

**Preliminary Ruling of the Ministry of Commerce
of the People's Republic of China on Anti-
Dumping Investigation into Relevant Imported
Wines Originating in Australia**

In accordance with the Anti-Dumping Regulations of the People's Republic of China (hereinafter referred to as the "Anti-Dumping Regulations"), on 18 August 2020, the Ministry of Commerce (hereinafter referred to as the "Investigating Authority") released the Announcement No. 34 in 2020 deciding to initiate an anti-dumping investigation into imported relevant wines from Australia (hereinafter referred to as the "Investigated Product").

The Investigating Authority conducted an investigation into whether the product under investigation had been dumped and the dumping margins, whether the product under investigation had injured the domestic relevant wine industry and the degree of injury, and the causal link between dumping and injury. In accordance with the investigation results and the Anti-Dumping Regulations, the Investigating Authority made the preliminary ruling as follows:

I. Investigation proceedings

(I) Initiating the investigation and notification

1. Initiating the investigation

On 6 July 2020, the China Alcoholic Drinks Association (hereinafter referred to as the "Applicant") filed a formal application with the Investigating Authority for an anti-dumping investigation into imported relevant wines from Australia on behalf of the domestic wine industry.

The Investigating Authority reviewed the application materials and deemed that the Applicant was in line with the provisions of Articles 11, 13 and 17 of the Anti-Dumping Regulations regarding domestic industry application filing for anti-dumping investigations. Moreover, the application contained the information and related evidence required to initiate an anti-dumping investigation as provided by Articles 14 and 15 of the Anti-Dumping Regulations.

In accordance with the above review results and Article 16 of the Anti-Dumping Regulations, the Investigating Authority released the announcement regarding initiating the investigation on 18 August 2020, deciding to initiate the investigation into relevant imported wines originating in Australia. The dumping investigation period is from 1 January 2019 to 31 December 2019 (hereinafter referred to as "Period of Investigation for Dumping"). The injury investigation period is from 1 January 2015 to 31 December 2019 (hereinafter referred to as "Period of the Injury Investigation").

The Australian Government and Australian Grape & Wine Incorporated in claimed in the comments that the application did not meet the criteria for initiation of investigation in terms of applicant qualification, dumping, injury and the identification and evidence of the causal link, so the Investigating Authority should terminate the anti-dumping investigation.

The Investigating Authority reviewed the application before initiation of investigation and deemed that the Applicant was in line with the provisions of Articles 11, 13 and 17 of the Anti-Dumping Regulations regarding domestic industry application filing for anti-dumping investigations. Moreover, the application contained the information and related evidence required to initiate an anti-dumping investigation as provided by Articles 14 and 15 of the Anti-Dumping Regulations. The above claim is untenable.

2. Notification of initiating the investigation

Before deciding to initiate the investigation, the Investigating Authority notified the Australian Embassy in China about its receipt of the application for the anti-dumping investigation into the domestic barley industry in accordance with Article 16 of the Anti-Dumping Regulations.

On 18 August 2020, the Investigating Authority released the announcement of initiating the investigation and provided the public text of the announcement and application to the Australian Embassy. On the same day, the Investigating Authority notified the Applicant and Australian enterprises listed in the application of the initiation of the investigation.

3. Public information

In the announcement, the Investigating Authority notified the stakeholders that they could have access to the public version and non-confidential summary of the confidential version of the information related to the anti-dumping investigation through the MofCom Trade Remedy Public Information Office.

On the date of the initiation of the investigation, the Investigating Authority publicized the public version of the application and non-confidential summary of the confidential version the Applicant submitted through the Public Information Consulting Office of Trade Relief Measures of the Ministry of Commerce and posted the electronic version on the website of the Ministry of Commerce.

(II) Investigation.

1. Registration for investigation

Within the prescribed period, Australian producers including AUSTRALIA FARM AND LAND INVESTMENT PTY LTD, Accolade Wines Australia Limited, OCTTAVA WINES PTY LTD, Australian Vintage Limited, Pernod Ricard Winemakers Pty Ltd, Bogdan Investments Pty Ltd, BROWN BROTHERS MILAWA VINEYARD PTY.LIMITED, AGREEN PTY LTD, Dorrien Estate Winery Pty Ltd, FERNGROVE VINEYARDS LTD, Treasury Wine Estates Vintners Limited, FOWLES WINE PTY LTD, FURUNDE WINE CO. PTY LTD, Kilikanoon Wines Pty Ltd, THE RED KANGAROO WINE COMPANY PTY. LTD., Casella Wines Pty. Limited, Chapel Hill Winery Pty Ltd, Portia Valley Wines Pty Ltd, ZILZIE WINES PTY LTD, S. SMITH & SON PTY. LIMITED, TERRA FELIX PTY. LTD., AUSTRALIAN FOOD & BEVERAGE GROUP PTY LTD, Australia Swan Vintage Pty Ltd and WINGARA WINE GROUP PTY. LTD., Australian traders including Australia Endeavour Drinks Pty Ltd (literal translation), Haobo Development Pty Ltd, Liquorland (Australia) Pty Ltd (literal translation), Green Life Holding Co., Ltd., South Australian Wine Group and Yang Li Co., Ltd., domestic importers including Pernod Ricard (China) Spirits & Wines Co., Ltd., Guangzhou Dragon's Journey Winery Co., Ltd., WINFORM (JD FLAGSHIP SHOP) (LITERAL TRANSLATION), Yantai Changyu Pioneer International Wine Co., Ltd. (literal translation) and

Zhejiang Sunrise International Wine Co., Ltd., domestic producers including Beijing Fengshou Wine Co., Ltd. (literal translation), Beijing Dragon Seal Wines Co., Ltd., Changli Diwang Brewing Co., Ltd., Gansu Mogao Industrial Development Co., Ltd., Kweichow Moutai Distillery (Group) Changli Wine Industry Co., Ltd., MARTIN WINE CO., LTD., Jiahe Winery, Heilongjiang Qinggu Winery Co., Ltd. (literal translation), Huailai Rongchen Winery Co., Ltd. (literal translation), Amethyst Winery, CHATEAU JUNDING, Bodega Langes (Qinhuangdao) Co., Ltd., Helan Qingxue Vineyard (literal translation), NINGXIA HENGSHENG XIXIAKING WINE INDUSTRY CO., LTD., Château Leirensou Ningxia, Yangyang International Wine Estate, Chateau State Guest, Chateau Kings, Qingdao Huadong Winery, Taila Winery, CHATEAU RONGZI, Tianming Civil Wine Co., Ltd. (literal translation), TONGHUA WINERY CO., LTD., Turpan Loulan Wine Co., Ltd. (literal translation), Wei Long Grape Wine Co., Ltd., Shangri-la Winery Co., Ltd., Château Aroma, Xinjiang Ruitai Qinglin Wine Co., Ltd. (literal translation), Tangting Xialu Winery (literal translation), West Region Pearl Winery, Les Champs D'or, Sunyard Wine, Xinjiang Zhongfei Wine Brewery Co., Ltd. (literal translation), Yantai Kastinon Wine Co., Ltd., Yantai Changyu Pioneer Wine Company Limited, Imperial Horse Winery, Yunnan Plateau Wine Co., Ltd. (literal

translation), Sino-French Joint-Venture Dynasty Winery Ltd., COFCO GREATWALL Wines & Spirits Co., Ltd. and CITIC Guoan Wine Co., Ltd., registered with the Investigating Authority to participate in the investigation as required by the notice of initiation.

2. Sampling investigation.

Because a large number of enterprises involved are registered to participate in the investigation, in accordance with Article 20 of the Anti-Dumping Regulations and the Interim Rules on Sampling in Anti-dumping Investigations, the Investigating Authority decided to carry out the anti-dumping investigation by means of sampling investigation.

On 15 September 2020, the Investigating Authority issued the Notice on the Issuance of Questionnaire on the Sampling Investigation of Relevant Wine Anti-dumping Cases and issued the questionnaire to all stakeholders. The Investigating Authority has received responses to the questionnaire from many Australian producers and exporters within the prescribed period.

Australian Grape & Wine Incorporated and Treasury Wine Estates Vintners Limited submitted comments on sampling questions on 11 September and 25 September 2020 respectively. Australian Grape & Wine Incorporated claimed that to ensure that the selected "samples" are properly representative of Australian wine exporters, the

sampled companies should include some exporters with small amount of exports, with wines for exports from different regions, and with wines produced from different grape varieties. Treasury Wine Estates Vintners Limited claimed that sampled companies should be representative regarding sales and production. Pernod Ricard Winemakers Pty Ltd suggested in its response that the Investigating Authority should select at least four exporters as the mandatory respondents to ensure the statistical validity of samples, and petitioned to be a sampled enterprise.

The Investigating Authority reviewed the responses and comments to the questionnaire for sample investigation and tentatively decided to conduct the sampling on the basis of the responses to the sampling questionnaire on dumping received. Australian producers who submitted responses to the questionnaire were ranked according to their reported export volume, and the top three were selected as the sampled companies. On 28 September 2020, the Investigating Authority issued the Notice on Sampling of Relevant Wine Anti-dumping Cases, to inform stakeholders of the above preliminary sampling scheme, results and relevant circumstances and solicit their comments and comments. Within the prescribed period, Pernod Ricard Winemakers Pty Ltd submitted its comment

that it should be selected as the sampled company in view of the export volume of its products, the consistency of the anti-dumping and countervailing duty investigations and the statistical validity.

The Investigating Authority has examined the information and claims submitted by the stakeholders. The Investigating Authority held that the sample companies selected according to the export volume in this investigation could include representative companies with both the most massive export volume and different categories of products. In addition, without prejudice to the timely completion of the anti-dumping investigation, it is the most feasible

for the Investigating Authority to select three sampled companies. On 10 October 2020, the Investigating Authority issued the Notice on the Issuance of Questionnaire on Relevant Wine Anti-dumping Cases and decided to conduct the sampling according to the sampling scheme adopted in the Notice on Sampling of Relevant Wine Anti-dumping Cases. That is to say, on basis of the responses to the sampling questionnaire on dumping received by the Investigating Authority, Australian producers who submitted responses to the questionnaire were ranked according to their reported export volume to China, and the top three were selected as the sampled

companies. Finally, Treasury Wine Estates Vintners Limited, Casella Wines Pty. Limited and Australia Swan Vintage Pty Ltd were selected as the sample companies.

3. Product type division.

As there are many categories of products under investigation and like products, and the costs and prices of different categories of products are significantly different, in order to make a fair comparison of prices and costs, the Investigating Authority preliminarily decided to classify the products under investigation and like products into different groups and solicit comments on the classification of product types in the sampling questionnaire on the anti-dumping investigation.

The Investigating Authority considered the comments of stakeholders and referred to relevant standards on wine products at home and abroad. On this basis, it divided the 18-digit product control codes and classified products under investigation and like products according to 8 main product characteristics: category, colour, sugar level, specification, variety, productive year, large producing area and small producing area.

