

Non-Confidential

9 March 2021

The Director - Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

By email only to: investigations3@adcommission.gov.au

Dear Director

Investigation No 550 - Precision pipe and tube steel from China, Korea, Taiwan, Vietnam Chinh Dai Industrial Company Limited ("CDI") and Chinh Dai Steel Technology Co., Ltd ("CDT")

1. As you know, we are the authorised representative for the above.
2. The verification team recommended the following in the exporter verification report for CDI (emphasis added):

7.4.2 Indirect exports

*In respect of Australian sales of the goods by CDI, where CDI exported the goods through CDT, the verification team recommends that the export price be determined under **section 269TAB(1)(c), being the price determined having regard to all the circumstances of the exportation**, as the goods exported to Australia were not purchased by the importer from the exporter, but were instead purchased by the importer from CDT.*

The verification team recommends determining the export price of these goods as the price paid to CDI by CDT plus inland transport and port handling costs, in order to make these sales on the same terms as goods exported directly by CDI.¹

3. CDT request the Commission reconsider, under section 269TAB(1)(c), their assessment of the export price due to the following circumstances.
4. The arms-length export price is established between the Australian customer and the exporter, whether the exporter is CDI or CDT.
5. For sales to Australia, CDI/CDT make generic offers/price quotes to their Australian customer base; refer to attached confidential attachment "A", an example price quote to [REDACTED]. Other price quotes to other Australian customers can be provided if required. When a purchase order is received from the Australian customer at the quoted price or negotiated price, CDI/CDT decides which entity will issue the customer's sale contract.

¹ CDI Exporter Verification Report – Page 21



6. The decision regarding which entity will raise the sale contract is based on family internal profit-sharing arrangements only. CDI and CDT are not related by shareholding as a holding company and subsidiary. CDI is owned by Mr [REDACTED] (%) and Mrs [REDACTED] (%), who are husband and wife. In comparison, CDT is owned by Mr [REDACTED] (%), who is the son of the CDI shareholders and Mr [REDACTED] (%), who is Mr [REDACTED] uncle.
7. CDI and CDT are related by family ownership.
8. Of total exports to Australia of the goods of [REDACTED] mt during the investigation period, [REDACTED] mt ([REDACTED]%) were exported by CDI and [REDACTED] mt ([REDACTED]%) by CDT. [REDACTED] of [REDACTED] customers purchased from both CDI and CDT a total of [REDACTED] mt throughout the investigation period or [REDACTED] % of total exports to Australia.
9. The three customers have provided written confirmation that the arms-length price is established through negotiation with CDI/CDT and the sale contract is executed with either CDI or CDT, at CDI/CDT discretion, refer to confidential attachments [REDACTED].
10. Also, the verification team concluded the following in the verification report for CDI (emphasis added):

8.1.1 Related party customers

In respect of CDI's domestic sales of like goods to its related customer during the period, the verification team found no evidence that:

*there was **any consideration payable for, or in respect of, the goods other than its price**; or*

*the price appeared **to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller**; or*

the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

*The verification team therefore considers that all domestic sales made by CDI to its related customer during the period **were 'arms length' transactions**.*

In reaching this conclusion, the verification team compared the weighted average unit prices paid by related and unrelated customers across different MCCs in each quarter of the investigation period. There was no clear price advantage observed between related and unrelated customers, with cheaper prices being offered to related customers in some quarters for some MCCs, and the reverse finding in other quarters.²

11. As stated above, CDI and CDT are related by family ownership.
12. CDI/CDT disagree; the sales between CDI and CDT are at arms-length as the price is influenced by a commercial relationship or other relationship between the buyer and the seller, being for family internal profit-sharing arrangements. Also, consideration other than price is payable through the same profit-sharing arrangements.

² CDI Exporter Verification Report – Page 22

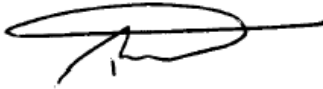


13. Conclusion

- a. Under section 269TAB(1)(c), CDT request the Commission reconsider the arms-length export price to be the price negotiated between the Australian customer and CDI/CDT, rather than the price paid to CDI by CDT plus inland transport and port handling costs; and
- b. Sales between CDI and CDT be considered non-arms-length sales of CDI and excluded from normal value calculations of CDI.

14. Should you require any additional information or clarification, please contact the writer.

Yours faithfully



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