



Australian Government
Anti-Dumping Commission

Application for the publication of

dumping and/or
countervailing duty notices

CERTAIN
DEEP DRAWN STAINLESS
STEEL SINKS

exported from

CHINA

JANUARY 2014

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publish in respect of goods the subject of this application:

- ☐ a dumping duty notice, or
- ☐ a countervailing duty notice, or
- ☒ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:.....

Name: **Mark Freeman**

Position: **General Manager**

Company: **Tasman Sinkware Pty. Ltd.**

ABN: **12 007 551 886**

Date: **3 / 12 / 13**

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, servant, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 1300 884 159

Fax: 1300 882 506

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit www.aigroup.com.au/traderemedies or telephone (03) 9867 0267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods (P^1 , P^2 P^n) to evaluate industry trends and to correlate injury with dumped imports. The labels P^1 ... P^n are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

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Appendices	<p>Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u>. If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).</p>
Provision of data	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none">• The data should be submitted on a media format compatible with Microsoft Windows.• Microsoft Excel, or an Excel compatible format, is required.• If the data cannot be presented electronically please contact the Commission's client support section for advice.
Lodgement of the application	<p>This application, together with the supporting evidence, should be lodged with:</p> <p style="padding-left: 40px;">The National Manager - Operations Anti-Dumping Commission Customs House 1010 Latrobe St Docklands VIC 3008</p> <p style="padding-left: 40px;">or</p> <p style="padding-left: 40px;">Sent by facsimile to 1300 882 506</p>
Public Record	<p>During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.</p>

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Contact Name: Michael Watters
Company and position: Tasman Sinkware Pty Limited, Commercial Manager
Address: 51 Naweena Road, Regency Park SA 5010
Telephone: +61 8 8348 6444
Facsimile: +61 8 8348 6495
E-mail address: m.watters@oliverisinks.com.au
ABN: 12 007 551 886

Alternative contact

Name: Mark Freeman
Position in company: General Manager
Address: 51 Naweena Road, Regency Park SA 5010
Telephone: +61 8 8348 6444
Facsimile: +61 8 8348 6495
E-mail address: m.freeman@oliverisinks.com.au

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name: Arthur Vlahonasios
Business name: International Trade Remedies Advisory Service,
The Australian Industry Group
Address: 20 Queens Road, Melbourne VIC 3004
Telephone: +61 3 9867 0267
Facsimile:
E-mail address: arthur.vlahonasios@aigroup.asn.au
ABN: 76 369 958 788

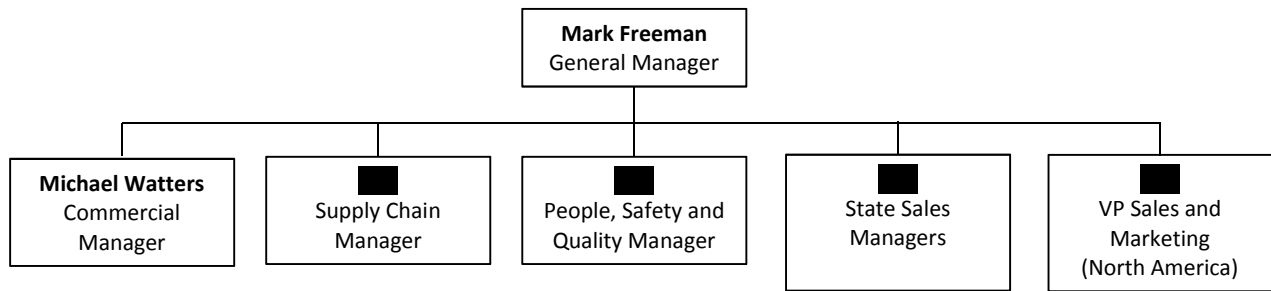
A-2 Company information.

- **State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

Tasman Sinkware Pty Ltd (ABN 12 007 551 886) (**Tasman Sinkware**) is a private company.

“Oliveri” is a registered trademark of Tasman Sinkware.

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.



General Manager

Responsible for the overall management authority of Tasman Sinkware. Co-ordinates the strategic planning and functional operation of the business.

Commercial Manager

Responsible for the management of the finance and administration functions of the business. Co-ordinates the stewardship of the company assets, legislative compliance and reporting.

Supply Chain Manager

Responsible for the procurement, manufacturing and distribution of both raw material and finished product.

People, Safety & Quality Manager

Functional responsibility for the Human Resources function including the health, safety and welfare of the personnel of the business. Oversees the system and product quality functions.

State Sales Manager

State roles to co-ordinate the sales and customer relationships in Australia. Overseas key customer account relationships.

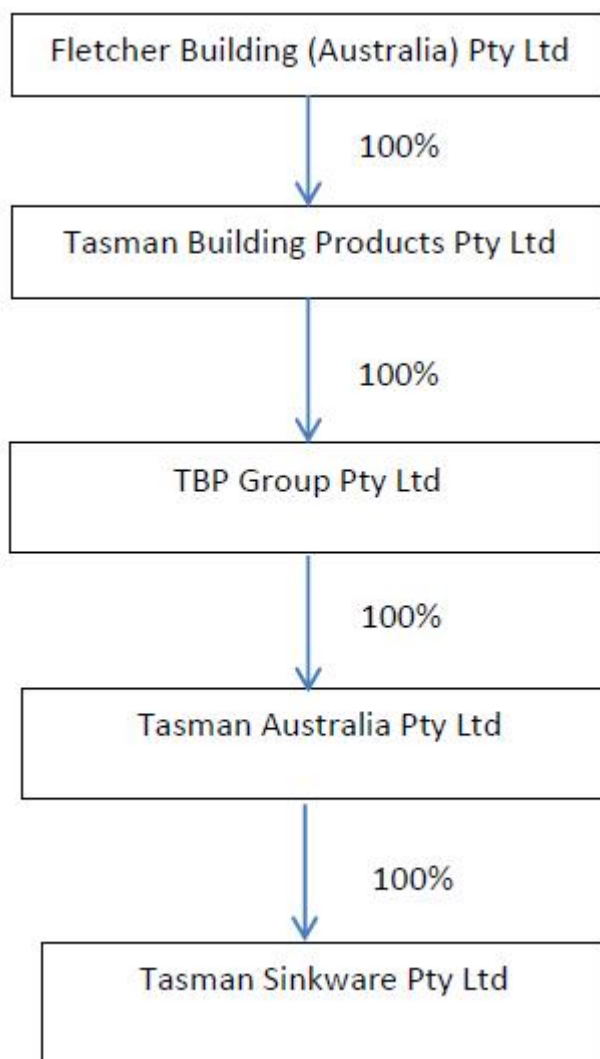
VP Sales & Marketing

Regional Sales Manager for the USA market.

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Refer to the following diagram for ownership structure:

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4. **If your company is a subsidiary of another company list the major shareholders of that company.**

Refer to diagram A-2.3 for ownership structure.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Refer to diagram A-2.3 for ownership structure.

6. **Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

A full list of associated or affiliated companies to the applicant are provided at **NON-CONFIDENTIAL ATTACHMENT A-2.6**, being an extract from the FY 2013 Annual Report of the Fletcher Building Group (refer **NON-CONFIDENTIAL ATTACHMENT A-2.9**).

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

Corporate allocations are made by the parent entity. A schedule is provided below for the value of

these charges.

Financial Year 2009	\$
Financial Year 2010	\$
Financial Year 2011	\$
Financial Year 2012	\$
Financial Year 2013	\$

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

■ [supplier name] ("Elan" model sink) (refer **NON-CONFIDENTIAL ATTACHMENT A-2.8.1**) and ■ [supplier name] ("Genesis" model sink) (refer **NON-CONFIDENTIAL ATTACHMENT A-2.8.2**) provides deep drawn stainless steel sinks as a cheaper "entry level product" to the market within Tasman Sinkware's product range, and ■ [supplier name] (commercial "Sonetto" model sink and laundry tubs). These are commercial arms-length relationships.

9. Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Annual reports are not available given the applicant company is a member of the Fletcher Building Group. However, a copy of the FY 2013 Annual Report of the Fletcher Building Group forms **NON-CONFIDENTIAL ATTACHMENT A-2.9**.

Management reports for the injury analysis period (1 July 2008 – 30 June 2013) have been supplied:

- June 09 Sinkware Mthly Report (**CONFIDENTIAL ATTACHMENT A-6.3.5**)
- June 10 Sinkware Mthly Report (**CONFIDENTIAL ATTACHMENT A-6.3.6**)
- June 11 Sinkware Mthly Report (**CONFIDENTIAL ATTACHMENT A-6.3.7**)
- June 12 Sinkware Mthly Report (**CONFIDENTIAL ATTACHMENT A-6.3.8**)
- June 13 Sinkware Mthly Report (**CONFIDENTIAL ATTACHMENT A-6.3.9**)

10. Provide details of any relevant industry association.

Australian Stainless Steel Development Association

A-3 The imported and locally produced goods.

1. Fully describe the imported product(s) the subject of your application:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The goods the subject of this application are deep drawn stainless steel sinks with a single deep drawn bowl having a volume of between 7 and 70 litres (inclusive), or multiple drawn bowls having a combined volume of between 12 and 70 litres (inclusive), with or without integrated drain boards, whether finished or unfinished, regardless of type of finish, gauge, or grade of stainless steel and whether or not including accessories.

For the purposes of this definition, the term "deep drawn" refers to a manufacturing process using metal forming technology to produce a smooth basin with seamless, smooth, and rounded corners. Deep drawn stainless steel sinks are available in various shapes and configurations and may be described in a number of ways including flush mount, top mount, or undermount (to indicate the attachment relative to the countertop). Stainless steel sinks with multiple deep drawn bowls that are joined through a welding operation to form one unit are covered by the scope of the investigations. "Finished or

unfinished” refers to whether or not the imported goods have been surface treated to their intended final “finish” for sale. Typically, finishes include brushed or polished.

Deep drawn stainless steel sinks are covered by the scope of the investigation whether or not they are sold in conjunction with accessories such as mounting clips, fasteners, seals, sound-deadening pads, faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories.

Excluded from the definition of the goods the subject of this application are stainless steel sinks with fabricated bowls. Fabricated bowls do not have seamless corners, but rather are made by notching and bending the stainless steel, and then welding and finishing the vertical corners to form the bowls. Stainless steel sinks with fabricated bowls may sometimes be referred to as “fabricated sinks”.