Casella Wines Pty. Limited, Treasury Wine Estates Vintners Limited and Australia Swan Vintage Pty Ltd pointed out in their comments that regarding the "variety" factor in product control codes, the standards formulated by

the Investigating Authority are inconsistent with Wine Australia's labelling rules which are generally applicable to Australian producers, which are mainly reflected in three aspects: first, the Investigating Authority requires to report a single grape variety with the proportion of no less than 75%, while Wine Australia requires 85% in its labelling rules. Second, if the proportion of a single grape variety is less than 75%, the Investigating Authority requires to report the two grape varieties with the largest proportion in order; while Wine Australia stipulates in its labelling rules that if the proportion of a single grape variety is less than 85%, producers can choose to label two or more grape varieties or no grape variety. However, once they choose to label, the proportion of labelled grape varieties shall not be less than 85%, and they shall be labelled in descending order. The above stakeholders claimed to follow Wine Australia's labelling rules which are generally applicable to Australian producers and labelling habits in actual business activities, so as to avoid differences in understanding of responding enterprises and ensure the accuracy of reporting and consistency of data. After review, the Investigating Authority held that, first, the adoption of product control coding rules aims to divide the products under investigation and like products into different groups, which is different from the policy objective that Wine Australia intends to

achieve through its labelling rules. The Investigating Authority's product control codes are based on cost and price differences to achieve a fair comparison, so it is not necessary to keep them consistent with Wine Australia's labelling rules.

Second, for products with a single grape variety with the proportion of no less than 75%, the cost of this grape variety has already occupied a decisive position in the cost of raw materials. The needs of the Investigating Authority to examine the production cost and classify the types can be met by reporting the single grape variety. This standard is also consistent with the relevant regulations of the International Organisation of Vine and Wine and national standards of China.

Third, for products with a single grape variety with the proportion of less than 75%, there may be significant cost difference because different grape varieties or the same grape varieties may be used for production, but different grape varieties may account for different proportions. As a result, the Investigating Authority also needs to review the production cost and classify the types, so stakeholders are required to report the two grape varieties with the largest proportion.

Fourth, according to Wine Australia's labelling rules, Australian producers are not forced to label grape varieties.

Australian producers may apply different labels to different brands and batches of products in their actual business activities. The purposes of model division and fair comparison may not be realized according to both Wine Australia's labelling rules and label habits in the actual business activities of the company.

Fifth, the product control codes formulated by the Investigating Authority are clearly defined and non-ambiguous, and there is no evidence that any stakeholder has a different understanding of this.

To sum up, the Investigating Authority distributed the Reply to Product Control Codes in Relevant Wine Anti-dumping Cases to stakeholders on 29 October 2020, requiring stakeholders to fill in and submit their responses in strict accordance with the product control codes and questionnaire requirements formulated by the Investigating Authority.

4. Distribution and collection of questionnaires

On 9 October 2020, the Investigating Authority distributed the Notice on the Issuance of Questionnaire on Relevant Wine Anti-dumping Cases, and distributed the Questionnaire for Foreign Exporters/Producers, Questionnaire for Domestic Producers, and Questionnaire for Domestic Importers to stakeholders, and requested them to submit accurate and complete questionnaires

within the specified time. The Investigating Authority posted the questionnaires on the website of the Ministry of Commerce, and all interested parties can refer to and download these questionnaires on the website of the Ministry of Commerce.

Within the specified time, domestic producers of relevant wines, Treasury Wine Estates Vintners Limited and Casella Wines Pty. Limited applied to the Investigating Authority for postponing the submission of responses. After examination, the Investigating Authority believed that, first, the Investigating Authority set up a separate sampling procedure before issuing the questionnaire, which left sufficient time for stakeholders to prepare their responses; second, questions in the questionnaire for foreign producers or exporters are the same as those in the previous sampling questionnaire, which further reduced the workload for stakeholders to response the questionnaire, because they have responded the questions in the sampling questionnaire. Given this, the Investigating Authority considered that stakeholders have been given sufficient time to prepare and response the questionnaire, and decided not to postpone the submission. As of the deadline for submission, Australian producers including Treasury Wine Estates Vintners Limited, Casella Wines Pty. Limited and Australia Swan Vintage Pty Ltd, domestic

importers including Guangzhou Dragon's Journey Winery Co., Ltd. and COFCO W&W International Co., Ltd., 21 domestic producers of relevant wines and the Australian Government have submitted their responses to the Investigating Authority.

5. Reception of comments from stakeholders.

On 7 September 2020, the Australian Government submitted the Comments on the Initiation of the Anti-dumping Investigation into Relevant Imported Wines Originating in Australia.

On 7 September 2020, Australian Grape & Wine Incorporated submitted the Comments on the Ministry of Commerce Initiating the Anti-dumping Investigation into Relevant Imported Wines Originating in Australia.

On 7 September 2020, Treasury Wine Estates Vintners Limited submitted the Preliminary Comments on Anti-dumping Investigation into Relevant Imported Wines Originating in Australia.

On 16 September 2020, Australian Grape & Wine Incorporated submitted the Statements on the Ministry of Commerce Initiating the Anti-dumping Investigation into Relevant Imported Wines Originating in Australia.

On 25 September 2020, Treasury Wine Estates Vintners Limited submitted the Comments on Sampling

Methods for Anti-dumping Investigation into Relevant Imported Wines Originating in Australia.

On 9 October 2020, Pernod Ricard Winemakers Pty Ltd submitted the Comments on the Sampling Results of Wine Anti-dumping Investigation.

On 22 October 2020, Casella Wines Pty. Limited submitted the Petition for Clarification on PCN Issues in the Questionnaire on Anti-dumping Investigation into Relevant Wines.

On 23 October 2020, Treasury Wine Estates Vintners Limited submitted the Letter of Explanation on the Product Control Codes in the Questionnaire for Foreign Exporters or Producers on Relevant Wine Anti-dumping Cases.

On 26 October 2020, Australia Swan Vintage Pty Ltd submitted the SWAN's Comments on Letter of Explanation on the Product Control Codes in the Questionnaire for Foreign Exporters or Producers on Relevant Wine Anti-dumping Cases submitted by TWEV.

On 30 October 2020, the Applicant submitted the Application by Applicant for the Retroactive Application of Anti-dumping Duties on Product under Investigation in Relevant Wine Anti-dumping Cases.

On 9 November 2020, domestic producers of relevant wines submitted the Application for Postponing the Submission of Relevant Questionnaires on Relevant Wine

Anti-dumping and Countervailing Cases for the Domestic Industry.

On 9 November 2020, Treasury Wine Estates Vintners Limited submitted the Application for Postponing the Submission of the Questionnaire for Foreign Exporters or Producers on Relevant Wine Anti-dumping Cases.

On 9 November 2020, Casella Wines Pty. Limited submitted the Application for Postponing the Submission of the Questionnaire on Relevant Wine Anti-dumping Cases.

On 19 November 2020, Australian Grape & Wine Incorporated and its 15 member companies submitted their Defences against Retroactive Application of Anti-dumping Duties.

6. Meeting with stakeholders.

On 30 September 2020, the Investigating Authority met with the representative of Treasury Wine Estates Vintners Limited via video to hear their opinions on the case. On 12 October 2020, the representative of Treasury Wine Estates Vintners Limited submitted the Written Materials after Meeting with the Investigating Authority.

7. Public information

In accordance with Article 23 of the Anti-Dumping Regulations, the Investigating Authority delivered all public materials related to this case that were received and produced in the investigation process and reference

schedule for case investigation to the MofCom Trade Remedy Public Information Office promptly. Each interested party may find, read, take excerpts from and photocopy the relevant public information.

II. The product under investigation

(I) Scope of the product under investigation

Scope of investigation: Imported wines originating in Australia in containers holding 2 litres or less.

Name of the product under investigation: Wines in containers holding 2 litres or less, hereinafter referred to as "relevant wines".

English name: Wines in containers holding 2 litres or less

Product description: wines in containers holding 2 litres or less that are made from full or partial fermentation, with fresh grapes or grape juice as raw material.

Main use: Mainly used for consumption as alcoholic beverage.

This product is listed under tariff numbers 22042100 in the Customs Import and Export Tariff of the People's Republic of China.

(II) Relevant comments.

In its comments, Treasury Wine Estates Vintners Limited claimed that its exported prepared wine, brandy and sparkling wine did not conform to the product

description and customs tariff number of the product under investigation, and requested the Investigating Authority to confirm that the above-mentioned product was not the product under investigation.

The Investigating Authority stressed that the scope of the product under investigation is based on the product description; all the products under investigation are listed under tariff numbers 22042100 in the Customs Import and Export Tariff of the People's Republic of China, and the products listed under other tariff numbers do not belong to the product under investigation.

III. Dumping and dumping margin

(I) Preliminary determination of normal value, export price, adjustment items and CIF price.

On the special market situation of the Australian wine industry

The Applicant claimed that the development of the Australian wine industry is closely related to the vigorous support of the government. Through legislation, industrial planning and supporting measures, the Federal Government of Australia and state governments have conducted extensive intervention, control and management in the Australian wine industry, causing market distortion. These non-market conditions cause the incomparable production costs and prices of wines.

For the above reasons, the Applicant petitioned the Investigating Authority to investigate the non-market factors that affect the price comparability of like products of the product under investigation in Australia, so as to ensure that the production cost and price data used for identifying normal value are comparable and not distorted by the market.

In its comments on the initiation of the investigation, the Australian Grape & Wine Incorporated claimed that there is a lack of evidence to support the view that there is a "non-market condition" in the Australian wine market; the method of determining the "normal value" based on the price of wine exported by Chinese winemakers to Australia in the Application is not allowed under the WTO Anti-Dumping Agreement. Even if there is relevant evidence to support and identify that the market conditions of the Australian wine market are not suitable to be used to determine "normal value" following Article 2.2 of the WTO Anti-Dumping Agreement, this "non-market condition" identification itself does not preclude "fair comparison", that is, the "fair comparison" between the "normal value" determined by domestic sales in the Australian market and the export price of the product under investigation. The Application does not specify which factors exclude this "fair comparison" (much less supported by evidence).

Accordingly, the determination of "normal value" and "fair comparison" must be carried out in the way stipulated in Article 2.1 of the WTO Anti-Dumping Agreement. That is, it must be a "fair comparison" between the "normal value" calculated based on the domestic prices of "like products" in the Australian wine market and the export price of the product under investigation.

The Australian Grape & Wine Incorporated claimed that the Australian wine market is a competitive market. All wines, regardless of their origins, are traded between buyers and sellers in accordance with normal market conditions (at arm's length), which are not affected by the related relationship, without any government intervention or interference. Like other Australian markets, the only regulation of the Australian wine market is the Competition and Consumer Act issued by Australian Competition and Consumer Commission (ACCC), which aims to ensure the competitiveness of the Australian markets, including the Australian wine market. In Australia, there is no government regulation, policy or industry plan that distorts the Australian wine market or market prices, either directly or indirectly.

The Investigating Authority conducted a preliminary review of the above opinions. According to the Investigating Authority, Article 41 of the Foreign Trade Law of the People's Republic of China stipulates that if products from

other countries or regions enter the Chinese market by dumping below normal value, and if it causes material injury or threat of material injury to the established domestic industry, or poses a substantial hindrance to the establishment of the domestic industry, the state may take anti-dumping measures to eliminate or mitigate such injury or the threat or hindrance of injury. In accordance with Article 3 of the Anti-Dumping Regulations, dumping refers to the entry of imported products into the market of the People's Republic of China at an export price lower than their normal value in the course of normal trade.

In accordance with Articles 4 and 6 of the Anti-Dumping Regulations, the export price and normal value of imported products shall be compared in a fair and reasonable manner, taking into account the various comparable factors affecting the price. The special market conditions such as non-market factors in the Australian market claimed by the Applicant may affect the input of the main factors of production of the product under investigation and like products in this case, having a significant impact on the costs and prices of the product under investigation and like products. Therefore, in accordance with the above provisions, and in view of the fact that the relevant applications submitted by the Applicant meet the prima facie requirements, the

Investigating Authority decided to investigate these special market conditions that may affect the calculation of normal value. Furthermore, in the course of the subsequent investigation, the Investigating Authority further reviewed and considered the relevant information and comments submitted by various stakeholders.

