

VIA E-MAIL

February 5, 2020

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

Our Client: Zhuhai Grand Kitchenware Co., Ltd. (“Zhuhai Grand”)

Case No.: 517

Re: Request for Corrections

Dear Mr. Crooks,

After reviewing the Commission’s calculation sheets concerning our client dated January 29, 2020, we respectfully request that the Commission make corrections on the following aspects.

The value of the scrap steel that was used to offset the cost of manufacturing should also be replaced.

1. In Statement of Essential Facts No. 517, the Commission found that Zhuhai Grand’s cost of stainless steel should be replaced by a substitute price which could reflect “competitive market costs”. In Appendix 2 CTMS, the Commission inflated the cost to make sinks, i.e., the cost of manufacturing after offsetting the value of scrap steel, by a quarterly variance.
2. The Commission’s method to replace Zhuhai Grand’s cost of steel is not entirely correct. If the Commission does intend to keep its view that “the stainless steel costs incurred by deep drawn stainless steel sink manufacturers in China over the inquiry period did not reasonably reflect competitive market costs”, it should also treat the scrap steel generated from Zhuhai Grand’s production of sinks and the value thereof in the way that it treats the stainless steel costs. That is, the value of scrap steel used to offset the cost of manufacturing should also be regarded as irreflective of competitive market costs and thus be replaced. We believe that this proposed treatment is consistent with the Commission’s view on the stainless steel costs in China.
3. To apply this view to calculation, we propose the following two approaches for the Commission’s consideration:
4. Approach A: Inflate the value of scrap steel in Appendix 2 CTMS, tab (a) by the

quarterly variance in the benchmark calculation. Appendix 2 CTMS, tab (a) already includes the re-calculated cost of manufacturing and the cost of manufacturing after offsetting the value of scrap steel. The difference between those two costs is the value of the scrap steel. The Commission could apply the quarterly variance to the difference, calculate a value of scrap steel that is reflective of the value of scrap steel in a “competitive market”, and then apply this value to offset the re-calculated cost of manufacturing.

5. Approach B: Replace the value of scrap steel with a scrap steel benchmark price. As reported during the verification, Zhuhai Grand used the sales value of scrap steel as the value of scrap steel to offset its cost of manufacturing. In particular, Zhuhai Grand used the quarterly sales value of scrap steel per KG and the weight of scrap steel to arrive at the value of scrap steel. This has been duly reported and submitted as Exhibit GP5C during the verification. It will be feasible to calculate the weight of scrap steel and apply a scrap steel benchmark price to this weight to arrive at a value of scrap steel that is reflective of the value of scrap steel in a “competitive market”.

The SKU-based cost of manufacturing should be used.

6. As we have pointed out in our previous submissions, the current MCC-mapping does not correctly reflect the consumption of stainless steel required in the way that the SKU-based COP does. The Statement of Essential Facts No. 517 does not directly address our view. Nor do the calculation sheets sent on January 29, 2020. We ask that the Commission re-consider whether the current MCC-mapping, along with the MCC-based CTMS, is appropriate.

In view of the foregoing, we respectfully ask that the Commission make due corrective actions. Should the Commission have any requests or questions, please let us know.

Respectfully submitted,

AllBright Law Offices (Beijing)