Deep drawn stainless steel sinks are commonly used in residential and non-residential installations including in kitchens, bathrooms, utility and laundry rooms. When used in the context of bathrooms, deep drawn stainless steel sinks may there be referred to, for marketing purposes, as “wash basins”. As noted above, deep drawn stainless steel sinks may have may, or may not, have a single (or multiple) integrated drain board that forms part of the sink structure, designed to direct water into the sink bowl.

2. What is the tariff classification and statistical code of the imported goods.

The goods are classified within tariff subheadings **7324.10.00** (statistical codes **52** and **53**), in Schedule 3 of the *Customs Tariff Act 1995*.

3. Fully describe your product(s) that are ‘like’ to the imported product:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

Tasman Sinkware is the sole Australian industry producing ‘like goods’ to the imported goods.

Tasman Sinkware manufactures equivalent goods to imported deep drawn stainless steel sinks and manufactures a broad range of the ‘like goods’ at its Regency Park facility near Adelaide, South Australia. Please refer to **NON-CONFIDENTIAL ATTACHMENT A-3.1** for product brochures detailing the entire deep drawn stainless steel sink range of products manufactured by Tasman Sinkware, including their physical, technical and other properties.

The deep drawn stainless steel sinks produced by the Australian industry are commonly used in residential and non-residential installations including in kitchens, bathrooms, utility and laundry rooms. Stainless steels sinks sold in Australia are required to be manufactured in accordance with AS/NZ 1756 with no associated Watermark Standard. As such, the imported goods the subject of this application and the Australian produced ‘like goods’ are completely interchangeable.

The deep drawn stainless steel sinks produced by the Australian industry are available in a variety of shapes and configurations. They may have single or multiple bowls, may include, single, multiple or no drainer boards, and may be undermount, top mount or designed as work tops.

The deep drawn stainless steel sinks produced by the Australian industry are generally made from grade 304 cold-rolled stainless steel sheet that is 18, 20 or 22 gauge. Gauge refers to the nominal thickness of steel. Typically, the lower the gauge value, the thicker the material.

A comparison of the physical, technical and other properties of the imported goods the subject of this application and the ‘like goods’ produced by the Australian industry are contained in the

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following table:

<i>Properties (physical, technical and other)</i>	<i>Goods the subject of this application</i>	<i>Goods produced by the Australian industry producing "like goods"</i>
<i>Volume of bowl(s)</i>		
<i>≥7 ≤70 litres</i>	✓	✓
<i>Number of bowls</i>		
<i>Single</i>	✓	✓
<i>Multiple</i>	✓	✓
<i>Installation type</i>		
<i>Under mount</i>	✓	✓
<i>Top mount</i>	✓	✓
<i>Flush mount</i>	✓	✓
<i>Steel Grade</i>		
<i>304</i>	✓	✓
<i>Chrome/nickel content</i>		
<i>18/10</i>	✓	✓
<i>18/8</i>	✓	X
<i>Steel Gauge</i>		
<i>18</i>	✓	✓
<i>20</i>	✓	✓
<i>22</i>	✓	✓
<i>Bowl Finish</i>		
<i>Brushed</i>	✓	✓
<i>Polished</i>	✓	✓
<i>Strainer included?</i>		
<i>Yes</i>	✓	✓
<i>No</i>	X	X
<i>Drainer board included?</i>		
<i>Yes</i>	✓	✓
<i>No</i>	✓	✓

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Other accessories included?		
<i>Yes</i>	✓	✓
<i>No</i>	✓	✓

The Australian market for deep drawn stainless steel sinks is broken down into market sectors on the basis of the number of bowls:

- single bowls;
- single and one-half bowls;
- single and three-quarter bowls;
- double bowls; and
- double and one-half.

The Australian industry has identified that a number of market segments within each of these market sectors and sub-sectors exist. These market segments are categorised by their respective price points in the Australian market, namely:

- entry-level (■■■);
- mid-range (■■■); and
- top-range (■■■), [*internal market segmentation*]

In turn, the Australian industry has classified its models in relation to their position in each of these market segments. The decision to place a particular model within a corresponding market segment is driven predominately by market factors, such as branding, style and design.

Therefore, typically, those models that belong to the entry-level market segment, are ■■■, that have not been upgraded for several the range of 'Lakeland' and 'Ultraform' and 'Perle' models belong to this category. [*segment feature*]

The mid-range market segment is represented by ■■■ representing examples of ■■■ (i.e. ■■■). The 'Diaz', 'Petite' and 'Solitaire' represent mid-range models manufactured by the Australian industry. [*segment feature*]

Examples of top-ranged deep drawn stainless steel sinks are the 'Nu-Petite' and 'Monet' models. These products represent the ■■■ and ■■■ (i.e. ■■■). [*segment feature*]

A secondary factor that is a function of the design element of the models, and their corresponding association with a particular market segment is their production costs.

Although production costs are not the key defining driver of market segmentation, there is nevertheless a relationship between the market segment and the production costs of goods within that segment. This is demonstrated in *table A-3.3.1*, below, which is an extract of the Australian industry's individual bill of materials for deep drawn stainless steel sinks across entry-level, mid-range and top-range market segments for similarly configured goods, namely 1.75 and 2.00 bowl deep drawn stainless steel sinks.

	<i>Frame/Drain Board (kgs)</i>	<i>Main bowl (kgs)</i>	<i>Secondary Bowl (kgs)</i>	<i>Total stainless Steel (kgs)</i>	<i>Difference</i>	<i>Labour (Hours)</i>	<i>Difference</i>
1.75 bowl							
<i>Entry-level (Lakeland)</i>	■■■	■■■	■■■	■■■		■■■	
<i>Mid –Range (Diaz)</i>	■■■	■■■	■■■	■■■	11.22%	■■■	28.33%
<i>Top-Range (Nu-Petite)</i>	■■■	■■■	■■■	■■■	14.43%	■■■	19.48%
2.00 bowl							
<i>Entry-level (Lakeland)</i>	■■■	■■■		■■■		■■■	
<i>Mid –Range (Diaz)</i>	■■■	■■■		■■■	8.89%	■■■	28.33%
<i>Top-Range (Nu-Petite)</i>	■■■	■■■		■■■	21.85%	■■■	19.48%

Table A-3.3.1 Bill of Materials for three models across 1.75 and 2.00 bowl products (refer **CONFIDENTIAL ATTACHMENT A-3.3**)

As can be observed from *table A-3.3.1*, above, the key cost driver in relation to different models across the three market-segments is the quantity of raw material (stainless steel) used in the production of the particular product. This is a direct function of the size and depth of the bowls within any configuration (1.0, 1.5, 1.75, 2.0, 2.5), and the number and size of drainer boards (where applicable), and the overall dimensions of the deep drawn stainless steel sink. In the case of 1.75 bowl configured goods, the mid-range model contained approximately 11% more stainless steel than the entry-level model. In the case of the 2.00 bowl configured goods, 9% more stainless steel is used in the production of the mid-ranged model, when compared to the entry-level model.

A secondary cost driver of different models across the three market-segments is the number of labour hours attributable to its production. This tends to be reflected in longer finishing/polishing effort in the mid-range and top-range products. Additionally, labour time is effected by the number of bowls and the inclusion of a drainer board in the sink design although this effect is consistent across the three market-segments.

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

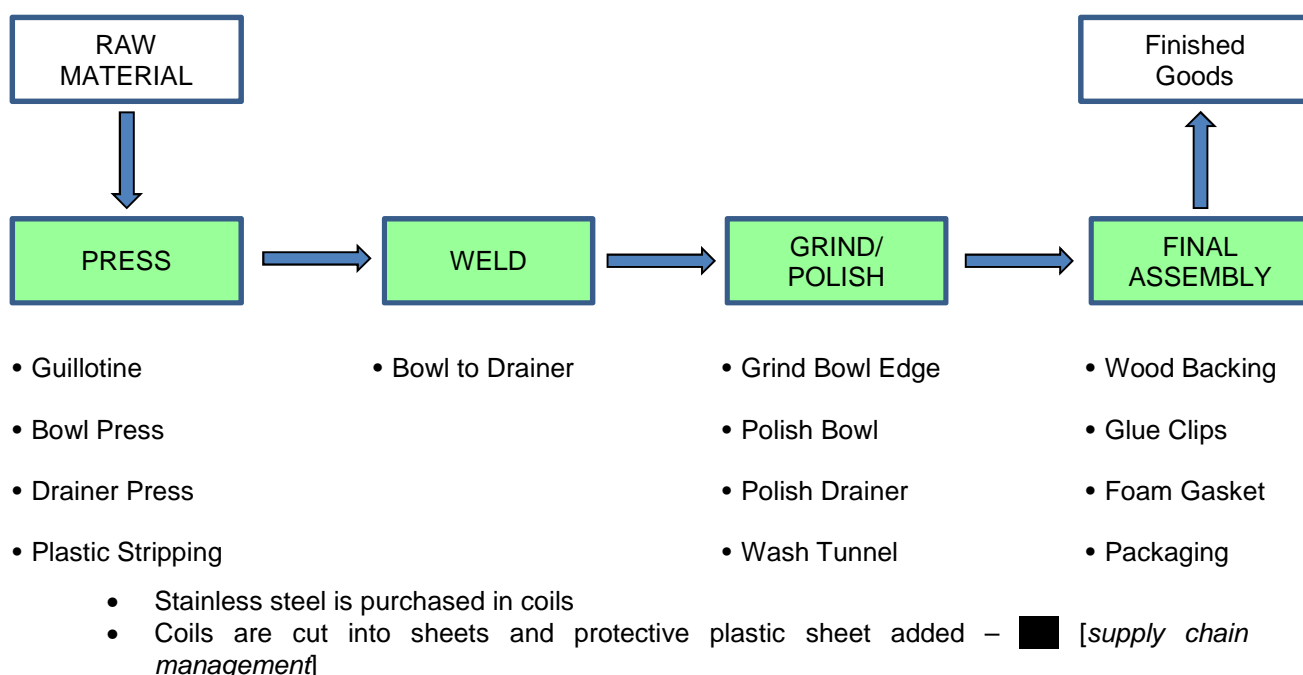
The imported deep drawn stainless steel sinks possess the same essential characteristics as locally manufactured drawn stainless steel sinks in the following ways:

