

ADRP Conference Summary

Review 124 – Deep Drawn Stainless Steel Sinks exported from the People’s Republic of China

Panel Member	Paul O’Connor
Review type	Review of Minister’s Decision
Date	25 May 2020
Participants	Gavin Crooks and Cameron Kennedy (Anti-Dumping Commission)
Time opened	14:00 AEST
Time closed	14:40 AEST

Purpose

The purpose of this conference was to obtain further information in relation to the applications before the Anti-Dumping Review Panel (Review Panel) in relation to Deep Drawn Stainless Steel Sinks exported from the People’s Republic of China.

The conference was held pursuant to section 269ZZHA of the *Customs Act 1901* (the Act).

In the course of the conference, I asked the Anti-Dumping Commission (ADC) representatives to clarify aspects of REP 517 referred to in the applications, particularly with regard to adjustments.

I have only had regard to information provided at this conference as it relates to relevant information (within the meaning of section 269ZZK(6) of the Act). Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in an application or submission is not something that the Review Panel has regard to, and is therefore not reflected in this conference summary.

At the time of the conference, I advised the ADC representatives:

- That the conference was being recorded and transcribed by Express Virtual Meetings Pty Ltd, and that the recording would capture everything said during the conference.
- That the conference was being recorded for the Review Panel to have regard to when preparing a conference summary. The conference summary would then be published on the Review Panel’s website.
- Any confidential information discussed during the conference would be redacted from the conference summary prior to publication.

Prior to the conference, participants were provided with a copy of the Review Panel's Privacy Statement. The Privacy Statement outlines who the conference recording and transcript may be disclosed to. The Privacy Statement is available on the Review Panel's website [here](#). The ADC representatives indicated that they understood the Privacy Statement and consented to:

- The recording of this conference; and
- The recording being dealt with as set out in the Privacy Statement.

Prior to the conference, the Panel provided the ADC with a number of points for discussion.

Discussion

Zhuhai Grand Kitchenware Co., Ltd (Zhuhai Grand)

1. The ADC representatives were asked to comment on Zhuhai Grand's claim in its application with respect to adjustments, namely that because the relevant adjustment was made to account for the differences between the products sold in the domestic market, due to the use of a surrogate, the adjustments should reflect the differences between the surrogate domestic sales products and the cost of production of the exported goods, and not between the cost of production of two exported models.
2. To provide some context, the following example was discussed: assume two MCCs were exported to Australia, one for a sink containing a double draining board, and the other, a sink containing a single draining board. Assume there were insufficient domestic sales in the OCOT of the sink containing a double draining board necessitating the adoption of a surrogate. As the surrogate only contained one draining board, the ADC proceeded to compare the cost of the production of the exported MCC (with two draining boards) with the cost of production of an exported model with the same MCC as the domestic surrogate model (containing one draining board).
3. The ADC representatives pointed out that, even though the domestic sales of a MCC exported to Australia may not have met the OCOT test, that did not mean that the ADC did not have production cost data available for that MCC.

4. In relation to the above example, the ADC looked to the cost differential of the MCC relating to the exported goods to work out the incremental price difference brought about by the addition or subtraction of the additional draining board, and then added an OCOT profit margin. As both the MCC with the double draining board and the MCC with the single draining board were both exported to Australia and production cost data for both had been provided by Zhuhai Grand, the ADC relied on the incremental cost of production differences reported by the exporter for its exported goods. The ADC believed this was the most relevant way to undertake the adjustment as it utilised the export related costs to work out the incremental price difference to add a draining board.
5. In addition to adjustments that were required due to the use of surrogate models, the ADC accepted that a further adjustment was necessary to account for cost of production differences between exported and domestically sold goods which fell within the same MCC. The adjustments were made to account for what were referred to as market specific specification differences.

Primy Corporation Limited (Primy)

6. Comment from the ADC was sought as to the claim by Primy (refer Confidential Exhibit 3, submission dated 6 May 2020) to the effect that data provided to the ADC in the course of the inquiry suggests Primy internally produced approximately the majority of the accessories which it sold.
7. The ADC representatives noted that the data in the Exhibit is consolidated, in that it does not apportion internal production of accessories between domestic, Australia and, in particular, third country exports. The ADC therefore had no visibility over the types of accessories sold to Primy's third country markets.
8. Further, the Exhibit covers a three-month period from July to September 2018. Primy in its exporter questionnaire response, had only provided detailed cost of production records for two of those three months, namely September and August 2018. The representatives noted the data for those two months was produced in the context of the verification process to reconcile the company's financial accounts through what is referred to as an upwards verification process. The total production costs for the two months feeds into the Exhibit 3 data which in turn feeds into the total production cost figures reported for all of Primy's deep drawn stainless steel sink production for the whole inquiry period.

Paul O'Connor
Panel Member
Anti-Dumping Review Panel
2 June 2020