Within the specified time, the Australian Government and the sampling companies submitted the responses to the Investigating Authority. In addition, the Investigating Authority has not received responses from any other Australian stakeholders. After a preliminary review, the companies (hereinafter referred to as the Australian companies) did not respond some of the questions in the questionnaire or only pointed to the government questionnaire, and failed to provide a complete and accurate response in accordance with the requirements of the questionnaire. On these grounds, the Investigating Authority is unable to obtain all the necessary information about the industry of the product under investigation and its upstream raw materials and wine industry through the responses of the above-mentioned companies. The Investigating Authority believes that the information required by the questionnaire is directly related to the production and cost of determining the normal value of the product under investigation, and the Australian

Government and companies have been given sufficient time and opportunity to complete the response to provide information, but they did not provide complete information. Therefore, with regard to this part of the Australian company's response that did not be responded as required, the Investigating Authority tentatively decided in the preliminary ruling to conduct a review and evaluation on the basis of the facts already obtained and the best information available, including the materials submitted by the Applicant and the relevant facts and information held by the Investigating Authority in previous cases, in accordance with Article 21 of the Anti-Dumping Regulations.

1. Management and restrictions implemented by the Australian Government or public authorities on grape growing, wine production and sales.

The Australian Government and companies have offered in the Response the information of competent authorities responsible for supervising the grape growing, wine production and sales. However, when it comes to specific supervision measures, although the Questionnaire has made it clear that specific supervision activities of Australian Government or public authorities and specific supervisions over the investment, production and other business activities of relevant producers shall be given, Australian Government and companies still failed to provide

complete responses as required. For instance, Australian Government just gave general descriptions of relevant administrative departments in the Response, such as their names, system of administering and simple functions, but did not provide any concrete descriptions on the production and sales of wine.

Based on preliminary reviews, in accordance with the Response and application forms submitted by Australian companies and the facts acquired by the Investigating Authority, the Investigating Authority finds that Australian Government has comprehensively strengthened the management, restriction and incentive on the wine industry, played an important role in resources allocation, and achieved overall planning of and targeted control over resources through relevant legislation, industrial plans and policies, as well as funding measures and export and import controls.

Numerous Australian Governmental Departments or public authorities implement management and restrictions on the grape growing, wine production and sales industries, including:

Wine Australia is the research and development, marketing and regulatory body for the Australian wine industry. It was established under the Wine Australia Act 2013. Its main functions are to coordinate or fund the

research and development of grapes and wines, regulate and control exports of Australian wines, and promote the sales and consumption of Australian and overseas wines. Wine Australia also provides free export data, market intelligence, import and export data and other general information of the Australian wine industry. Government funding is an important source of funding for Wine Australia. The Australian government made it clear in its response: "Wine Australia's responsibilities include: coordinating or funding grape and wine research and development, and facilitating the dissemination, adoption and commercialisation of the results; promoting the sale and consumption of wine in Australia and overseas; and controlling the export of wine from Australia."

Australian Department of Agriculture, Water and the Environment, works with Australian winemakers and grape growers, industry representatives, other government agencies and international organisations offer suggestions on such affairs related to the Australian wine industry as the access to the international market, tax revenue and industrial structure to the Australian Government.

Australian Trade and Investment Commission (Austrade) is responsible for providing practical advice or assistance for the Australian wine industry with respect to wine exports. Australian Taxation Office (ATO) is the

Australian Government's tax collection and administration agency. It offers WET tax exemption to wine producers.

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) is the science and economics research division of the Australian Department of Agriculture, Water and the Environment. ABARES supports the Australian wine industry by releasing lots of useful information and analysis of the Australian wine industry.

Relevant state agricultural or industrial sectors are also responsible for the regulation of grape growing and wine production, including New South Wales Department of Primary Industry, Department of Agriculture and Fisheries, Queensland, Department of Primary Industry and Resources, South Australia, Phylloxera and Grape Industry Board of South Australia, Department of Primary Industries, Parks, Water and Environment, Tasmania, Department of Economic Development, Jobs, Transport and Resources, Victoria, and Department of Agriculture and Food, Western Australia.

Besides, according to the response of the Australian government, as an association of the wine industry, Australian Grape & Wine Incorporated is the national sector body that represents Australia's grape and winemakers on

political, social and regulatory issues across the production and supply chain.

2. Management and restrictions implemented by the Australian Government or public authorities on grape growing, wine production and sales through legislation.

Laws issued by Australian Government to implement management and restrictions on grape growing, wine production and sales industries include Wine Australia Act 2013, which aims to establish Wine Australia and apply to related purposes including coordinating or funding grape and wine research and development, promoting the sale and consumption of wine in Australia and overseas; and controlling the export of wine from Australia. Wine Australia Regulations 2018, which prescribes controls to ensure the quality of grape products that include Australian wine and are exported, to implement Australia's international obligations and to ensure Australian wine that is exported complies with importing country requirements.

3. Industrial plans made by the Australian Government or public authorities on grape growing, wine production and sales industries and their strategic implementations and effects.

The Applicant claimed that the Australian Government has a complete planning system for the wine industry. The

planning system has made the government's interventions in the wine industry more systematic. The government adopts a set of intervention mechanisms, including quantitative and qualitative mechanisms for development objectives and financial support.

The Questionnaire has raised some specific questions to gain an understanding of the above industrial plans, laws, regulations and policies, as well as possible effects of the implementation of these documents on business activities and production costs of Australian wine producers and Australian wine prices, especially specific effects on resources allocation for relevant industries through the above policies and goals of Australian Government. The Questionnaire also requested the submission of relevant governmental documents formulated to ensure the implementation of industrial plans. Yet, the Australian Government did not provide Chinese versions of these documents and plans as required in the Response. When the Investigating Authority inquired about like products and industries, the Australian Government just gave a reply about the beer industry. Australian companies also did not clearly answer relevant questions, but just provided relevant website links or referred to the Government's Response, making it impossible for the Investigating Authority to verify the information provided by Australian

Government and companies. Other Australian stakeholders also did not submit a response or replied to it. As for the purposes of formulating relevant governmental documents, the Australian Government provided some information in the Response.

Australian Grape and Wine Incorporated and Wine Australia jointly developed the Vision 2050 and planned the long-term development route of the Australian wine industry. In line with the Vision 2050, Wine Australia also developed more detailed five-year plans, including the Strategic Plan 2015-2020 and the Strategic Plan 2020-2025. The Five-year Plan set out development plans, strategies and priorities, provided fund allocation scheme and set up specific quantitative key performance indicators to measure the achievement of development expectations.

The Strategic Plan 2015-2020 set out two development priorities and 12 basic development strategies for the Australian wine sector. The two development priorities include: (1) increasing demand and the premium paid for all Australian wine; and (2) Increasing competitiveness in vineyards, wineries and wine businesses. The 12 strategies include: (1): Promoting Australian wine; (2) Protecting the reputation of Australian wine; (3) Building Australian grape and wine excellence; (4) Improving resource management and sustainability; (5) Improving vineyard performance; (6)

Improving winery performance; (7) Enhancing market access; (8) Building capability (Developing people); (9) Business intelligence and measurement; (10) Extension and adoption; (11) Corporate affairs (Communication and cooperation between domestic and international shareholders; and (12) Corporate services (information services or technical support).

The Strategic Plan 2020-2025 set out five basic development strategies, including (1) Increasing demand and the premium paid for Australian wine through marketing; (2) Protecting the reputation of Australian wine; (3) Enhancing Australian grape and wine excellence through excellent research outcomes of grape growers and winemakers; (4) Supporting growers and producers in implementing environmental management practices by providing knowledge and tools to ensure environmental sustainability; and (5) Building business sustainability, excellence and leadership by accelerating adoption of research outcomes and best practices. The Strategic Plan also provides specific plans for the allocation of funds, totalling AUD 65.4 million.

The Investigating Authority considered that the Australian Government put much emphasis on industries including grape growing, wine production and sales, and thus developed comprehensive and systematic strategic

plans. In order to achieve relevant goals, the Australian Government implemented a series of specific measures to promote industrial development. It was due to the presence of these comprehensive and systematic strategic plans and the implementation of a series of specific measures that the resources allocation was biased towards relevant industries, which promoted the growth in output of Australian wine, reduce wine prices, and helped Australia wine to win export advantages. Especially after the launch or implementation of Strategic Plan 2020-2025 and Vision 2050, the wine industry in Australia developed rapidly. Vision 2050 released by Australian Grape & Wine Incorporated reports that "the grape and wine industry has been very successful over the past 30 years. Most of the targets, and in particular domestic and export sales forecasts, have been met or exceeded. One can argue the rise of China from a small market to being our principal export partner was unforeseen totally, as were the effects of the global financial crisis (GFC) of 2007–08. More recently, the Australian Government's \$50 million Export and Regional Wine Support Package, underpinning improving market sentiment and sales in new export markets, and also encouraging increased wine-related tourism." An independent cost benefit analysis of Wine Australia's marketing investments by The Centre for

International Economics, Evaluation of Wine Australia's marketing activities (4 March 2019), found that 'each AUD1 of marketing spend by Wine Australia is associated with economic benefits of AUD1.59 for Australian winemakers'.

To sum up, the industrial plans made by Australian Government and associations have a significant influence on the development and resources allocation of the Australian wine industry, as well as on the business activities, production costs, market supply and market prices of wine producers.

4. The Australian Government supports the development of the wine industry through a series of supportive measures

The Applicant claimed that in order to develop the wine industry, the Federal Government of Australia and state governments had implemented plenty of supportive measures. In order to support the above wine industry development planning, Wine Australia formulated the Export and Regional Wine Support Package and other supportive measures related to the expansion of demands and exports. Moreover, the Federal Government of Australia imposes the WET at a preferential tax rate to maintain the competitive edge of its wines. What's more, the Federal Government of Australia and state governments provide substantial cash subsidies, tax

exemption, preferential loans and consulting services for grape growing, farms, chateaus and R&D.

Based on a preliminary review, the Investigating Authority believes that in order to achieve the aforementioned industrial plans and strategies, the governments at all levels in Australia provided vigorous supporting policies for the production and investment of the wine industry, which stimulated the enthusiasm of the investors, attracted investments, promoted production, and affected resources allocation, production costs and business operations.

Australian Government allocated research and development (R&D) funding for Wine Australia based on eligible R&D expenditure. Its functions also include investigating and evaluating requirements for grape or wine research and development; Coordinating and funding the carrying out of grape or wine research and development activities; Assessing and reporting to the Parliament, the Minister and the representative organisations on the impact on the grape industry or wine industry, of grape or wine research and development activities that are coordinated or funded, wholly or partly, by Wine Australia; Monitoring, evaluating and reporting to the Parliament, the Minister and representative organisations on grape or wine research and development activities that are coordinated or funded

wholly or partly by Wine Australia; and facilitating the dissemination, adoption and commercialisation of the results of grape or wine research and development.

Moreover, in order to achieve the activities and expenditure for research programs under White Paper on Agriculture, Wine Australia prepared multiple Annual Performance Evaluation Reports and conducted R&D activities and expenditure in accordance with Performance Evaluation Framework; Performance Evaluation Framework included the structural plans for systematically evaluating the efficiency, effectiveness and effects of major portfolios of Wine Australia, as well as the distribution and propaganda means for development and evaluation results. The industrial support for R&D of the grape and wine industries has been reported above, but the Chinese versions of these reports have not been submitted as required.

