

**TO: Trade Remedies Authority (UK)**

North Gate House | 21-23 Valpy Street | Reading RG1 1AF

**Date:** 29 May 2023

**Case No:** AS0020 - Ironing Boards from the Republic of Türkiye

**Subject:** Meeting with the TRA held on 25 May 2023

**MILENYUM METAL'S MEETING COMMENTS ON  
SUBSIDY CALCULATIONS, THE SES AND PAD**

The Trade Remedies Authority published The Statement of Essential Facts (SES) and Provisional Affirmative Determination (PAD) on 26 April 2023 concerning the subsidy investigation AS0020 - Ironing Boards from the Republic of Türkiye. The TRA also provided Milenyum Metal detailed subsidy calculations. The TRA organized an online meeting with Milenyum Metal on 25 May 2023 at 15.00 pm Turkish time (13.00 pm UK time) upon request by Milenyum Metal.

Milenyum Metal submitted the following views to the attention of the TRA at this meeting.

1. The TRA determined that domestic sales prices increased during the IP, but the average per-unit cost of production increased by greater amounts (Recital 197). However, the TRA did not explain the reasons for the increase in the cost of production of the complainant. The TRA also did not explain how the UK producer managed to increase its prices significantly in the POI.
2. Considering the fact that half of the time already passed at the meeting, Milenyum Metal wanted to present its views on subsidy calculations and provide the TRA detailed views on injury in its written submission regarding the provisional determination documents.
3. Milenyum Metal submitted to the esteemed participants of the TRA of the UK that all indicators cited in Recital 258 as evidence of injury to the UK industry in fact showed positive trends for the UK industry. Moreover, indicators in Recital 259 (wages, productivity, employment) also reveal positive developments for the complainant during the IP.

4. Milenyum Metal is of the opinion that there is no injury caused by imports from Türkiye to UK production (i.e. no causal link exists) throughout the IP and the TRA must not apply countervailing duty on imports of ironing boards from Türkiye.
5. At the request of Milenyum Metal, the TRA provided subsidy calculations on 3 May 2023 to Milenyum Metal. Calculations included 2 excel files.
6. The TRA calculated the amount and the subsidy margins of the countervailable subsidies for 8 subsidy programmes. Subsidy margin for all countervailable subsidies were found to be significantly less than 1% except for Free Zones Corporate Tax Exemption Programme.
7. According to The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (“Regulations”) Article 25 (4), *For the purpose of paragraphs (2) and (3), a “qualifying countervailable subsidy” is one which has a value of at least **1 per cent.** of all the sales of the goods to which the countervailable subsidy is attributable.* However, the TRA considered all countervailable subsidies which were less than 1 per cent as qualifying subsidies. The TRA must disregard these subsidies in this investigation pursuant to Article 25 (4) of the Regulations.
8. According to the Article 26 (1) of the Regulations, *Subject to paragraphs (2) to (5), the subsidy attributable to the period of investigation must be attributed to **all of the sales of goods** during the period of investigation.* Contrary to the provisions of this Article, the TRA attributed all countervailable subsidies to export sales to the UK, instead of all of the sales of goods. If the TRA attributed the subsidy attributable to the period of investigation to all of the sales of goods during the POI for the Free Zones Corporate Tax Exemption Programme, subsidy margin would have been [0,75-0,93]%, which is also less than 1 per cent and is not a “qualifying countervailable subsidy” pursuant to Article 25 (4) of the Regulations.

9. Without prejudice to comments above, Milenyum Metal considers that Subsidy calculation and adjustment of the TRA for the Free Zones Corporate Tax Exemption Programme is also inaccurate. This adjustment was provided in the excel file "CAS199 IB - Intermediate Subsidy Calculations (NONC)" Tab "C1\_-\_Income\_statement." The TRA disregarded all Selling Expenses stating that "all the selling expenses (mainly transport costs) were for sales to the USA." However, as shown in the excel file "Costs request - Milenyum Metal," which was prepared on request and reviewed by the verification team during the Verification Visit to Milenyum Metal premises in Kayseri, a) selling expenses other than transport costs (sale personnel salaries), b) other selling expenses (that are less than 1% of production cost) and c) transport costs related to export sales to the UK during the POI (CIF, CPT, DDU delivery terms) were not included in the adjustment.
10. Total amount of sales personnel salaries for the POI was [540,000-620,000] TL in the excel file "Costs request - Milenyum Metal." Other selling expenses were provided in the trial balance for the POI. These are (main items classified under account code 760 marketing, sales and distribution expenses):
- 760.02.003 Travel and Accommodation Expenses: [135,000-150,000] TL
  - 760.02.004 Fuel Expenses: [58,000-67,000]TL
  - 760.03.001 Export Transaction Expenses: [570,000-650,000] TL
  - 760.03.004 Customs Brokerage Expenses: [102,000-132,000]TL
  - 760.03.008 Representation and Hospitality Expenses: [30,000-34,000] TL
  - 760.03.011 Missing, Incorrect and Late Loading Product Expenses: [68,000-79,500] TL
  - 760.04.001 Depreciation: [224,000-255,000] TL.
- Total: [1,200,500-1,390,000] TL

Transport costs related to export sales to the UK during the POI (CIF, CPT, DDU delivery terms) can be calculated using the excel file "Confidential\_AS0020 Questionnaire Annex II (Milenyum Metal)" Tab "B2\_-\_Sales\_to\_the\_UK" provided to the TRA during the investigation, because 18 export sale transactions to the UK included transport costs. Total of transport costs (as the difference between the net invoice value and the CIF value in accounting currency) for these transactions was [151,000-171,000] TL.

11. Portion of selling expenses during the POI for the goods concerned could be:

$$[540,000-620,000] \text{ TL} + [1,200,500-1,390,000] \text{ TL} = [1,700,00-2,030,000] \text{ TL} * [0,179-0,195] = [335,000-388,000] \text{ TL}$$

We should add transport cost to the UK for sales terms other than FOB. Thus:

$$[335,000-388,000] \text{ TL} + [151,000-171,000] \text{ TL} = [460,000-565,000] \text{ TL}$$

**by entering this amount to the cell M20 in the excel file "CAS199 IB - Intermediate Subsidy Calculations (NONC)" Tab "C1\_-\_Income\_statement."**

12. Another adjustment error is that the TRA did not exclude the portion of transport (shipping) income (601.01.009 Navlun Gelirleri: [3,800,000-4,400,000] TL)(Provided to the TRA in the file, Appendix A6-5(4) Trial Balance 2021-Milenyum Metal\_Tur) falling to goods concerned from Net Sales (cell M12). The amount of this adjustment (deduction from net sales) is  $[3,800,000-4,400,000] \text{ TL} * [0,179-0,195] = [730,000-860,000] \text{ TL}$ .

13. After making the above adjustments, total amount of the subsidy becomes [615,000-705,000] TL instead of [870,000-1,050,000] TL. This adjusted amount equals to [2.2-2,7] % over export sales to the UK.

14. On the other hand, total value of all goods to which the subsidy is attributable was determined by the TRA as [119,000,000-136,000,000] TL (*File name: CAS198 IB – MM Subsidy Calculation (NONC)*). Adjusted subsidy amount above is also clearly less than 1% of the total value of all goods to which the subsidy is attributable and must be disregarded pursuant to Article 25 (4) of the Regulations.

Respectfully Submitted,

Milenyum Metal Dis Ticaret ve Sanayi A.S.