- similar physical dimensions – imported drawn stainless steel sinks in either single or multiple bowls are identical to locally made goods;
- similar manufacturing processes and standards (in accordance with relevant Australian standards);
- made from the same raw material;
- same tariff classifications;
- price competitive with locally-produced goods; and
- can be substituted for locally produced goods in a variety of end-use applications.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC code applicable to fabricated Metal Product Manufacturing is included in “**Class 2240 Sheet Metal Product Manufacturing (except Metal Structural and Container)**”

6. Provide a summary and a diagram of your production process.



- Bowls are deep drawn in the press from the sheets
- Drainer trays are pressed from the sheets
- Plastic protective sheet is stripped from bowls/drainers
- Bowl is welded to the drainer
- Bowl edge where it joins the drainer is ground
- Bowl/drainer sink assembly is polished
- Bowl/drainer sink assembly is washed
- Wood backing panel is glued to drainer for strength/acoustics
- Installation clips are glued to the sink
- Foam gasket seal is applied to the underside edge of the sink
- Finished sink is packaged with accessories

The process begins with coils of stainless steel that are sheared into sheets with a plastic film applied, referred to as “blanks”. The “blanks” undergo a series of forming, shearing, welding and finishing operations. Although, the applicant has in the past [REDACTED] and begins the production process with the bowl press step. [supply chain management]

A sink bowl is formed through a combination of two forming operations: deep drawing and stretch forming. In the first operation, the blanks are conveyed through mechanical or hydraulic presses that punch the blanks into rough sink shapes. For each different bowl shape, there is a unique punch and die set that is interchangeable with the press. At this stage, the depth and diameter of the bowl are slightly less than the required dimensions. The early forms are placed through further equipment that uses a re-draw process to stretch the sink bowl to its final depth.

Following the stretch-forming step, the edges of the bowl are trimmed and a drain hole is punched. Hold-downs (metal clips) are then spot-welded to the sides of the sink bowl.

In some cases, double and triple bowl sinks are made by taking single drawn bowls, shearing them so that the ledges are straight, then spot-welding the ledges. Alternatively, depending on the sink design, the bowl will be welded onto a drainer board.

At this stage, any weld joints between the bowl and drainer are ground down and the bottom and sides of the sink bowl are buffed. The deck of the sink is also buffed to produce a mirror-type finish.

The sinks are washed following this operation. Sound dampening pads are then added to the sink along with any installation clips being glued to the sink. Finally, a foam seal gasket is applied to the underside outer edge to create a seal to any bench top when the product is installed. The finished sinks are then packaged for market with any additional accessories that are marketed as a part of the overall sink pack.

7. If your product is manufactured from both Australian and imported inputs:

- **describe the use of the imported inputs; and**
- **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**

Stainless steel coils are imported, this is the basic raw material to which the manufacturing process outlined in section A-3.6, above is performed in Australia.

Accessories (chopping boards, drainer trays) plus taps may be included with the finished sink, these items are imported and make up a small component of the finished good value and are peripheral to the sale of the final sink.

Otherwise, every process identified in the diagram contained in section A-3.6 above is performed in Australia, specifically the “press”, “weld”, grind/polish” and “final assembly” processes are performed in Australia.

8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).

Not applicable.

9. Supply a list of the names and contact details of all other Australian producers of the product.

Tasman Sinkware is the sole Australian producer of deep drawn stainless steel sinks.

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

Both imported and the “like goods” produced by the Australian industry are commonly used in residential and non-residential installations including in kitchens, bathrooms, utility and laundry rooms.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
 - marketing and distribution arrangements;
 - typical customers/users/consumers of the product;
 - the presence of market segmentation, such as geographic or product segmentation;
 - causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
 - the way in which the imported and Australian product compete; and
 - any other factors influencing the market.
- Product demand comes from both new homes/developments and the alterations and additions market. There are some non-core demand in areas such as [redacted] [description].
 - Tasman Sinkware is a wholesale manufacturer who does not sell direct to the public.
 - Customers fall into the following categories:
 - Electrical Retail – [redacted]
 - Plumbing Trade – [redacted]
 - Retail Trade – [redacted]
 - Cabinetry – [redacted][customer names]
 - Products are segmented into family groups based on product design (e.g. Diaz, Petite range) or by product configuration (e.g. 1 & ¾ sink with drainer, undermount double bowl).
 - Market performance is closely linked to the overall performance of the building and alterations and additions segment.
 - Competition between the imported and Australian product is largely done on price.
 - In terms of seasonal fluctuations, there is a discernible slow-down in the market in December and January, as the building and construction sector winds down annually for the Christmas/New Year period.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

Fabricated stainless sinks generally represent a high end designer product that is sold at much

higher price points and in lower volumes to the deep drawn stainless steel alternative.

Other high end designer sinks are available in non stainless steel alternatives, these include glass top or ceramic sinks, again the designer product that is sold at much higher price points and in lower volumes to the deep drawn stainless steel alternative.

4. **Complete appendix A1 (Australian production).** This data is used to support your declaration at the beginning of this application.

CONFIDENTIAL APPENDIX A1 has been completed for the Australian industry. See Industry **CONFIDENTIAL APPENDIX A1**.

5. **Complete appendix A2 (Australian market).**

CONFIDENTIAL APPENDIX A2 has been completed for the Australian **deep drawn stainless steel sink** market. See Industry **CONFIDENTIAL APPENDIX A2**.

6. **Use the data from appendix A2 (Australian market) to complete this table:**

*Indexed table of sales quantities**

Market data from Industry Confidential Appendix A2 has been used to prepare the following table.

Table A-4.6 – Australian Market

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports*	(e) Other Imports*	Aust Industry Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2009	1.00	-	1.00	1.00	1.00	1.00	1.00	1.00
2010	0.95	-	0.95	1.31	0.99	0.77	1.19	1.17
2011	0.83	-	0.83	1.45	0.96	0.68	1.27	1.23
2012	0.67	-	0.67	1.30	0.58	0.74	1.05	1.01
2013	0.56	-	0.56	1.43	0.69	1.41	1.18	1.12

* Based on proprietary Australian Bureau of Statistics data provided at **CONFIDENTIAL ATTACHMENT A-4.6.1 to A-4.6.5**.

A-5 Applicant's sales.

1. **Complete appendix A3 (sales turnover).**

CONFIDENTIAL APPENDIX A3 has been completed by the applicant.

2. **Use the data from appendix A3 (sales turnover) to complete these tables.**

*Indexed table of Applicant's sales quantities**

Quantity	2009	2010	2011	2012	2013
All products					
Australian market	1.00	0.93	0.84	0.72	0.70
Export market	1.00	0.49	0.58	0.36	0.39
Total	1.00	0.88	0.81	0.67	0.66
Like goods					
Australian market	1.00	0.95	0.83	0.67	0.56

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Export market	1.00	0.53	0.58	0.36	0.34
Total	1.00	0.89	0.79	0.63	0.53

*Indexed table of Applicant's sales values**

Value	2009	2010	2011	2012	2013
All products					
Australian market	1.00	0.97	0.92	0.82	0.73
Export market	1.00	0.41	0.53	0.32	0.28
Total	1.00	0.91	0.88	0.76	0.68
Like goods					
Australian market	1.00	0.95	0.85	0.70	0.57
Export market	1.00	0.48	0.54	0.33	0.29
Total	1.00	0.90	0.82	0.66	0.54

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

The applicant has prepared **CONFIDENTIAL APPENDIX A5** evidencing sales of the goods the subject of this application that have been imported, as well as internal transfer sales to related parties.

4. Complete appendix A4 (domestic sales).

The applicant has completed **CONFIDENTIAL APPENDIX A4** for the twelve months ending 30 June 2013.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

[redacted] [related customers] are all members of the Fletcher Building Group, the parent company of the applicant.

There is no price effect associated with the relationship as all arrangements are commercial arms-length transactions based on market competitive tender pricing.

6. Attach a copy of distributor or agency agreements/contracts.

Agency agreements exist for the following [redacted]:

- [redacted] %
- [redacted] % [Basis of agency agreement]

Copies of relevant agency agreements are attached and form **CONFIDENTIAL ATTACHMENT A-5.6**.

7. Provide copies of any price lists.

Refer **NON-CONFIDENTIAL ATTACHMENT A-5.7**

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

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- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

Discounts (11) – On Invoice/List Price Discount

Pricing is done for customers on list price less discount basis. [REDACTED]

[REDACTED] [Discount policy]

Rebates (12) – Rebate Discount

In addition to a discount some customers have a rebate structure. [REDACTED]

[REDACTED] [Rebate policy]

Other Charges (13) – Settlement Discount

Settlement discount may be in place for [REDACTED]

[REDACTED] [Settlement discount policy]

Other Discounts (15) – Agent's Commissions

[REDACTED] territories run by agents ([REDACTED] was also an agency for part of the 2012 year but was converted to a company owned branch). [REDACTED] was an agency until September 2013 when the agent [REDACTED] and service for the territory was transferred to the [REDACTED] Branch. Agents are paid a set percentage ([REDACTED] %) of the sales value as a commission. [REDACTED]

[REDACTED] [Agents' commission policy]

Other Discounts (15), – Advertising Rebate

Some customers, in addition to a list price discount, rebate and settlement discount may also get a set amount of all sales paid as an advertising rebate. [REDACTED]

[REDACTED] [Advertising rebate policy]

Transport & Handling (17), – Freight Cost Accrual

Average freight costs associated with all sales are accrued based on the kg of the goods purchased against the sales order as part of the cost of that order. Actual freight costs are then booked against the freight accrual.

Transport & Handling (17), Column Z – Freight Recovery

Some customer terms are not inclusive of freight and as such a freight recovery is charged to the customer on the sales order based on the kg of the goods purchased.

All credit notes are included as a sales document in the sales order listing in Appendix A4.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Supporting documentation has been compiled for a random selection Sales Orders listed in Appendix A4, refer to the following attached files:

- Inv 3602566580 Confidential Attachment A-5.9.1
- Inv 3602585095 Confidential Attachment A-5.9.2
- Inv 3602603365 Confidential Attachment A-5.9.3
- Inv 3602604398 Confidential Attachment A-5.9.4
- Inv 3602632884 Confidential Attachment A-5.9.5
- Inv 3602659281 Confidential Attachment A-5.9.6
- Inv 3602677713 Confidential Attachment A-5.9.7
- Inv 3602697831 Confidential Attachment A-5.9.8
- Inv 3602710901 Confidential Attachment A-5.9.9

A-6 General accounting/administration information.