Moreover, the Investigating Authority finds that there're lots of subsidy programs by federal, state and local governments of Australia to support, attract or expand investments. For instance, all levels of governments in Australia offered wine equalization tax rebates to lower the tax burden of winemakers and allow them to directly gain benefits; provided a subsidy of up to AUD 50 million through the Wine Australia and Export and Regional Wine Support

Package to expand the exports of Australian wine, facilitate the development of export-oriented enterprises, and bring benefits to wine producers; provided an annual grant of up to AUD 10 million to eligible winemakers through the Wine Tourism and Cellar Door Grant, with at most AUD 100,000 for each winemaker, in an attempt to reduce the marketing costs, increase exports and offer benefits for the wine industry or winemakers; encouraged small and medium-sized Australian enterprises to explore export markets and offered a subsidy for their export-related marketing fees via the Export Market Development Grants under which each grape grower and wine chateau could apply for a subsidy of up to AUD 150,000. Australian Ministry of Trade, Tourism and Investment provided financial support up to AUD 30,000 to eligible small and medium-sized enterprises through South Australia Export Accelerator Grants, so as to facilitate their exploration of new global markets via marketing and export opportunities; Wine producers were also funded or subsidized by South Australia Regional Food Initiatives Program. Besides, Australian federal and state's Research and Development Tax Incentive, Sustainable Rural Water Use and Infrastructure Program, Tasmania Vineyard and Orchard Expansion Program, Farm Productivity Improvement Grants Victoria and other

programs also offered a large amount of financial and policy support.

The Investigating Authority believes that the Federal Government of Australia and state governments have played essential roles in encouraging and developing its domestic wine industry. They have intervened in the wine industry and the market through relevant industrial policies, industrial planning and supportive measures. They have severely distorted the production, supply, demand and price of Australian wines. As a result, Australian winemakers can produce and market wines at unreasonably low costs, and the market prices of wines have been distorted.

5. The Australian Government's control over market access to the wine industry.

As for the control measures of market access, in the responses to the questionnaire, Australian stakeholders did not provide all necessary information as required by the Investigating Authority. After a preliminary investigation, the Investigating Authority found that the Australian Government had controlled the market access of its wine sales, and intervened in the normal allocation of market resources by controlling the aforesaid market access.

The Australian Government strictly supervised the market access of wine producers, sellers and exporters,

including qualification recognition and examination, and issuance of licences, etc. For example, the sales of liquors managed by the State Liquor Licencing Authorities. Sellers must obtain the licences from authorities before selling liquors, which affects the role of the market in resource allocation.

Therefore, the Investigating Authority believed that the Australian Government had controlled the market access on its domestic wine production and sales, and intervened in the role of the market in resource allocation through access control, so as to implement its industrial policy.

6. Import and export control of the wine industry.

With regard to the import and export control of the wine industry, Australian stakeholders did not provide all necessary information as required by the Investigating Authority in the questionnaire. After a preliminary investigation, the Investigating Authority found that the Australian Government had been directly involved in the export trade of wines for a long time, and had artificially controlled the allocation of relevant resources, which affected the normal export market.

According to information submitted by the Australian Government in its responses, Wine Australia is responsible for controlling the export of Australian grape products, including wines. Regarding enterprise management and

planning, the Australian Government did not provide Chinese version of Wine Australia's Strategic Plan 2015-20 and Wine Australia Annual Operational Plan 2019–20 as required in the questionnaire.

The Wine Australia Regulations 2018 (Regulations) are administered by Wine Australia in accordance with the Wine Australia Act 2013 (Act). According to the Regulations, there are strict conditions for bulk export of grape products. A wine exporter must hold a licence and be approved for export of grape products under Section 14 of Regulations. If the export of a grape product contravenes the Regulations, it will be deemed as an offence. All wine shipments over 100 litres require export approval under Wine Australia Regulations 2018. The approval process includes three steps: license to export; product registration; and export permit. In deciding whether to grant a licence, Wine Australia must consider the following matters: the applicant's financial standing, the applicant's place (or places) of business, and whether it is in Australia, the applicant's ability to source Australian grape products, matters relating to the applicant that may have or have had a negative impact on the export trade in grape products, matters relating to the applicant and the promotion of the export of grape products, whether Wine Australia has suspended or cancelled a licence held by the applicant, or

an associate of the applicant, and whether the applicant is a fit and proper person. Wine Australia has great discretion in licencing. The Australian Government aims to improve competitiveness, protect export interests and affect the normal allocation of resources through control over exports authorized by the Act.

7. The Australian Government's intervention in and restrictions on prices of wines.

With regard to the Australian Government's intervention in and restrictions on prices of wines, Australian stakeholders did not provide all necessary information as required by the Investigating Authority in the non-market questionnaire. After a preliminary investigation, the Investigating Authority found that the Australian Government had intervened and influenced the price of Australian wines directly or indirectly.

The Australian Government tried to change the positioning of the Australian wine industry regarding the value and quality, and influence the normal allocation of resources in the market through industrial planning, control over wine export, coordination of promotion activities and price intervention. Therefore, the Investigating Authority believed that the Australian Government had left an impact on the price formation of Australian wines through the above-mentioned approaches.

8. Conclusion.

To sum up, the Investigating Authority conducted a survey on the special market situation of the Australian wine industry, and the preliminary information showed that the supply and demand relationship and resource allocation of the Australian wine market was affected by non-market factors. In the preliminary ruling, the special market situation will not be identified for the time being, and the Investigating Authority will conduct a further investigation after the preliminary ruling.

Treasury Wine Estates Vintners Limited

1. Normal value

The Investigating Authority preliminarily reviewed the product scope and type division of the Company's product under investigation and like products. According to the Company's response, the Company reported the product under investigation and like products to the 18-digit product control codes determined by the Investigating Authority, as well as the Company's product type and grade. After review, the Investigating Authority decided to temporarily classify the product type according to the product control code determined by the Investigating Authority in the preliminary ruling.

The Investigating Authority conducted a preliminary review of the Company's domestic sales in Australia. After

review, during the period of investigation for dumping, the number of like products of some types sold by the Company in Australia accounted for more than 5% of the number of the product under investigation exported to China in the same period, which meets the quantitative requirements as the basis for further determination of normal value. The number of like products of some types accounted for less than 5% of the product under investigation exported to China in the same period. In addition, there are some types of product under investigation that are not sold in Australia. For the latter two cases, the Investigating Authority decided to use the constructed normal value method to determine the normal value.

The Investigating Authority preliminarily examined the related party transactions of the Company's like products of relevant types that met the quantity requirements. According to the response, during the period of investigation for dumping, some of the Company's like products were sold to non-related clients through related traders, and some like products were sold directly to non-related clients. The Investigating Authority decided to use the price of the Company's like products of relevant types sold to domestic non-related clients as the basis for further determination of normal value.

The Investigating Authority conducted a preliminary review of the production cost and expense data submitted by the Company. The Investigating Authority noted that with regard to "Form 6-1-1 Procurement cost sheet for raw materials", the Company did not fill in the inventory, consumption and unit price of each raw material at the beginning and end of the period as required by the questionnaire. With regard to "Form 6-1-2 Production cost sheet for raw materials", according to the information responded by the Company, the bulk liquor of the main raw materials for the product under investigation is self-produced, but the Company did not fill in the production cost of its own bulk wine in accordance with the requirements of the questionnaire. With regard to "Form 6-3 Product cost and related costs", the Company did not fill in the costs and related expenses of all product types as required by the questionnaire. For the product type it filled in, the Company did not fill in the production cost for some months, did not explain the calculation method, the cost apportionment method and the relevant calculation formula of each item, and did not provide the daily cost calculation sheet, so it is impossible to verify the accuracy of the data. The sales quantity and amount reported by the Company are also inconsistent with the data in other forms of the response, and the expense cannot be checked with the data in Forms

6-5 to 6-8. With regard to "Form 6-4 Production cost details of the product under investigation and its like product", the Company did not fill in the production cost details of all product types as required by the questionnaire, and did not fill in the categories and names of the direct materials for producing the product under investigation and like products, and only four accounting codes were filled in. The unit price of the direct materials of the same accounting code is inconsistent in the cost of different product types, and it can not be checked with "Form 6-1-1 Procurement cost sheet for raw materials" and "Form 6-1-2 Production cost sheet for raw materials". The cost of each product type is also inconsistent with the data in "Form 6-3 Product cost and related costs". In summary, because the Company failed to provide the necessary information within a reasonable time, and the production costs and expenses of the product under investigation and like products could not be verified, the Investigating Authority temporarily decided to determine the production costs and expenses of the product under investigation and like products by using the facts obtained and the best information available in accordance with Article 21 of the Anti-Dumping Regulations. After comparison, the Investigating Authority temporarily decided to use the data of some product types reported by the Company to determine the production costs

and expenses of the product under investigation and like products. According to this, the Investigating Authority conducted a preliminary review on whether there are transactions below cost in the domestic sales of like products of the relevant types of the Company. According to the review, during the period of investigation for dumping, the number of transactions below cost in the domestic sales of some types accounted for less than 20% of the domestic sales, that of some types exceeded 20%, and some types were all sold below cost. In accordance with Article 4 of the Anti-Dumping Regulations, the Investigating Authority decided that for types not exceeding 20%, the normal value should be determined on the basis of all domestic sales transactions; for types exceeding 20%, the normal value should be determined on the basis of excluding transactions below cost; for types all sold below cost, the normal value should be determined on the basis of the constructed normal value method.

When the normal value is constructed, the Investigating Authority decided that the constructed normal value shall be based on the method of production cost and expense plus reasonable profit determined by the Investigating Authority.

2. Export price

The Investigating Authority conducted a preliminary review on the Company's export and sales of the product under investigation to China. During the period of investigation for dumping, the Company exports the product under investigation to China in two ways: one is to sell directly to Chinese non-related clients, and the other is to sell to Chinese non-related clients through non-related traders.

According to Article 5 of the Anti-Dumping Regulations, for the first sales mode, the Investigating Authority decided to temporarily use the sales price between the Company and Chinese non-related clients as the basis for determining the export price; for the second sales mode, the Investigating Authority decided to temporarily use the sales price between the Company and non-related traders as the basis for determining the export price.

3. Price adjustment

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, in order to make a fair and reasonable comparison, the Investigating Authority reviewed the adjustment items of the Company that affected the price comparability one by one.

(1) Normal value part.

The Investigating Authority reviewed the normal value adjustment items reported by the Company. After review,

the Investigating Authority decided to temporarily accept the invoice discount, wine equalisation tax adjustment, inland freight and other adjustment items claimed by the Company.

The Company claimed other discounts and rebates and advertising fees. After review, the Investigating Authority considered that the Company did not provide sufficient evidence to prove the claim and decided not to accept it for the time being.

(2) Export price part.

The Investigating Authority reviewed the export price adjustment items reported by the Company. After review, the Investigating Authority decided to temporarily accept the adjustment items such as invoice discount, inland freight, international freight and currency exchange fee. The Company claimed other discounts and rebates and advertising fees. After review, the Investigating Authority considered that the Company did not provide sufficient evidence to prove the above two adjustment claims and decided not to accept them for the time being.

4. Regarding CIF price

After review, the Investigating Authority decided to temporarily accept the CIF price data reported by the Company.

Casella Wines Pty. Limited

1. Normal value

The Investigating Authority preliminarily reviewed the product scope and type division of the Company's product under investigation and like products. According to the Company's response, the Company reported the product under investigation and like products to the 18-digit product control codes determined by the Investigating Authority, as well as the Company's product type and grade. After review, the Investigating Authority decided to temporarily classify the product type according to the product control code determined by the Investigating Authority in the preliminary ruling.

