI and none of them is a public body within the context of section 269T(1). The names of the suppliers are as follows:

(The company wishes to keep all the information in these Exhibits confidential as it sets out the company’s purchase information. The release of the information to any third party, especially competitors will impact negatively on the competitiveness of the company.)

- 5) The business licenses of the above six suppliers are hereby provided as [Confidential] Exhibit 5. It is shown by Exhibit 5 that all six suppliers are private companies.
- 6) As a private company, Rhine purchases the stainless steel in the open market by the same way used by other responding Chinese exporters. It is not reasonable to conclude that only Rhine received benefits under Program 1.

In fact, Rhine never purchases the stainless steel from a public body and never receives benefits under Program 1. Therefore, Rhine hereby respectfully requests the Commission to examine the supporting documents provided this time and to remove the subsidy margin determined by Program 1 for Rhine.

3. Conclusion

To sum,

- 1) Rhine respectfully requests the Commission to correct the error in the calculation of domestic profit and re-calculate the profit and dumping margin for Rhine.
- 2) Rhine respectfully requests the Commission to remove the subsidy margin determined by Program 1 for Rhine.