1. Specify your accounting period.

1 July to 30 June.

2. Provide details of the address(es) where your financial records are held.

Financial records are located at the premises nominated for the company contacts in Section A-1 above.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

The company's Chart of Accounts has been supplied with this application refer **CONFIDENTIAL ATTACHMENT A-6.3.1.**

Annual reports are not prepared by the applicant company as it is owned by the Fletcher Building Group.

Internal financial statements have been provided refer to the following files:

- Profit & Loss 2011 **CONFIDENTIAL ATTACHMENT A-6.3.2**
- Profit & Loss 2012 **CONFIDENTIAL ATTACHMENT A-6.3.3**
- Profit & Loss 2013 **CONFIDENTIAL ATTACHMENT A-6.3.4**
- Performance [Management] Report (June 2009) **CONFIDENTIAL ATTACHMENT A-6.3.5**
- Performance [Management] Report (June 2010) **CONFIDENTIAL ATTACHMENT A-6.3.6**
- Performance [Management] Report (June 2011) **CONFIDENTIAL ATTACHMENT A-6.3.7**
- Performance [Management] Report (June 2012) **CONFIDENTIAL ATTACHMENT A-6.3.8**
- Performance [Management] Report (June 2013) **CONFIDENTIAL ATTACHMENT A-6.3.9**

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

KPMG (Auckland, New Zealand) is the independent auditor of Fletcher Building Limited, the ultimate holding company of the applicant. The independent auditor made the following

statement in its report to the shareholders of Fletcher Building Limited:

“Report on the company and group financial statements”

“We have audited the accompanying financial statements on pages 38 to 76 of Fletcher Building Limited (“the company”) and the group, comprising the company and its subsidiaries. The financial statements comprise the balance sheets as at 30 June 2013, the earnings statements and statements of comprehensive income, movements in equity and cashflows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.”

- ‘Independent auditor’s report’, *KPMG, Auckland New Zealand*, 21 August 2013 (contained within ‘2013 Annual Report’, *Fletcher Building Limited*)

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

The applicant’s accounting practices are in accordance with Australia’s generally accepted accounting practices.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Income is recognised once the goods are invoiced at the time of the sales order being despatched to the customer. Discounts and rebates are recognised at the same time as an accrual to reduce the value of the sales revenue.

Sales returns are booked as an off-set to sales revenue as a credit note as when they occur.

Warranty claims are books as a general expense item as and when they are incurred.

Intercompany transfers do not occur; sales to related entities are undertaken as commercial arms-length agreements and processed as a standard sales order.

- **provisions for bad or doubtful debts;**

A general provision for bad and doubtful debts is made and any movements in the provision are booked as a general expense item to the profit and loss statement (P&L).

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses and interest are not allocated to the cost of goods sold (COGS) with the exception of freight expense which is accrued as part of the sales order and booked (as a separate expense item) to the COGS section of the P&L.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Costs are allocated on a per unit (sink) basis. Direct costs are allocated on an actual basis with indirect costs being allocated on a time for manufacture basis.

- **the method of valuation for inventories of raw material, work-in-process, and finished**

goods (eg FIFO, weighted average cost);

FIFO, at the lower of cost or net realisable value. A provision is booked for obsolete and slow moving stock items.

- **valuation methods for scrap, by-products, or joint products;**

Scrap stainless steel is booked as a sale with no associated cost of sales. Scrap has not been included in any of the sales data provided in the appendices but is included in the financial P&L's provided.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Damaged goods that are work-in-progress being manufactured are recognised on a monthly basis as a write-off, at cost, of the associated raw material consumed in the wasted work in progress product. Finished goods written off due to damage are done at the time of damage on the basis of the cost of the inventory item.

- **valuation and revaluation of fixed assets;**

Assets are valued at cost, including the costs of installation.

[REDACTED] *[Internal accounting treatment]*

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Straight line depreciation at a rate in line with the Australian Taxation Office's recommended useful life is applied to calculate asset depreciation.

[REDACTED] *[Depreciation practice]*

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign exchange movements arising from transactions are booked at actual value as they are realised. All balance sheet items are held in AUD for the applicant company and as such are not subject to unrealised exchange movements.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

[REDACTED] *[Internal accounting treatment]*

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

There has been [REDACTED] *[Internal accounting treatment]*

A-7 Cost information

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1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

The applicant has completed Confidential Appendix A6.1 & A6.2

A-8 Injury

1. Estimate the date when the material injury from dumped imports commenced.

Tasman Sinkware considers that it has experienced material injury for the purpose of this application from the dumped and subsidised exports of deep drawn stainless sinks exported to Australia from China in FY 2010, as imports increased in volume by 30.8% between FY 2009 and FY 2010 and the market share of dumped and subsidised exports grew by 12% over the same period, whereas, the market share of the Australian industry declined by 20%. Overall, sales volume and value commenced its decline in FY 2010. Although the Australian industry was able to stabilise profitability on its sales of like goods in FY 2010, such profitability declined in FY 2011, and continued for the rest of the injury analysis in response to declines sales volume and value.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

*Index of **production** variations (units)*

<i>Period</i>	<i>Financial Year 2009</i>	<i>Financial Year 2010</i>	<i>Financial Year 2011</i>	<i>Financial Year 2012</i>	<i>Financial Year 2013</i>
TOTAL DRAWN DOMESTIC SINKS	100	95	83	67	56
SINGLE BOWL	100	91	79	63	53
DOUBLE BOWL	100	108	104	95	82
TRIPLE BOWL	100	33	-	33	-
BOWL + 1/2 BOWL	100	91	83	70	62
BOWL + 3/4 BOWL	100	91	73	53	41
DOUBLE BOWL + 1/2 BOWL	100	76	68	59	26

Tasman Sinkware does not separately record production volumes, and the production rates are based upon the applicant's sales volumes.

The impact of increasing imports from FY 2010 is evidenced in Tasman Sinkware's overall production/sales rates for deep drawn stainless steel sinks. The indices indicate a 13% decline in total production/sales of deep drawn sinks between FY 2010 and FY 2011, and a 44% decline across the injury analysis period.

*Index of **cost of production** variations (A\$ per unit)*

<i>Period</i>	<i>Financial Year 2009</i>	<i>Financial Year 2010</i>	<i>Financial Year 2011</i>	<i>Financial Year 2012</i>	<i>Financial Year 2013</i>
TOTAL DRAWN DOMESTIC SINKS	100	91	90	96	99

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Tasman Sinkware does not separately account for its costs of production on a model/SKU basis. Therefore, total costs are allocated on a volume basis across all models/SKUs.

The above index indicates that the costs of production remained stable across the injury analysis period.

*Index of **price** variations (model, type, grade of goods)*

Period	<i>Financial Year 2009</i>	<i>Financial Year 2010</i>	<i>Financial Year 2011</i>	<i>Financial Year 2012</i>	<i>Financial Year 2013</i>
TOTAL DRAWN DOMESTIC SINKS	100	101	103	105	102
SINGLE BOWL	100	100	102	101	99
DOUBLE BOWL	100	96	93	92	89
TRIPLE BOWL	100	113	-	161	-
BOWL + 1/2 BOWL	100	99	102	101	94
BOWL + 3/4 BOWL	100	103	107	110	109
DOUBLE BOWL + 1/2 BOWL	100	96	99	98	93

Tasman Sinkware's unit selling prices for deep drawn sinks, overall, have fluctuated in a narrow band across the injury analysis period. The most significant price deterioration was in the unit selling prices for double bowl sinks, 11% decline. This model accounts for almost one-third (by volume) of sales.

This declining selling prices evident across the injury analysis period are accompanied by reduced sales volumes and declining market share experienced by the applicant company.

*Index of **profit** variations (model, type, grade of goods)*

Period	<i>Financial Year 2009</i>	<i>Financial Year 2010</i>	<i>Financial Year 2011</i>	<i>Financial Year 2012</i>	<i>Financial Year 2013</i>
TOTAL DRAWN DOMESTIC SINKS	100	132	119	64	14

Profit variations are based upon total profit from Confidential Appendix A6.1 data supplied by the applicant company. As the company does not record costs on a model/SKU basis, an index of profit variation for each model of deep drawn stainless steel sinks is not meaningful.

Injurious deep drawn stainless steel sink imports have increased market share by undercutting Tasman Sinkware's selling prices, impacting overall sales volumes and values, and as a result impairing Tasman Sinkware's ability to cover its fixed expenses over declining rates of production/sales that has meant total costs are allocated across significantly reduced output. Accordingly there has been an 86% decline in profit across the injury analysis period.

*Index of **Profitability** variations (model, type, grade of goods)*

Period	<i>Financial Year 2009</i>	<i>Financial Year 2010</i>	<i>Financial Year 2011</i>	<i>Financial Year 2012</i>	<i>Financial Year 2013</i>
TOTAL DRAWN DOMESTIC SINKS	100	139	140	91	25

Profitability variations are based upon % of selling price sourced from Confidential Appendix A6.1 data supplied by the applicant company. As the company does not record costs on a model/SKU

basis, an index of profitability variations for each model of deep drawn stainless steel sinks is not meaningful.

Tasman Sinkware's return on sales reflects the collapse in profitability between FY 2012 and 2013, resulting in a 75% decline in profitability across the injury analysis period. The level of return in FY 2012 and FY 2013 highlights that the deep drawn stainless sink business is currently unattractive for reinvestment purposes.

3. **Complete appendix A7 (other economic factors).**

The applicant has completed Confidential Appendix A7.

The following additional economic indicators highlight the material injury experienced from FY 2010. It is noted that in addition to the reduced sales volume and value experienced since FY 2012, injury is also evident in capital utilised in the production of like goods, capacity utilisation and under-utilisation of labour resources. This has reduced attractiveness to reinvest and employ additional labour.

Index of Capital Investment utilised in the production of like goods

Period	Financial Year 2009	Financial Year 2010	Financial Year 2011	Financial Year 2012	Financial Year 2013
Index	100	92	84	73	64

The measure of capital investment utilised in the production of like goods is based upon the value of fixed assets from Confidential Appendix A7 data supplied by the applicant company.

The value in fixed assets utilised in the production of like goods has reduced since FY 2010, when the injurious imports increased in market share.

Overall, there was a 36% decline across the injury analysis period.