The Investigating Authority conducted a preliminary examination of the Company's domestic sales in Australia. According to the response, during the period of investigation for dumping, some of the Company's like products were sold to non-related companies, and some like products were sold to related companies or with special price arrangements. With regard to the part of transactions with related sales and special price arrangements, the Company did not explain the clients and the sales situation, nor did it provide the sales process of this part of the related transactions and special price arrangements, including the process from the departure of the goods from the factory to the first non-related purchaser. In addition, the Investigating

Authority found that, according to the response information submitted by the Company, it was shown in Form 1-3 that a related company sold like products on behalf of Casella Wines Pty. Limited, but there was no transaction data with the related company in domestic sales. According to the Company's response, the related company only acts as an intermediary (or agent) for the Company to sell to a single client (that is, the supermarket) and does not own the product. After examination, the Investigating Authority believes that, first of all, the sales invoice is issued to the client in the name of the related company, and then the related company does not fill in the response separately; finally, the sales links and expenses of the related company are not reflected or reported in the domestic sales data. Therefore, the Investigating Authority is unable to determine which transactions are carried out through the related company and cannot check the accuracy, authenticity and completeness of this part of transactions.

The Investigating Authority checked the integrity of the transaction and found that some of the data on the Company's operating status and product production capacity were inconsistent. In addition, the overall operating situation of the Company (Form 1-4) was not consistent with the domestic sales data (Form 4-2) in terms of quantity and amount. In addition, after examination, the

Australian domestic sales spreadsheet data in the Company's response are incomplete. In the Company's response, the weighted average cost of the investigation period reported in the Australian domestic sales forms is inconsistent with the part of the cost data.

The Investigating Authority conducted a preliminary review of the production cost and expense data submitted by the Company. The Investigating Authority noted that with regard to "Form 6-3 Product cost and related costs", the Company's spreadsheet data was incomplete; for the data reported in the form, the Company failed to fill in the monthly production cost data as required by the questionnaire, and did not provide daily cost calculation sheets as required by the questionnaire, resulting in the Investigating Authority unable to check the accuracy of the data on the basis of the response. With regard to "Form 6-4 Production cost details of the product under investigation and its like product", according to the requirements of the questionnaire, the Company shall fill in the form according to the product under investigation by the unit. The Investigating Authority found that the Company did not fill in the cost of bulk wine, the main raw material, in the details of several types, and the unit prices of bottled wine in some types were inconsistent with "Form 6-1-2 Production cost sheet for raw materials". In addition, some of the product

control codes in the form were not filled in (showing #N/A), which made it impossible for the Investigating Authority to compare this part of the data; at the same time, the Company did not explain the relationship between the data in Forms 6-3 and 6-4.

To sum up, the Company did not provide complete information on domestic sales in accordance with the requirements of the questionnaire, nor did it make a reasonable explanation; the data inconsistency between the company forms led to the Investigating Authority being unable to verify the integrity of the Company's transactions; and because the cost information is incomplete and inconsistent, the Investigating Authority is unable to obtain accurate cost data on the basis of the information reported by the Company. Therefore, the Investigating Authority is unable to determine the normal value according to the Company's domestic sales price and production cost plus reasonable expenses and profits. The Investigating Authority temporarily decided to determine the production costs of the product under investigation and like products by using the facts obtained and the best information available in accordance with Article 21 of the Anti-Dumping Regulations.

After comparison, the Investigating Authority temporarily decided to use the prices of some of the

transactions reported by the Company to determine the normal value of the Company.

2. Export price

The Investigating Authority conducted a preliminary review on the Company's export and sales of the product under investigation to China. The Company claimed that the product under investigation should be sold directly to non-related clients in China during the period of investigation for dumping.

According to Article 5 of the Anti-Dumping Regulations, the Investigating Authority decided to temporarily use the sales price between the Company and Chinese non-related clients as the basis for determining the export price.

3. Price adjustment

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, in order to make a fair and reasonable comparison, the Investigating Authority reviewed the adjustment items of the Company that affected the price comparability one by one.

(1) Normal value part.

The Investigating Authority reviewed the domestic transaction adjustment items reported by the Company. After review, the Investigating Authority decided to temporarily accept the Company's adjustment items such

as invoice discount, rebate, credit fee, and inland freight (from factory/warehouse to clients).

(2) Export price part.

The Investigating Authority reviewed the adjustment items reported by the Company for export transactions to China. After review, the Investigating Authority decided to temporarily accept the Company's adjustment items such as inland freight (from factory/warehouse to export port), credit fee and advertising fee. 4. Regarding CIF price After review, the Investigating Authority decided to temporarily accept the CIF price data reported by the Company.

Australia Swan Vintage Pty Ltd

1. Normal value

The Investigating Authority reviewed the product scope and type division of the Australia Swan Vintage Pty Ltd's product under investigation and like products. According to the 18-digit product control code determined by the Investigating Authority, the Company reported the sales of the product under investigation and like products, and also filled in the corresponding product types and grades corresponding to the product control codes. After review, the Investigating Authority decided to temporarily classify the product type according to the product control code

determined by the Investigating Authority in the preliminary ruling.

The Investigating Authority conducted a preliminary review of the Company's domestic sales in Australia. After review, during the period of investigation for dumping, the Company's domestic sales in Australia accounted for less than 5% of the product under investigation exported to China in the same period. According to Article 4 of the Anti-Dumping Regulations, the Investigating Authority decided to use the constructed normal value method to determine the normal value of the Company.

The Investigating Authority reviewed the costs of the Company. The Company did not report the costs according to the product control codes divided in the questionnaire, nor did it report the costs according to the types of the Company's daily operation, but only reported the production cost according to the grade of the product under investigation. In this case, the costs of relevant wines are affected by many factors, such as grape variety, grape producing area and grape picking year, and the price of grape varies significantly among different producing areas and different varieties. The Investigating Authority, referring to the relevant domestic and foreign standards on wine products, divided 18 product control codes according to product characteristic factors such as category, colour,

sugar level, specification, variety, year, large production area and small production area, in order to obtain the accurate cost of each product control code to ensure a fair comparison. The costs reported by the Company according to the product grades does not reasonably reflect the production and sales costs related to the product under investigation and like products, so the Investigating Authority is unable to calculate the normal value based on the costs reported by the Company. In addition, the Company entrusts local companies to provide pressing services to produce raw wine and other companies to provide bottling services. One of the pressing companies filled out part of the response and reported only the overall data, which did not correspond to the data reported by Australia Swan Vintage Pty Ltd. Other pressing and bottling companies did not fill in the responses. Australia Swan Vintage Pty Ltd. did not respond to the questions on cost accounting in the questionnaire, and the Company did not submit a financial report for the period of investigation for dumping.

To sum up, the Company failed to provide accurate information about the costs and expenses of the product under investigation and like products according to the requirements of the questionnaire, and the Investigating Authority was unable to obtain accurate cost data according

to the information reported by the Company. Therefore, the Investigating Authority temporarily decided to determine the production costs of the product under investigation and like products by using the facts obtained and the best information available in accordance with Article 21 of the Anti-Dumping Regulations.

After comparison, the Investigating Authority temporarily decided to use the costs and expenses of some of the product under investigation reported by the Company, as well as the profit margin reported by the Company to calculate the constructed normal value and determine the normal value of the Company accordingly.

2. Export price

The Investigating Authority conducted a preliminary review on the Company's export and sales of the product under investigation to China. During the period of investigation for dumping, the Company sold some of the products under investigation directly to Chinese non-related clients and some of them to Chinese non-related clients through non-related traders. According to Article 5 of the Anti-Dumping Regulations, the Investigating Authority decided to temporarily use the sales price of the Company to non-related clients in China and the sales price of the Company to traders as the basis for determining the export price.

3. Price adjustment

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, in order to make a fair and reasonable comparison, the Investigating Authority reviewed the adjustment items of the Company that affected the price comparability one by one.

(1) Normal value part.

The Investigating Authority determines the normal value of the Company according to the constructed normal value. In the part of price adjustment, the Investigating Authority adjusted the relevant sales expenses on the basis of the constructed normal value, so as to adjust the normal value to the factory price level.

(2) Export price part.

The Investigating Authority reviewed the adjustment items reported by the Company for export transactions to China.

After review, the Investigating Authority decided to temporarily accept the Company's adjustment items such as pre-sale warehousing costs, inland freight (from factory/warehouse to export port), international transport costs, international transport insurance premiums, port loading and unloading fees.

4. Regarding CIF price

After review, the Company failed to report the estimated CIF price in many transactions. According to Article 21 of the Anti-Dumping Regulations, the Investigating Authority decided to temporarily calculate the Company's CIF price based on the invoice price reported by the Company.

Other Australian producers cooperating with the investigation

In accordance with the Anti-Dumping Regulations and the Interim Rules on Sampling in Anti-dumping Investigations, the Investigating Authority decided that for Australian producers who have submitted registration questionnaires and dumping sampling questionnaires within the deadline but have not been selected, the weighted average margin of the sampled companies shall be used to determine the dumping margin.

All others

On 18 August 2020, the Investigating Authority launched an anti-dumping investigation on relevant imported wines originating in Australia. On the day of its initiation, the Investigating Authority notified the Australian Embassy and posted the initiation announcement on the website of the Ministry of Commerce where it could be referenced by all stakeholders. After the initiation, the Investigating Authority gave all stakeholders a 20-day

period to register to participate in the investigation, constituting a reasonable amount of time in which to learn about the initiation. The Investigating Authority posted the questionnaires on the website of the Ministry of Commerce, and all stakeholders can refer to and download these questionnaires on the website of the Ministry of Commerce. The Investigating Authority did its best to inform all known stakeholders and to remind them of the consequences of not cooperating with the investigation.

The Investigating Authority, by comparing the export data to China of companies that registered to participate in the investigation and export data to China of companies that filled in the dumping sampling questionnaire with the China Customs statistical data, and found that there was a big gap between them and the China Customs statistical data. The Investigating Authority believes that a certain proportion of producers or exporters are not registered to participate in or cooperate with the anti-dumping investigation.

For companies that did not provide the necessary information to cooperate with the investigation after the Investigating Authority had fulfilled its notification obligation, in accordance with the provisions of Article 21 of the Anti-Dumping Regulations, the Investigating Authority determined the dumping margins on the basis of the known

facts and available best information. By comparing and analyzing the information obtained in the investigation, the Investigating Authority believe that the costs and transaction data of individual types of the respondents can more accurately and reasonably reflect the export of product under investigation by other Australian companies to China, which has been preliminarily verified by the Investigating Authority. The Investigating Authority decided to determine the dumping margin of other Australian companies on the basis of this information in the preliminary ruling.

(II) Price comparison.

In accordance with Article 6 of the Anti-Dumping Regulations, on the basis of considering various comparable factors affecting price, the Investigating Authority compared the normal value and export price at the ex-factory level in a fair and reasonable manner. In calculating the dumping margin, the Investigating Authority compared the weighted average normal value with the weighted average export price to obtain the dumping margin.

(III) Margins of dumping.

According to the calculation, the preliminary ruling of the dumping margin of each company by the Investigating Authority is listed in Annex 2. In view of the fact that the

Investigating Authority launched a countervailing duty investigation on the product under investigation on 31 August 2020, in order to avoid double taxation, the Investigating Authority temporarily decided to deduct the preliminarily identified export subsidy margin from the dumping margin.

IV. Domestic like product and industry

(I) Identification of the domestic like product

In accordance with Article 12 of the Anti-Dumping Regulations, like products are the ones similar to or same as the dumped imported products.

The Investigating Authority surveyed the relevant domestic wines and products under investigation in terms of a variety of factors, such as the physical nature, raw materials, production techniques, production facilities, product uses, sales channels, customer groups and consumer ratings.

1. Physical nature

Relevant domestic wines and products under investigation are made from fresh grapes and grape juice. They can be either fully fermented or half fermented. Made under a similar standard, they are categorized in terms of colour, sugar level and level of carbon dioxide. Similarly, relevant domestic wines and products under investigation both can meet the major physicochemical and sensory

requirements. Physicochemical requirements include alcohol by volume, total sugar, citric acid, and sugar free extract, while sensory requirements denote colour, level of clarity, level of carbonation, fragrance and flavour.

The Investigating Authority identified that relevant domestic wines and products under investigation are similar in physical nature.

2. Raw material, production techniques and production facilities

Relevant domestic wines and products under investigation are both made from similar raw materials, namely fresh grapes and grape juice. There is no substantial difference in production techniques and procedures. Both are half or full fermented wines which are produced as finished wines after techniques such as stabilisation, clarification, blending, freezing and filtration are applied. The production facilities are nearly the same, namely the modern massive production facilities, which include sorting equipment, fermentation cylinder, presser, centrifuge and filter.

The Investigating Authority identified that relevant domestic wines and products under investigation are similar in raw material, production techniques and facilities.

3. Product uses

Relevant domestic wines and products under investigation are of similar uses, namely to be served as alcoholic beverages to customers. They are sold to customers from stores, supermarkets, franchises, internet, cafeteria and recreation venues.

The Investigating Authority identified that relevant domestic wines and products under investigation are similar in uses.

4. Sales channels, customer groups and consumer ratings

Relevant domestic wines and products under investigation are sold in China through direct sales, agent sales or online sales to downstream consumers. Both are sold in stores, supermarkets, franchises, cafeteria and recreation venues to meet the consumers' demand. They are up to consumers' choice.

The Investigating Authority identified that relevant domestic wines and products under investigation are similar in sales channels, customer groups and consumer ratings.

To sum up, the Investigating Authority identified that relevant domestic wines and products under investigation are similar in physical nature, raw materials, production techniques, production facilities, product uses, sales channels, customer groups and consumer ratings. As they

are similar and mutually substitutable, they are the like products.

(II) Identification of the domestic industry

In accordance with Article 11 of the Anti-Dumping Regulations, the Investigating Authority investigated and identified the domestic industry in the case. From 2015 to 2019, the output of the 21 producers who submitted the response to the Questionnaire on Domestic Producers occupied 66.95%, 68.27%, 60.75%, 62.76% and 60.72% of the output of the domestic like products respectively. It fulfilled Article 11 of Anti-Dumping Regulations. Australian Grape & Wine Incorporated claimed in its Comments on the Ministry of Commerce Initiating the Anti-dumping Investigation into Relevant Imported Wines Originating in Australia that they were sceptical about the overall output of Chinese wines provided in the Application because there were some problems in the reliability of its market statistics. It believed that some statistics were "counted twice" in the application form.

The Investigating Authority verified the statistics of the overall output of Chinese wines. It also observed that the statistics applied to relevant wines under application, namely wines in containers holding 2 litres or less that are made from full or partial fermentation, with fresh grapes or grape juice as raw material, and also to liqueur wines,

highly carbonated wines, gasified wine, favoured wines, distilled wines and bulk wines. Without the overall output of domestic relevant wines at hand, the Investigating Authority surveyed the real domestic output through different parties. It believes that it is reasonable to calculate the overall output by the area of wine grapes, output per acre, wine yield, output and loss of finished wines made from imported wines, and the production proportion of different wines.

Hence, based on the statistics from authoritative organizations, the Investigating Authority calculated the overall output of domestic relevant wines at 377,600kl, 347,600kl, 374,800kl, 351,200 and 288,200kl, respectively. During the investigation period, the output of the domestic like products produced by the producers who submitted responses to the Questionnaire on Domestic Producers accounted for 66.95%, 68.27%, 60.75%, 62.76% and 60.72% of the total output of the domestic wine industry.

The Investigating Authority identified that companies that have submitted responses to the Questionnaire on Domestic Producers could represent the domestic industry. All the industry data used in the ruling were from domestic companies unless otherwise specified.

V. Extent of injury to the domestic industry

(I) Import volume of dumped imported product.

The Investigating Authority investigated the absolute volume of dumped imported product or whether there was a significant increase relative to the volume of product produced or consumed in China.

The investigation shows that, according to the statistical data of General Administration of Customs, P. R. China, 56,700 kl, 79,400 kl, 105,800 kl, 117,800 kl and 120,800 kl of the product under investigation were imported respectively in 2015, 2016, 2017, 2018 and 2019. It went up by 40.04% in 2016, 33.25% in 2017, 11.34% in 2018, and 2.55% in 2019, respectively, from the previous year. During the period of the injury investigation, the import volume of the product under investigation showed a continuous and substantial growing trend, which cumulatively increased by 113.05%.

The apparent consumption of relevant wines in China increased first and then declined during the period of the injury investigation, reaching 765,900 kl, 819,600 kl, 918,000 kl, 853,900 kl and 741,200 kl respectively in 2015, 2016, 2017, 2018 and 2019. It was up 7.01% in 2016 from 2015 and 12.01% in 2017 from 2016 and was down 6.98% in 2018 from 2017 and 13.20% in 2019 from 2018.

The import volume of the product under investigation accounted for 7.40%, 9.69%, 11.53%, 13.80%, and 16.30% of the domestic market in China in 2015, 2016, 2017, 2018,

and 2019, respectively. It rose by 2.29% in 2016, 1.84% in 2017, 2.27% in 2018 and 2.50% in 2019, compared with the previous year. During the period of the injury investigation, the market share of the product under investigation showed a continuously growing trend, which cumulatively increased by 8.90%.

The Investigating Authority initially identifies that, during the period of the injury investigation, both absolute and relative import volumes of the product under investigation presented continuous growing trends.

(II) Impact of the dumped imported product on the price of domestic like products

The Investigating Authority investigated the impact of the dumped imported product on the price of domestic like products.

1. Determination of prices of dumped imported product and domestic like products.

In order to ensure that the prices were comparable, the Investigating Authority compared the prices of the dumped imported product and domestic like products at the same level of trade. The Investigating Authority identifies that the domestic customs clearance price of the dumped imported product and the factory price of domestic like product were basically at the same level of trade, and both prices did not include VAT, inland transportation charge, insurance cost,

secondary sales channels cost etc. Based on the CIF price of the product under investigation provided by China Customs, the Investigating Authority further considers exchange rates, tariff rates and imported customs clearance costs during the investigation period, adjusts the landed price of the product under investigation accordingly, and sees the adjusted price as the landed price of such dumped product. Among them, the exchange rate was calculated on the basis of the arithmetic average of the monthly average exchange rate of the year published by the People's Bank of China.

By summarizing the responses to the Questionnaire on Domestic Producers, the Investigating Authority takes the weighted average price of factory price of domestic like products as the price of these products.

Hence, the adjusted price of the dumped imported product showed an overall declining trend, and its price at the end of the period of the injury investigation was higher than that at the beginning of such period. The landed price of the dumped imported product in 2015, 2016, 2017, 2018 and 2019 was 55,390 RMB/kl, 49,500 RMB/kl, 46,352 RMB/kl, 41,780 RMB/kl and 46,577 RMB/kl, respectively. The price dropped by 10.63% in 2016 from 2015, 6.36% in 2017 from 2016 and 9.86% in 2018 from 2017, but rose by 11.48% in 2019 from 2018; the price at the end of the period

of the injury investigation declined by 15.91% compared with that at the beginning of the same period.

The price of domestic like product in 2015, 2016, 2017, 2018 and 2019 was 32,019 RMB/kl, 33,227 RMB/kl, 34,560 RMB/kl, 35,932 RMB/kl and 38,595 RMB/kl, respectively. The price of domestic like product rose by 3.77% in 2016 from 2015, 4.01% in 2017 from 2016, 3.97% in 2018 from 2017 and 7.41% in 2019 from 2018. During the period of the injury investigation, the price of the domestic like product showed an upward trend.

Australian Department of Foreign Affairs and Trade (DFAT) claimed in Comments on the Anti-Dumping Investigation into Relevant Imported Wines Originating in Australia that Australia focused on developing high-end wine market in China, and that high-end wine exported from Australia to China was on the increase, while the exports of lower-priced Australian wine to China have been declining. It is suggested to compare the prices in different segmented markets.

Domestic Applicant claimed that in the case that it is difficult to distinguish the product under investigation as high-end, low-end or other wine, the Applicant shall be reasonably allowed to calculate and compare the average prices of the product under investigation and domestic like

product by adopting specific methods during the application period.

Based on preliminary investigation and review, the Investigating Authority believes that, first of all, DFAT did not provide the supporting documents for different grades and categories of relevant wines exported from Australia to China in the Comments. Secondly, during the investigation period, in order to fairly compare the prices, the Investigating Authority made a classification of the product under investigation based on control codes of injury investigation products and requested the responding companies to fill in the Questionnaire in accordance with the quality, consumption level or brand of the wine during the daily sales process. Yet, among the Australian wine producers, only Treasury Wine Estates Vintners Limited, Casella Wines Pty. Limited and Australia Swan Vintage Pty Ltd filled in the Questionnaire; to be specific, Casella Wines Pty. Limited did not follow the classified control code and grade standards of the product under injury investigation, while Treasury Wine Estates Vintners Limited followed the control code standards, but did not cater to the grade rules. Australia Swan Vintage Pty Ltd filled in the questionnaire based on the classification standards of the Investigating Authority, and its questionnaire data initially showed that during the period of the injury investigation, its exported

volume to China accounted for 0.5%-3.5% of total import volume of the product under investigation, and its exports to China accounted for 0.3%-2.5% of total imports of such product. Hence, the Investigating Authority believes that its data could not reveal the overall imports of the product under investigation, and it's impossible to get the landed prices of relevant wines imported from Australia based on control codes and grades of injury investigation products from the Responses of these producers. Therefore, the Investigating Authority decides to adopt the weighted average price of the product under investigation from China Customs' statistical data that do not consider control codes as the basis for calculating the price of dumped imported product. Finally, domestic producers all filled in the Questionnaire in accordance with the classification standards of the Investigating Authority; in the case that the price of dumped imported product refers to the weighted average price that does not consider control code, the Investigating Authority decides to take the weighted average price of domestic like product as the basis for calculating the price of such product.

To sum up, the Investigating Authority decides to conduct price impact analysis based on the weighted average prices of the dumped imported product and domestic like product.

2. Impact of the dumped imported product on the price of domestic like products

The investigation data revealed that the quantity of the dumped imported product increased continuously and substantially from 2015 to 2019, which gradually rose from 56,700 kl in 2015 to 120,800 kl in 2019, with a cumulative growth of 113.05 % during the period of the injury investigation. The proportion of dumped imported product in the domestic market of China continued to grow, which progressively increased from 7.40% in 2015 to 16.30% in 2019, with a cumulative growth of 8.90% during the Period of the Injury Investigation.

The investigation shows that the product under investigation and the domestically-produced relevant wines are basically the same in terms of physical properties, technical indicators, raw materials, production technique processes, product purposes, sales channels and customer groups, so they are like products. Since the consumption market of domestic relevant wines is a competitive and open market, the product under investigation and domestic like product are simultaneously sold in the domestic market mainly through direct sales, agency sales or online sales channels etc., and the product under investigation directly competes with domestic like product; due to the traditionally strong position of imported products in China's market, the

quantity and proportion of dumped imported product continue to jack up, which suffice to have a substantial negative impact on domestic like product.