Index of capacity utilisation

Period	Financial Year 2009	Financial Year 2010	Financial Year 2011	Financial Year 2012	Financial Year 2013
Index	100	89	79	63	53

The applicant's capacity utilisation data is a measure of the company's actual production turnover as a percentage of total production capacity (based on 3 shifts/day).

The rate of decline in capacity utilisation has declined across the injury analysis period. In FY 2010 and FY 2011, there was an 11% decline per annum when compared to the previous period. In FY 2012, there was a 20% decline, and in FY 2013 a 16% decline.

Overall, there was 47% decline in capacity utilisation across the injury analysis period.

Index of employment (numbers)

Period	Financial Year 2009	Financial Year 2010	Financial Year 2011	Financial Year 2012	Financial Year 2013
Index	100	100	75	68.75	62.5

The measure of employment numbers measures the actual numbers of employees engaged in the

production of like goods.

Following the commencement of injury in FY 2010, the applicant reduced its direct workforce responsible for the production of like goods by 25%. There was a further reduction in employee numbers in FY 2012, by 8%, followed by a further 9% reduction in FY 2013.

Overall, the workforce directly responsible for the production of like goods declined by 37.5% across the injury analysis period.

Index of wages (total wages bill)

Period	Financial Year 2009	Financial Year 2010	Financial Year 2011	Financial Year 2012	Financial Year 2013
Index	100	90	91	71	68

The index of wages expense is a measure of the total direct wages expense incurred in the production of like goods, including wages on-costs.

The 10% reduction of total wages expense in FY 2010, notwithstanding the retention of employees numbers related to the production of like goods reflects a reduction in the number of shifts related to the production of like goods. The stabilisation of wages expense in FY 2011, notwithstanding the reduction in direct employee numbers in the same year, reflects the cost of redundancies on the applicant. The continued decline in wages expense follows the loss of total employee numbers across the period.

Overall, the total direct labour expense for the production of like goods, **declined by 32%** across the injury analysis period.

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

- 1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.**

The data is presented by financial year periods as the value of sales across quarters is not instructive in this market due to the seasonal nature of sales (refer section A-4.2, above). Further, the data is presented in terms of total units of goods the subject of this application, and not units by model, as there is no reliable source data available on the latter. Notwithstanding this, the total units of the subject goods are instructive of general trends in the Australian market.

There is a direct correlation between the growth in volume of the dumped imports and the decline in sales volume and market share of deep drawn stainless steel sinks manufactured by the Australian industry. The following diagrams demonstrate the loss of sales volume and market share in response to a rise in the volume of dumped imports.

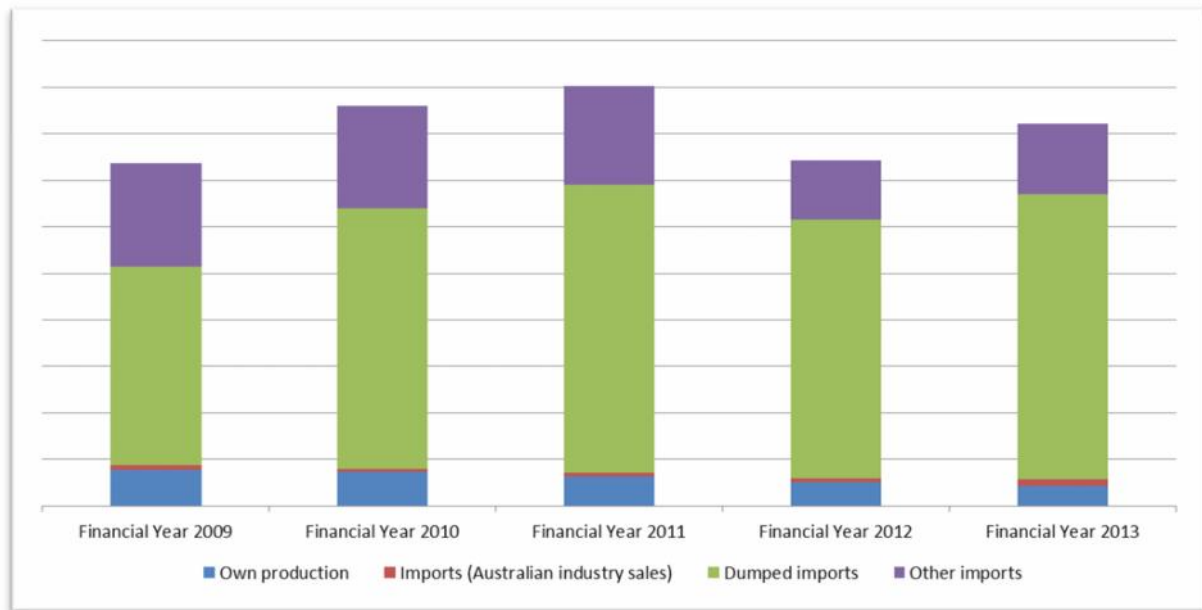


Diagram A-9.1.1 Australian market size and supply source since 1 July 2008 (Source: Confidential Appendix A2, based on Australian Bureau of Statistics (ABS) data)

In FY 2010, injurious imports from China grew by 31% in terms of volume, and a further 11% in FY 2011. The overall size of the Australian market grew by 23% between FY 2009 and FY 2011. This resulted in injurious imports from China gaining market share at the expense of the Australian industry and suppliers from sources other than China.

In FY 2012, the Australian market contracted by (-)18% in terms of volume (compared to FY 2011). However, the volume of injurious imports from China only contracted by (-)10% during that period. By comparison, the volume of Australian sales declined by (-)19%, and sales from other import sources declined by (-) 40%.

In FY 2013, as the size of the Australian market grew again by 11%, the size of injurious imports from China grew by 10%, whereas sales of Australian product declined by a further (-)16%, and sales from other sources grew by 20%.

Overall, the volume of injurious imports from China grew by 43%, whereas the volume of sales of Australian production declined by 44% across the injury analysis period. This demonstrates that injurious imports have had a directly damaging effect on sales of Australian production.

Diagram A-9.1.2 demonstrates the influence of injurious imports on market share, namely that the growth in the volume of injurious imports from China have been at the expense of the market share of the Australian industry and other non-injurious sources.

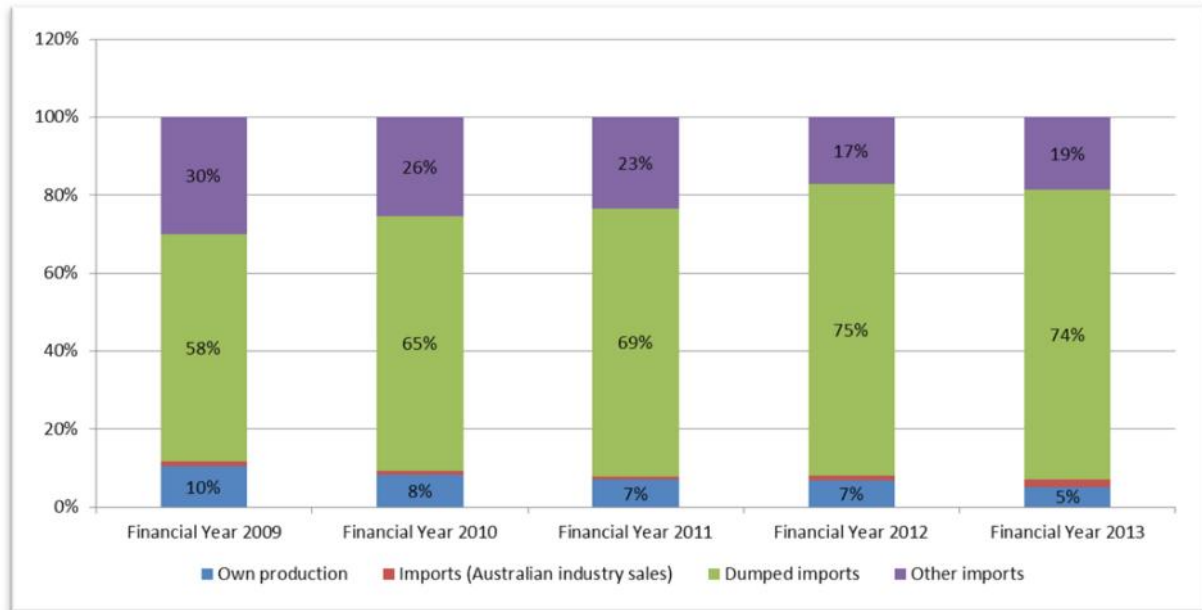


Diagram A-9.1.2 Australian market size and supply source since 1 July 2008 (Source: Confidential Appendix A2, based on Australian Bureau of Statistics (ABS) data)

Diagram A-9.1.2 demonstrates that injurious imports from China gained market share at the expense of the Australian industry and other sources of imports. Whereas the market share of the injurious imports from China grew by 28% across the injury analysis period from 58% to 74% of the market share, the market share of the Australian industry declined across the same period by 50%, from 10% to 5% market share.

Imports from sources other than China also lost market share, from 30% of the Australian market in FY 2009 to 19% by FY 2013. The decline represents a 37% decline in market share across the period.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

The data is presented by financial year periods as the value of sales across quarters is not instructive in this market due to the seasonal nature of sales. Further, the data is presented in terms of the average unit prices of goods the subject of this application, and not average unit prices by model, as there is no reliable source data available on the latter. Notwithstanding this, the total average unit price of the subject goods is instructive of general trends in the Australian market.

Diagram A-9.2.1 below indicates the average export prices of dumped imported sinks from China since 1 July 2008. Across the injury analysis period there was a decline of 12% in average unit export prices. Unit export prices of dumped imports from China reached their lowest point in FY 2011, which indicated a 20% decline in values since 1 July 2008.