The investigation evidence shows that the price of the dumped imported product generally presented a downward trend from 2015 to 2019. It continued to decrease from 55,390 RMB/kl in 2015 to 41,780 RMB/kl in 2018, but rose slightly in 2019; nevertheless, it still declined by 15.91% compared to the price at the beginning of the investigation period. The sales price of domestic like product from 2015 to 2019 was 32,019 RMB/kl, 33,227 RMB/kl, 34,560 RMB/kl, 35,932 RMB/kl and 38,595 RMB/kl, respectively. Although the sales price showed an upward trend, the unit cost of such product from 2015 to 2019 was 28,723 RMB/kl, 30,617 RMB/kl, 31,845 RMB/kl, 33,409 RMB/kl and 35,957 RMB/kl, respectively. In the case that the cost of domestic like product increased by 25.19%, the sales price of such product just rose by 20.54%, lower than the growth of the cost over the same period, suggesting that the rise in the cost of domestic like product did not normally transfer to its sales price and that the growth of sales price failed to reasonably digest the cost increase and the sales price did not rise to a due level, leading to a downward trend of the difference between the sales price and cost of domestic like product from 3,296 RMB/kl in 2015 to 2,638 RMB/kl in

2019. Therefore, during the period of the injury investigation, the price of dumped imported product inhibited that of domestic like product.

The Investigating Authority initially identified that, during the period of the injury investigation, the price of dumped imported product inhibited that of domestic like product.

(III) Domestic industry status during the investigation period.

According to the provisions of Articles 7 and 8 of the Anti-Dumping Regulations, the Investigating Authority conducted an investigation into the relevant economic factors and indicators of the domestic industry, and the evidence shows as below:

1. Apparent consumption.

During the period of the injury investigation, the apparent consumption of domestic relevant wines increased first and then decreased. In 2015, 2016, 2017, 2018, and 2019, the apparent consumption of domestic relevant wines was 765,900 kl, 819,600 kl, 918,000 kl, 853,900 kl, and 741,200 kl, respectively. It was up 7.01% in 2016 from 2015 and 12.01% in 2017 from 2016, and was down 6.98% in 2018 from 2017 and 13.20% in 2019 from 2018.

2. Capacity.

During the period of the injury investigation, the capacity of domestic like products basically remained stable. In 2015, 2016, 2017, 2018, and 2019, the capacity of domestic like products was 641,200 kl, 641,200 kl, 630,500 kl, 638,500 kl, and 648,700 kl, respectively. It was the same in 2016 as that in 2015, dropped by 1.67% in 2017 compared with 2016, and increased by 1.27% in 2018 and 1.60% in 2019, respectively, compared with the previous year.

3. Output.

During the period of the injury investigation, the output of domestic like products showed a continuous downward trend. In 2015, 2016, 2017, 2018, and 2019, the output of domestic like products was 252,800 kl, 237,300 kl, 227,700 kl, 220,400 kl, and 175,000 kl, respectively. It dropped by 6.13% in 2016 compared with 2015, and by 4.05% in 2017, 3.21% in 2018, and 20.60% in 2019, respectively, compared with the previous year.

4. Domestic sales.

During the period of the injury investigation, the domestic sales of domestic like products showed a continuous downward trend. The domestic sales of domestic like products in 2015, 2016, 2017, 2018, and 2019 were 242,100 kl, 227,800 kl, 219,300 kl, 217,100 kl, and 182,400 kl, respectively. It dropped by 5.91% in 2016

compared with 2015, and by 3.73% in 2017, 1.00% in 2018, and 15.98% in 2019, respectively, compared with the previous year.

5. Market share.

During the period of the injury investigation, the market share of domestic like products showed an overall downward trend. In 2015, 2016, 2017, 2018, and 2019, the market share of domestic like products was 31.62%, 27.80%, 23.90%, 25.43%, and 24.61%, respectively. It was down 3.82% in 2016 from 2015, down 3.90% in 2017 from 2016, up 1.53% in 2018 from 2017, and down 0.82% in 2019 from 2018. At the end of the investigation, it was 7.01% lower than that at the beginning.

6. Sales price.

During the period of the injury investigation, the sales price of domestic like products showed an upward trend. In 2015, 2016, 2017, 2018, and 2019, the sales price of domestic like products was 32,019 RMB/kl, 33,227 RMB/kl, 34,560 RMB/kl, 35,932 RMB/kl, and 38,595 RMB/kl, respectively. It increased by 3.77% in 2016 compared with 2015, and by 4.01% in 2017, 3.97% in 2018, and 7.41% in 2019 respectively compared with the previous year.

7. Sales revenue.

During the period of the injury investigation, the sales revenue of domestic like products showed a downward

trend, with RMB 7.753 billion made in 2015, RMB 7.569 billion in 2016, RMB 7.580 billion in 2017, RMB 7.801 billion in 2018, and RMB 7.040 billion in 2019. It was down 2.37% in 2016 from 2015, up 0.15% in 2017 from 2016, up 2.92% in 2018 from 2017, and down 9.76% in 2019 from 2018. At the end of the injury investigation, the sales revenue was 9.20% lower than that at the beginning.

8. Profit before tax (PBT).

During the period of the injury investigation, the PBT of domestic like products showed a continuous downward trend. The figure for 2015, 2016, 2017, 2018, and 2019 was RMB 796 million, RMB 593 million, RMB 592 million, RMB 546 million, and RMB 479 million, respectively. The PBT dropped by 25.50% in 2016, 0.17% in 2017, 7.77% in 2018, and 12.27% in 2019, respectively, compared with the previous year.

9. Return on investment.

During the period of the injury investigation, the return on investment of domestic like products continued to decline. The figure for 2015, 2016, 2017, 2018, and 2019 was 3.14%, 2.27%, 2.20%, 2.01%, and 1.85%, respectively. It dropped by 0.87% in 2016, 0.07% in 2017, 0.19% in 2018, and 0.16% in 2019, respectively, compared with the previous year.

10. Operating rate.

During the period of the injury investigation, the operating rate of domestic like products showed a continuous downward trend. The figure for 2015, 2016, 2017, 2018, and 2019 was 39.44%, 37.00%, 36.12%, 34.52%, and 26.97%, respectively. It dropped by 2.44% in 2016, 0.88% in 2017, 1.60% in 2018, and 7.55% in 2019, respectively, compared with the previous year.

11. Number of employees.

During the period of the injury investigation, the number of employees for domestic like products showed a continuous downward trend. In 2015, 2016, 2017, 2018, and 2019, the number of employees for domestic like products was 8,733, 8,471, 7,942, 7,461, and 7,068, respectively. It dropped by 3% in 2016, 6.24% in 2017, 6.06% in 2018, and 5.27% in 2019, respectively, compared with the previous year.

12. Labor productivity.

During the period of the injury investigation, the labour productivity of domestic like products showed a downward trend in general. In 2015, 2016, 2017, 2018, and 2019, the labour productivity of domestic like products was 28.95 kl/person, 28.01 kl/person, 28.67 kl/person, 29.54 kl/person, and 24.75 kl/person, respectively. It dropped by 3.25% in 2016 compared with 2015, increased by 2.36% in 2017 and 3.03% in 2018, respectively, compared with the

previous year, and dropped by 16.22% in 2019 compared with 2018.

13. Per-capita wage.

During the period of the injury investigation, the per-capita wage of people engaged in domestic like products continued to increase. In 2015, 2016, 2017, 2018, and 2019, the per-capita wage of people engaged in domestic like products was RMB 56,335, RMB 60,149, RMB 64,863, RMB 69,361, and RMB 75,342, respectively. It went up 6.77% in 2016, 7.84% in 2017, 6.93% in 2018, and 8.62% in 2019, respectively, from the previous year.

14. Ending inventory.

During the period of the injury investigation, the ending inventory of domestic like products decreased first, then increased, and then decreased again. In 2015, 2016, 2017, 2018, and 2019, the ending inventory of domestic like products was 93,700 kl, 92,400 kl, 97,500 kl, 89,700 kl, and 78,200 kl, respectively. It was down 1.39% in 2016 from 2015, up 5.52% in 2017 from 2016, and down again 8.00% in 2018 and 12.82% in 2019, respectively, from the previous year.

15. Net cash flow from operating.

During the period of the injury investigation, the net cash flow from operating of domestic like products showed a sharp downward trend in general. In 2015, 2016, 2017,

2018, and 2019, the net cash flow from operating of domestic like products was RMB 1.041 billion, RMB 697 million, RMB 823 million, RMB 709 million, and RMB 206 million, respectively. It dropped by 33.05% in 2016 compared with 2015, and went up 18.08% in 2017 from 2016, and dropped again by 13.85% in 2018 and 70.94% in 2019, respectively, compared with the previous year. At the end of the injury investigation, it was 80.21% lower than that at the beginning.

16. Investment and financing capacity.

During the period of the injury investigation, there was no evidence showing that the investment and financing capacity of domestic like products was adversely affected by the import of the product under investigation.

The Investigating Authority also examined the dumping margin of the dumped imported products, and the evidence shows that the dumping margin is not minimal and sufficient to have an adverse effect on prices in the domestic market.

Preliminary evidence suggests that during the injury investigation period, the apparent consumption of relevant wines in the domestic market increased first and then declined; the demand in the market basically remained stable; the domestic industry shelved its capacity expansion plan due to the quantity increase and price

decrease of the dumped imported products, and the capacity basically remained the same for each year; the output and sales of domestic like products continued to fall, leading to the decline of the market share of domestic like products, and the market share remained low, with less than 32% during the injury investigation period; because of the small market share, the operating rate of domestic like products continued to fall and was seriously insufficient (only about 35%), with a large number of idle production units, causing the capacity unable to be effectively released. With the continuous significant increase in the absolute amount and market share of the dumped imported products, and the cumulative decline in the price of the dumped imported products to 15.91%, the domestic like products saw some growth in the sales price, yet such growth was lower than the cost rise at the same time, indicating that the rise of the sales price failed to reach the level where it should be able to offset the cost rise. That led to the continuous declines in the PBT, profitability and return on investment of the domestic like products, and the failure to recover the initial investment. The net cash flow from operating of domestic like products also showed a downward trend. To avoid excessive occupation of the working capital, the domestic industry reduced the inventory overhang by de-stocking, causing a decline in the

ending inventory of domestic like products. During the period of the injury investigation, the sales revenue and the PBT of domestic like products continued to decline, resulting in the continuous deterioration of the production and operation of such products and in the forced reduction of the employment in the domestic industry, which saw a continuous decline in the number of employees engaged in such products.

After a comprehensive analysis of relevant data, the Investigating Authority preliminarily concluded that during the period of the injury investigation, the production and operation of domestic like products deteriorated, and the domestic industry of relevant wines suffered material injury.

VI. Causality

According to Article 24 of the Anti-Dumping Regulations, the Investigating Authority reviewed whether there was a causal link between the dumped import of relevant wines originating in Australia and the material injury suffered by the domestic industry, and also examined factors known to possibly cause injury to the domestic industry other than the dumped import.

(I) The dumped imported product caused material injury to the domestic industry.

During the Period of the Injury Investigation, the volume of the dumped imported product increased rapidly

year by year. To be specific, 56,700 kl, 79,400 kl, 105,800 kl, 117,800 kl and 120,800 kl of the product under investigation were imported respectively in 2015, 2016, 2017, 2018 and 2019. It went up by 40.04% in 2016, 33.25% in 2017, 11.34% in 2018, and 2.55% in 2019, respectively, from the previous year.

During the Period of the Injury Investigation, the market share of the dumped imported product increased continuously and rapidly. It rose by 2.29% in 2016, 1.84% in 2017, 2.27% in 2018 and 2.50% in 2019, compared with the previous year. Meanwhile, the market share of domestic like products was in a downtrend. In 2016 it decreased by 3.82% from 2015, in 2017 it decreased by 3.90% from 2016, in 2018 it increased by 1.53% from 2017, and in 2019 it decreased by 0.82% from 2018. During the investigation period, the market share of domestic like products experienced a cumulative decrease of 7.01%. In contrast, the market share of the dumped imported product experienced a cumulative increase of 8.90%, which was inversely related to the decreased market share of domestic like products. In other words, the market share of domestic like products was obviously squeezed by the dumped imported product.