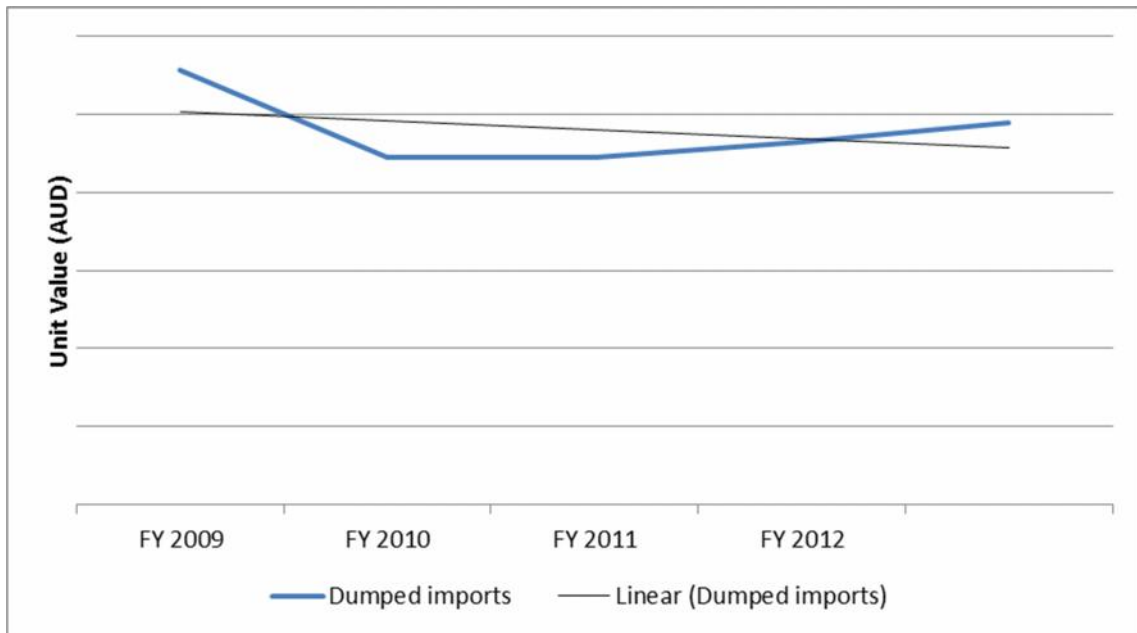


Diagram A-9.2.1 Average FOB export prices of dumped imports from China since 1 July 2008 (Source: Confidential Appendix A2, based on Australian Bureau of Statistics (ABS) data) (x-intercept: $y = 0$)

Diagram A-9.2.2 below compares the impact of the export prices of dumped imports from China to the average prices of the Australian industry's own production (all products). Overall, the dumped imports consistently undercut the Australian industry's prices. Across the injury analysis period there was only a minor increase in average prices for the Australian industry of 2%.

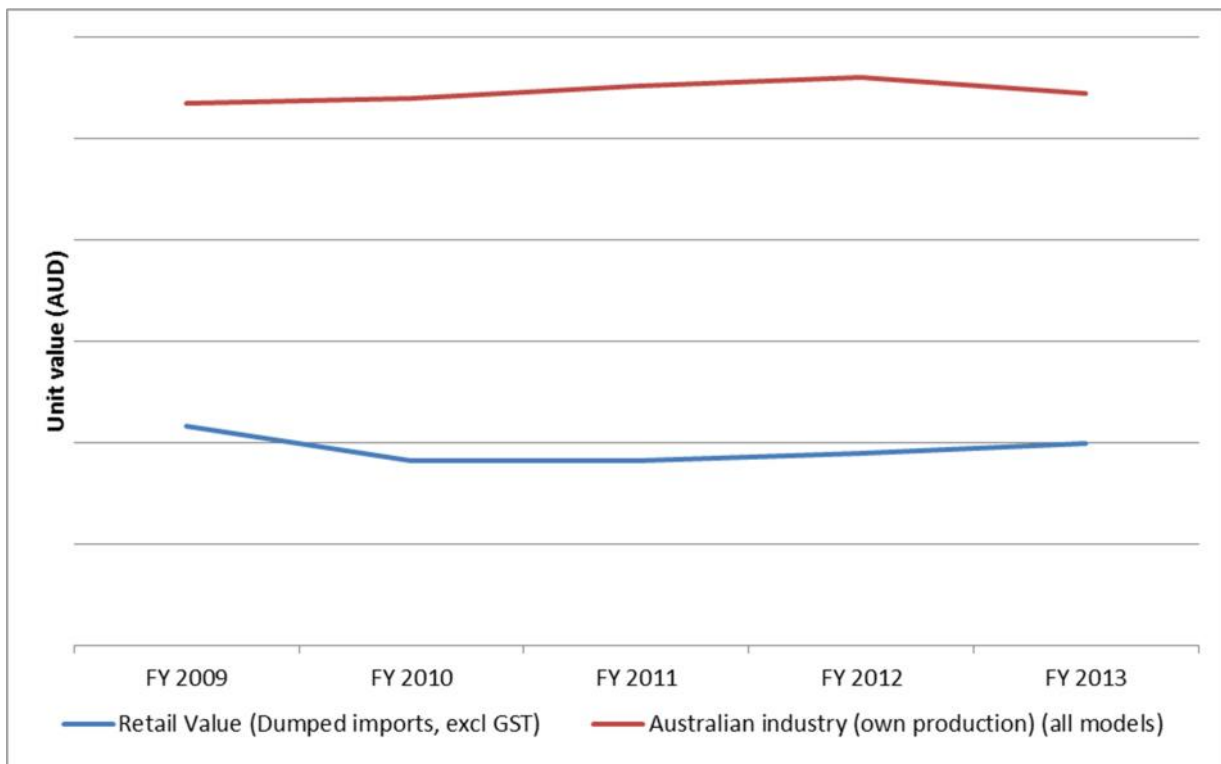


Diagram A-9.2.2 Unit values of dumped imports from China adjusted to reflect on-sales into Australian market and Australian industry production (all products) to sales into Australian market since 1 July 2008 (Source: **CONFIDENTIAL ATTACHMENT A-9.2** based on Confidential Appendix A2 and Australian Bureau of Statistics (ABS) data) (x-intercept: $y = 0$)

The fact that averages prices for Australian sinks did not deteriorate by more is a function of significantly declining sales volumes of the Australian industry's lower-value, entry-level like goods. For example, the sales volume of the Australian industry's production of single bowl sinks declined by (-)47% across the

injury analysis period. By reducing the weighted contribution of the Australian industry's lower cost product offering (i.e. single bowl sinks), arrested the overall decline in average prices.

Specifically, the extent of price injury caused by price undercutting is demonstrated by a comparison of the average export price of dumped imports from China to the Australian industry's most popular sink models – single bowl and double bowls.

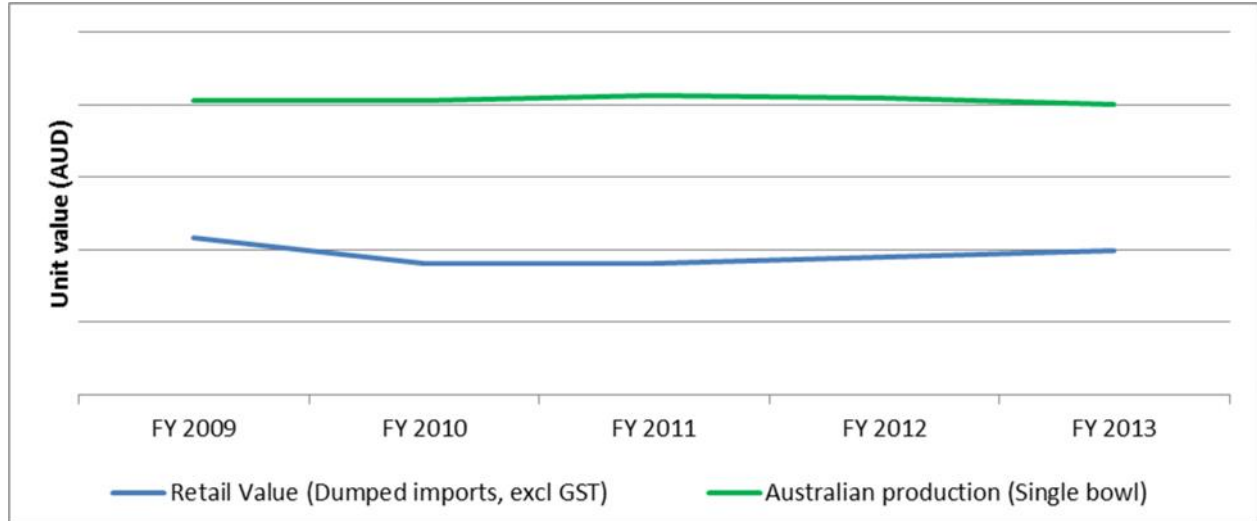


Diagram A-9.2.3 Unit values of dumped imports from China adjusted to reflect on-sales into Australian market and Australian industry production (single bowl) to sales into Australian market since 1 July 2008 (Source: CONFIDENTIAL ATTACHMENT A-9.2 based on Confidential Appendix A2 and Australian Bureau of Statistics (ABS) data) (x-intercept: $y = 0$)

In FY 2013, sales of single bowl sinks constituted 34% of the Australian industry's sale volume of like goods. Across the injury analysis period, sales volume of this model declined by (-)47%. *Diagram A-9.2.3*, above, demonstrates that sales prices declined by (-)1% across the injury analysis period.

As the Australian industry's entry-level, model, it is competitively priced and has suffered significantly in terms of price injury since FY 2011, when the Australian industry responded to dumped imports from China reaching their lowest price points. The influence of the price of dumped imports on the price of the Australian produced single bowl sink is observed in *diagram A-9.2.4*, below, when compared to the price cycle of dumped imports from China illustrated in *diagram A-9.2.1*, above.

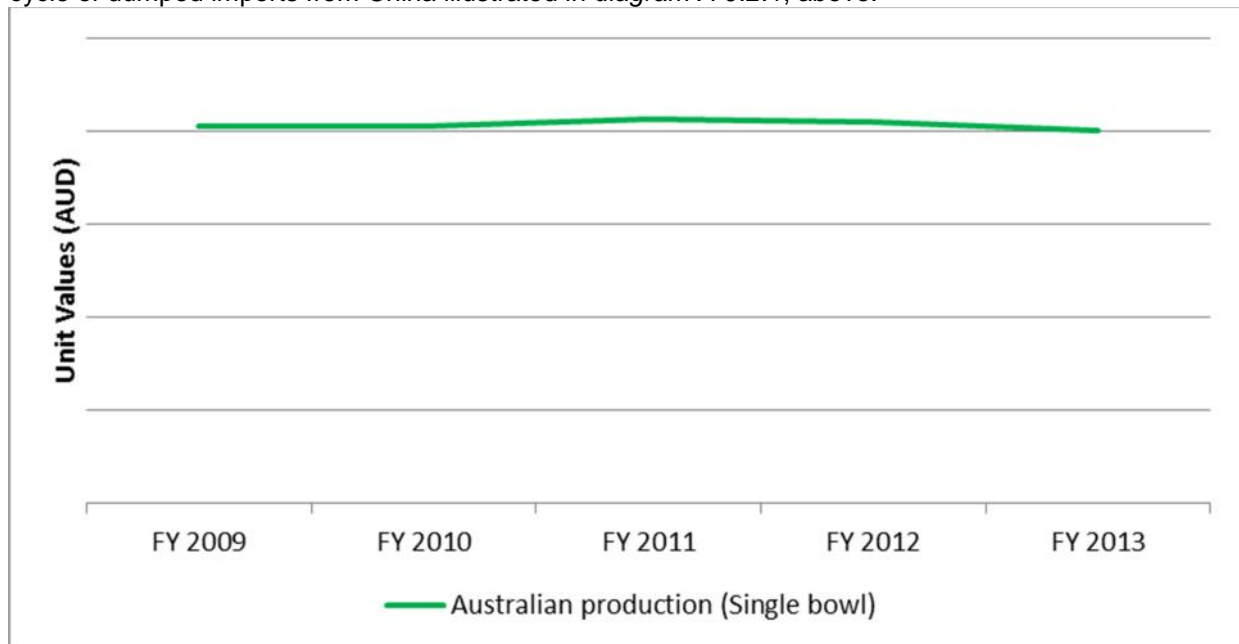


Diagram A-9.2.4 Unit values of Australian production (single bowl) since 1 July 2008 (Source: Confidential Appendix A6.1) (x-intercept: $y \neq 0$)

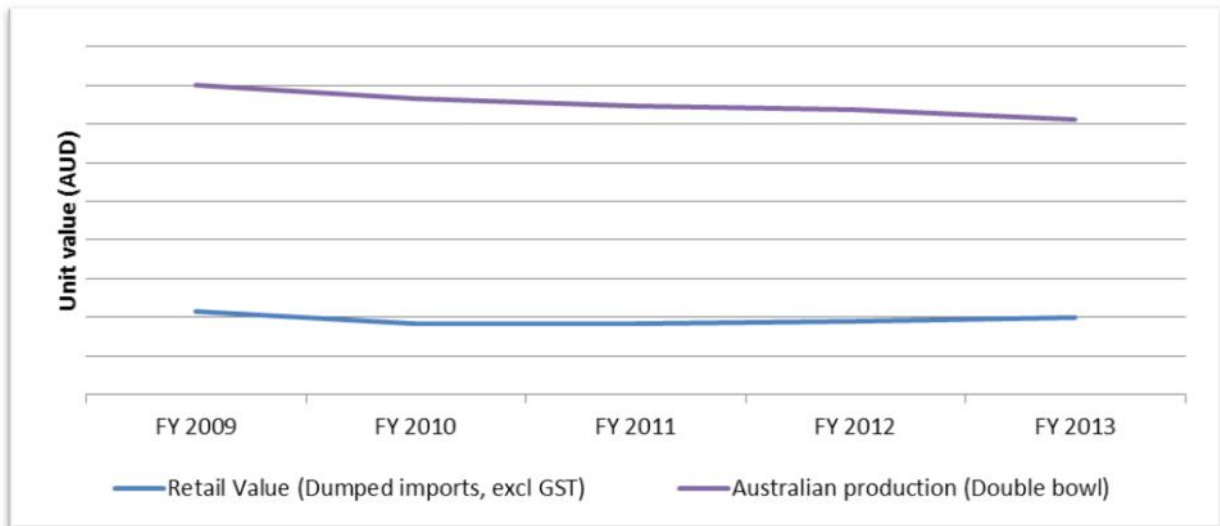


Diagram A-9.2.5 Unit values of dumped imports from China adjusted to reflect on-sales into Australian market and Australian industry production (double bowl) to sales into Australian market since 1 July 2008 (Source: CONFIDENTIAL ATTACHMENT A-9.2 based on Confidential Appendix A2 and Australian Bureau of Statistics (ABS) data) (x-intercept: $y = 0$)

In FY 2013, sales of double bowl sinks constituted 32% of the Australian industry's sale volume of like goods. Across the injury analysis period, sales volume of this model declined by (-)18%, and sales prices declined by (-)11%. According to *diagram A-9.2.5*, above, the double bowl model reacted to the undercutting evident from dumped imports in FY 2011, and has continued to decline since that time.

Diagram A-9.2.6, below, compares the average export prices of dumped imports from China to the Australian industry's average unit profit on sales of all Australian production of like goods.

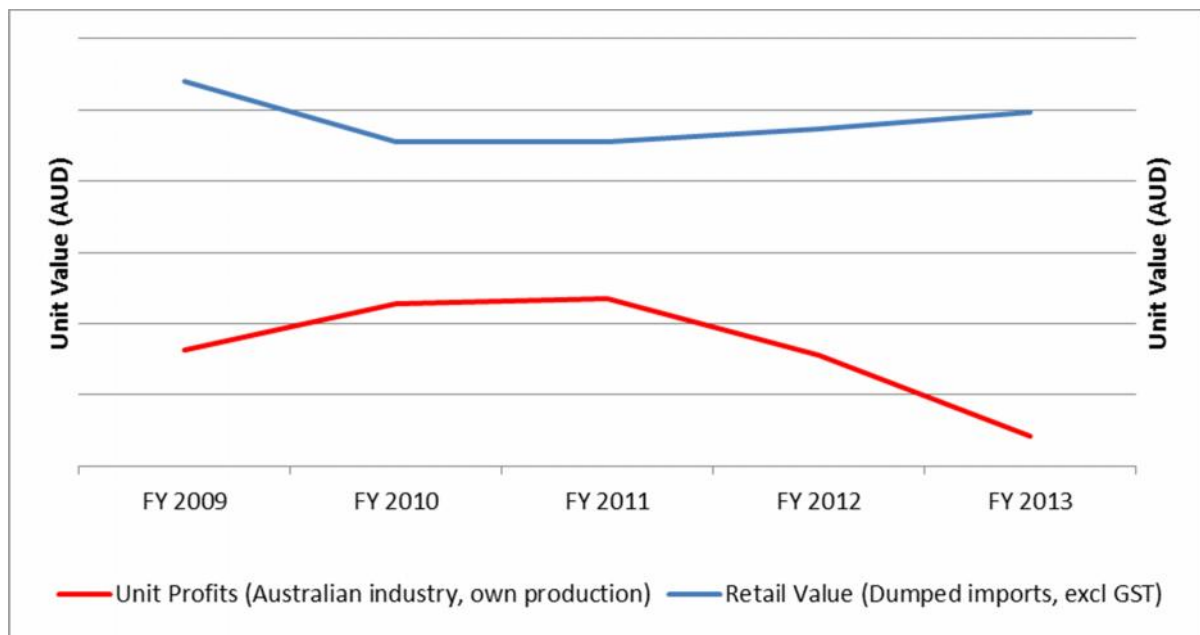


Diagram A-9.2.6 Unit values of dumped imports from China adjusted to reflect on-sales into Australian market and average unit profit of sales of Australian industry production (all products) since 1 July 2008 (Source: CONFIDENTIAL ATTACHMENT A-9.2 based on Confidential Appendix A2 and Australian Bureau of Statistics (ABS) data) (x-intercept: $y = 0$)

Diagram A-9.2.6, above, illustrates the influence of dumped import export prices on the unit average profit of Australian sales. Since FY 2011, when the export price of dumped imports from China were at their lowest levels across the injury analysis period, the average unit profit of Australian sales of "like goods" have declined.

Similarly, *diagram A-9.2.7*, below, illustrates the influence of the average export prices of dumped imports from China on the Australian industry's overall profitability of the sales of like goods.

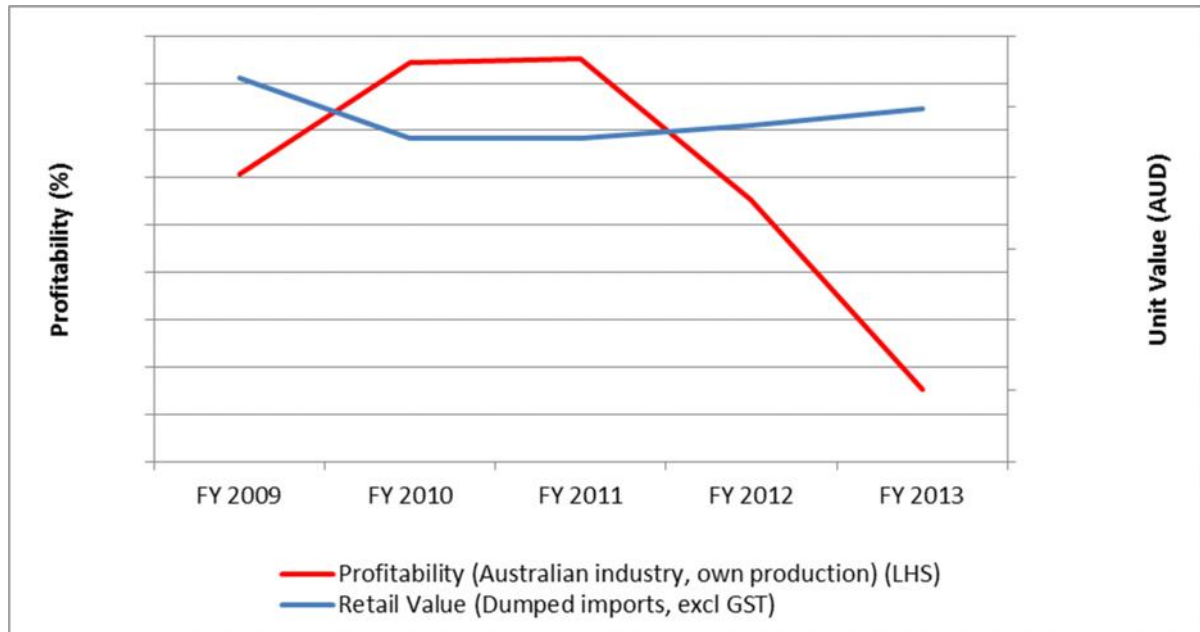


Diagram A-9.2.7 Unit values of dumped imports from China adjusted to reflect on-sales into Australian market and profitability of Australian industry production (all products) since 1 July 2008 (Source: *CONFIDENTIAL ATTACHMENT A-9.2* based on Confidential Appendix A2 and Australian Bureau of Statistics (ABS) data) (x-intercept: $y = 0$)

Diagram A-9.2.7, above, indicates that the Australian industry's profitability has declined since the export price undercutting of dumped imports from China evident in FY 2011.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

The data is presented by financial year periods as the value of sales and costs across quarters is not instructive in this market due to the seasonal nature of sales.