As the dumped imported product is basically the same as domestic like products in terms of physical nature, raw

materials, production techniques, product uses, sales channels and customer groups, they can be replaced by each other and actually compete with each other, and consequently price has become the primary factor for consideration when downstream customers choose products. During the Period of the Injury Investigation, the price of the dumped imported product declined continuously. However, as far as domestic like products were concerned, while the overall costs increased by up to 25.19%, the sales price only increased by 20.54% which was lower than the increase of costs in the same period, suggesting that the rise of costs failed to be transmitted to the sales price normally and the sales price failed to rise to a reasonable level. Because of the suppressed price, the pre-tax profit of domestic like products dropped, their output, sales volume, pre-tax profit, return on investment (ROI), operating rate and employment volume declined year by year, and their market share, sales revenue, labour productivity and net cash flow from operating activities were in a downtrend. To sum up, the dumped imported product caused severe injury to domestic industrial production and operation.

Based on the above reasons, the Investigating Authority preliminarily determined that there was a causal

link between the dumped imported product and the material injury suffered by the relevant domestic wine industry.

(II) Analysis of other known factors.

The Investigating Authority reviewed factors known to possibly cause material injury to the domestic industry other than the dumped imported product.

According to the results of the preliminary investigation, there was no evidence showing that a causal link existed between the factors (e.g., the impact of imported products from other countries (regions), trade restriction practices of foreign and domestic producers and competition between them, impact of consumption patterns and substitute products, technological development, export status of domestic like products, and force majeure) and the material injury suffered by the relevant domestic wine industry.

In its Comments on the Anti-dumping Investigation into Relevant Imported Wines Originating in Australia, the Department of Foreign Affairs and Trade (DFAT) claimed that the following factors might cause material injury to the domestic industry: reduction of import tariffs to zero under the China-Australia Free Trade Agreement, fluctuation of the Australian dollar exchange rate, lowering of China's VAT rates, import of like products from other countries, and policies promulgated by the Chinese government (e.g.,

Regulations on Rigorous Enforcement of Economy and Anti-Waste for the Party and Government Organs) during the investigation period.

In its Comments on the Anti-dumping Investigation into Relevant Imported Wines Originating in Australia Initiated by China's Ministry of Commerce, Australian Grape & Wine Incorporated pointed out that, the import volume of like products from other countries constituted the main part of China's total imports, and the import price of the product under investigation was significantly higher than that of like products from other countries, so the injury suffered by China's domestic industry should be attributable to imports from other countries.

The domestic Applicant put forward the following claims: First, the domestic price was directly influenced by RMB prices of imported products. During the Period of the Injury Investigation, the landed prices of the product under investigation were in a downtrend, which was true to both CIF USD price and RMB price after considering the changes in import tariffs and exchange rate. Therefore, the real reason for the decline of RMB prices of imported products should be the low-price pricing strategy of foreign exporters against China. Second, the lowering of VAT rates alleviated the tax burden of enterprises to a certain extent, playing a positive role in the development of the domestic

industry. Third, the import volume of like products from other countries and regions was in a downtrend, and the price reduction of the Australian product under investigation was obviously more significant than that of like products imported from other countries. Fourth, although the relevant consumption-restricting policies promulgated by the Chinese government might have a certain impact on the market demand, a large number of low-price import of the product under investigation would further intensify the market competition and aggravate the injury suffered by the domestic industry.

The Investigating Authority conducted a preliminary investigation about this and drew the following conclusions after review: First, about the impact of changes in import tariffs and Australian dollar exchange rate on the domestic industry. In order to ensure that the price of the dumped imported product and that of domestic like products were comparable, the Investigating Authority compared them at the same level of trade. Particularly, the price of the dumped imported product was determined on the basis of CIF prices provided by China Customs after considering the exchange rate, tariff rate and customs clearance fee during the investigation period. The comparison data showed that, during the Period of the Injury Investigation, the price of the dumped imported product was in a downtrend with a

cumulative decline of 15.91% in 2015-2019, suppressing the price of domestic like products under the background of increased costs, leading to a continuous drop of sales revenue, pre-tax profit, return on investment (ROI) and other main operating indicators of domestic like products, and causing material injury to the domestic industry. Therefore, the DFAT's claim that the injury suffered by the domestic industry during the Period of the Injury Investigation was related to changes in import tariffs and the Australian dollar exchange rate was inconsistent with the facts.

Second, about the claim that VAT rates had an impact on the relevant domestic wine market and industry. The Investigating Authority held the following opinions: Firstly, in its Comments, the DFAT did not provide direct evidence supporting its claim about the impact of VAT rates on the domestic industry. Secondly, in the comparison between the price of the dumped imported product and that of domestic like products which were conducted by the Investigating Authority, both prices didn't include VAT, inland transport cost, insurance cost, secondary sales channel cost, etc. Finally, the lowering of VAT rates helped to alleviate the tax burden of the relevant domestic wine producers, to reduce their capital expenditures, and to promote their healthy development. Therefore, the claim

that VAT rates had an impact on the relevant domestic wine market and industry was inconsistent with the facts.

Third, about the impact of imports from other countries and regions on the domestic industry. According to the statistics of China Customs, during the Period of the Injury Investigation, the import volume of products from other countries and regions was in a downtrend, decreasing from 339,500 kl in 2015 to 335,200 kl in 2019. The landed prices of products from other countries and regions were also in a downtrend, decreasing from USD 4,238/kl in 2015 to USD 4,116/kl in 2019. The price reduction of products from other countries and regions is lower than that of the dumped imported product. Compared with products imported from other countries, the dumped imported product not only had a continuously increasing volume but also had a more significant price reduction. Furthermore, there was no evidence showing the existence of dumping products imported from other countries. Therefore, the impact of imports from other countries and regions cannot deny the causal link between the import of the product under investigation and the material injury suffered by the domestic industry.

Fourth, about the impact of consumption policies (e.g., Regulations on Rigorous Enforcement of Economy and Anti-Waste for the Party and Government Organs) on the

domestic industry. First of all, the DFAT claimed that relevant consumption policies might lead to a reduction of the domestic industrial demand, without providing any supporting evidence. Secondly, the investigation evidence revealed that from 2015 to 2017, the apparent consumption of relevant domestic wines grown continuously from 765,900 kl in 2015 to 918,000 ml in 2017. Under the background of growing domestic industrial market demand, the output and sales volume of domestic like products should have had an excellent performance to fully meet the domestic market demand. However, both their output and sales volume decreased continuously, while the output dropped from 252,800 kl in 2015 to 227,700 kl in 2017 and the sales volume dropped from 242,100 kl in 2015 to 219,300 kl in 2017, resulting in a continuous decline of the operating rate of domestic like products and a severely low operating rate of only about 35%. From 2018 to 2019, despite the reduced apparent consumption and market demand of relevant domestic wines, the quantity of the dumped imported product did not decrease due to the reduced market demand but increased significantly and occupied the market share of domestic like products. As a result, the output and sales volume of domestic like products decreased far more than the apparent consumption in 2019. During the Period of the Injury

Investigation, the cumulative decrease of the apparent consumption of relevant domestic wines was 3.22%, while that of the output and sales volume of domestic like products reached 30.78% and 24.66% respectively, far more than that of the apparent consumption. Moreover, the dumped imported product suppressed the prices of domestic like products, affecting the profitability of the domestic industry and further leading to a continuous decline in both pre-tax profit and return on investment during the Period of the Injury Investigation. Therefore, the DFAT's claim that the injury suffered by the domestic industry during the Period of the Injury Investigation was related to relevant consumption policies was inconsistent with the facts.

Based on the above investigations, the Investigating Authority preliminarily identified that the aforesaid factors could not deny the causal link between the dumped imported product and the material injury suffered by the domestic industry.

VII. Preliminary investigation conclusion

Based on the above investigation results, the Investigating Authority made the preliminary ruling that the relevant imported wines originating in Australia had been dumped, the domestic wine industry suffered a substantial

injury as a result, and there was a causal relationship between the dumping and the material injury.

Annex: Relevant Anti-dumping Wine Data

Item	2015	2016	2017	2018	2019
Total National Output (10,000 kl)	37.76	34.76	37.48	35.12	28.82
Change Rate	-	-7.94%	7.83%	-6.30%	-17.94%
Total National Imports (10,000 kl)	39.61	48.18	55.23	50.87	45.60
Change Rate		21.64%	14.63%	-7.89%	-10.36%
Import volume of the Product under Investigation (10,000 kl)	5.67	7.94	10.58	11.78	12.08
Change Rate	-	40.04%	33.25%	11.34%	2.55%
Market Share of the Product under Investigation	7.40%	9.69%	11.53%	13.80%	16.30%
Change Rate (Percentage Point)	-	2.29	1.84	2.27	2.50
Landed price of the Product under Investigation (USD/kl)	7759	6834	6447	6090	6723
Change Rate	-	-11.92%	-5.66%	-5.54%	10.39%
Apparent Consumption (10,000 kl)	76.59	81.96	91.80	85.39	74.12
Change Rate	-	7.01%	12.01%	-6.98%	-13.20%
Capacity (10,000 kl)	64.12	64.12	63.05	63.85	64.87
Change Rate	-	0.00%	-1.67%	1.27%	1.60%
Output (10,000 kl)	25.28	23.73	22.77	22.04	17.50
Change Rate	-	-6.13%	-4.05%	-3.21%	-20.60%
Operating rate	39.44%	37.00%	36.12%	34.52%	26.97%
Change Rate (Percentage Point)	-	-2.44	-0.88	-1.60	-7.55
Domestic sales volume (10,000 ml)	24.21	22.78	21.93	21.71	18.24
Change Rate	-	-5.91%	-3.73%	-1.00%	-15.98%
Domestic market share	31.62%	27.80%	23.90%	25.43%	24.61%
Change Rate (Percentage Point)	-	-3.82	-3.90	1.53	-0.82
Domestic sales revenue (RMB 100 million)	77.53	75.69	75.80	78.01	70.40
Change Rate	-	-2.37%	0.15%	2.92%	-9.76%

Domestic Sales Price (RMB/kl)	32019	33227	34560	35932	38595
Change Rate		3.77%	4.01%	3.97%	7.41%
Pre-tax profit (RMB 100 million)	7.96	5.93	5.92	5.46	4.79
Change rate of loss	-	-25.50%	-0.17%	-7.77%	-12.27%
Return on investment	3.14%	2.27%	2.20%	2.01%	1.85%
Change Rate (Percentage Point)	-	-0.87	-0.07	-0.19	-0.16
Net cash flows (RMB 100 million)	10.41	6.97	8.23	7.09	2.06
Change Rate	-	-33.05%	18.08%	-13.85%	-70.94%
Ending Inventory (10,000 kl)	9.37	9.24	9.75	8.97	7.82
Change Rate	-	-1.39%	5.52%	-8.00%	-12.82%
Employment volume (persons)	8,733	8,471	7,942	7,461	7,068
Change Rate	-	-3.00%	-6.24%	-6.06%	-5.27%
Per capita salary (yuan/year/person)	56335	60149	64863	69361	75342
Change Rate	-	6.77%	7.84%	6.93%	8.62%
Labor productivity (kl/person)	28.95	28.01	28.67	29.54	24.75
Change Rate	-	-3.25%	2.36%	3.03%	-16.22%