The price undercutting of dumped imports from FY 2011 (refer *diagram A-9.2.1*), prevented the Australian industry from raising the price of Australian production of the like goods in response to increasing unit costs to make. Diagram A-9.3.1, below, indicates that notwithstanding the increase in unit costs to make, the Australian industry in fact reduced their prices of like goods from FY 2012.

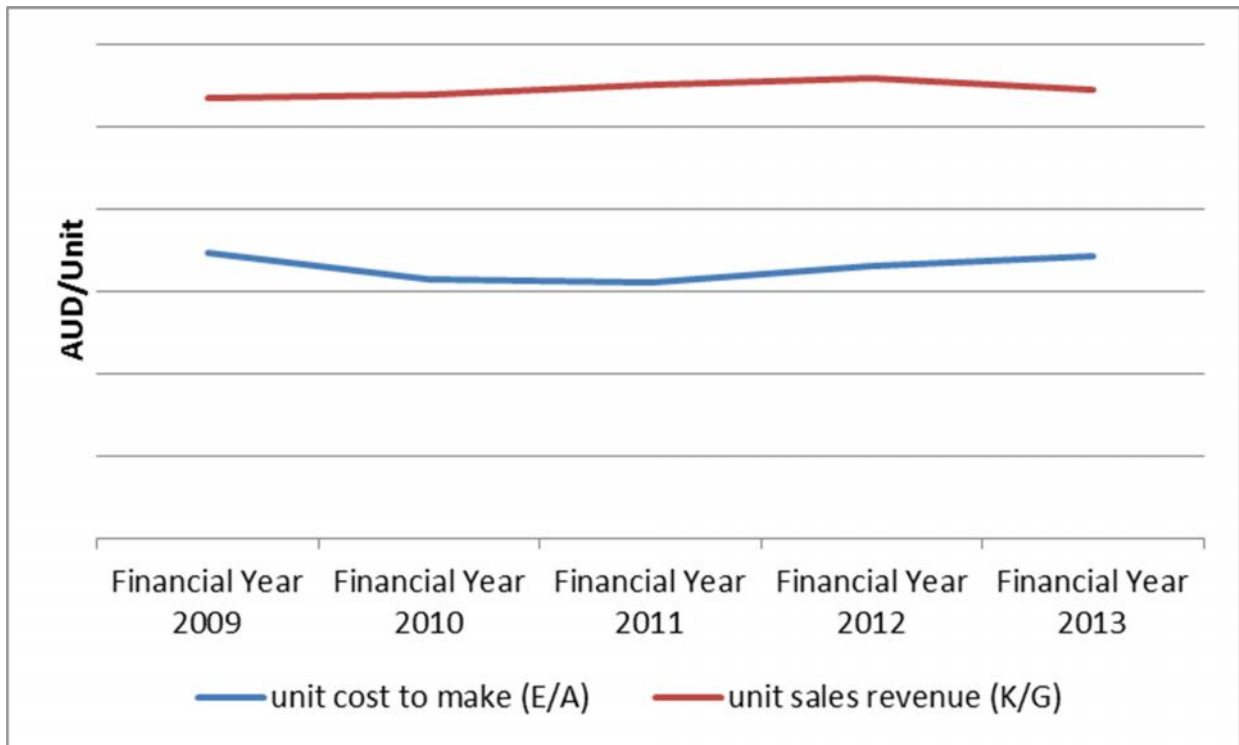


Diagram A-9.3.1 Australian industry unit price against unit cost to make since 1 July 2008 (Source: Confidential Appendix A6.1)
Note: (x-intercept: $y = 0$)

Further, the extent of price depression displayed by the Australian industry is further highlighted by the extent of overall margin loss since FY 2011 illustrated in *diagram A-9.3.2*, below.

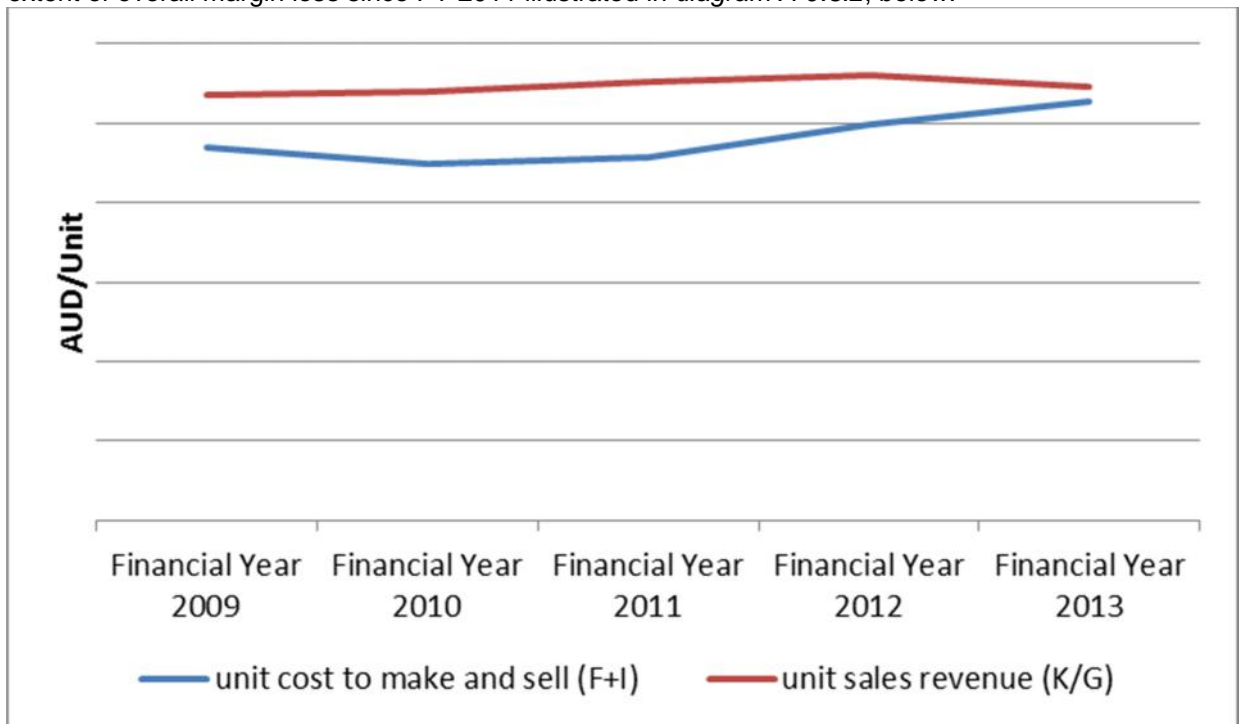


Diagram A-9.3.2 Australian industry unit price against unit cost to make and sell since 1 July 2008 (Source: Confidential Appendix A6.1) Note: x-intercept: $y = 0$)

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at [appendix A7](#) (other economic factors). If

factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

Diagrams A-9.4.1 and A-9.2.1 (reproduced), below, indicate that the annual volume of dumped imports reached their maximum during the injury analysis period in FY 2011, and average export prices, reached their minimum value in FY 2011.

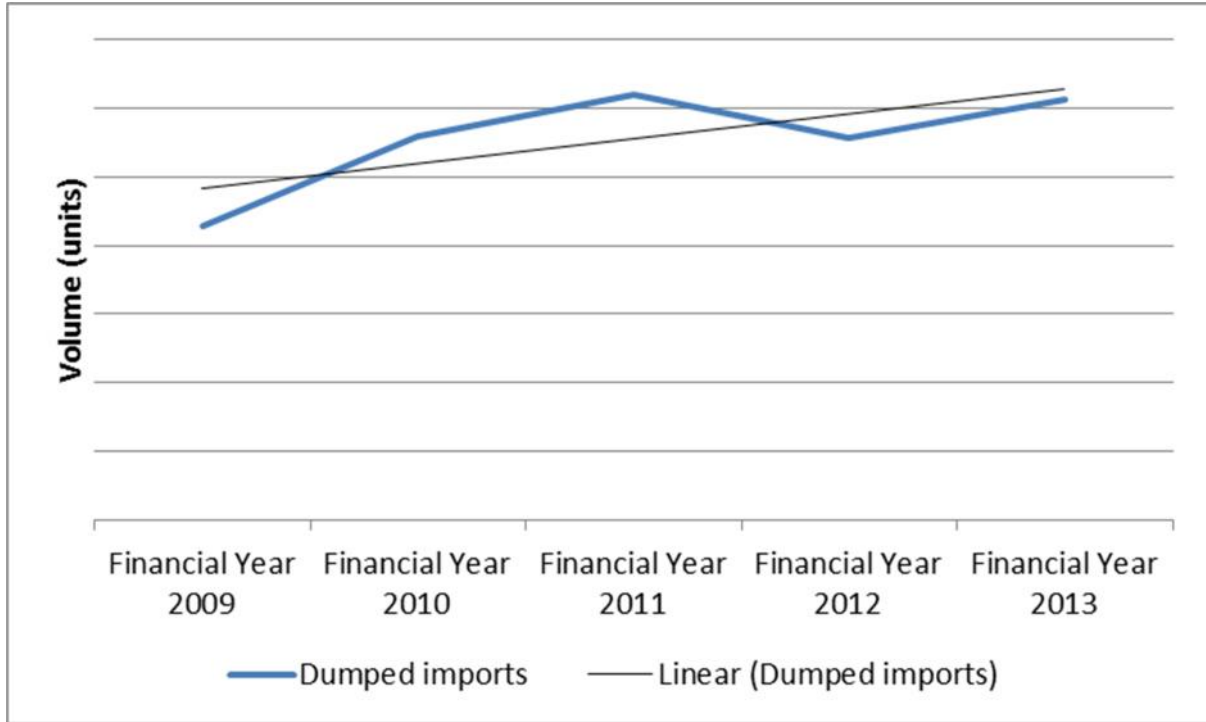


Diagram A-9.4.1 Volumes of dumped imports from China since 1 July 2008 (Source: Confidential Appendix A2, based on Australian Bureau of Statistics (ABS) data) (x-intercept: yN 0)

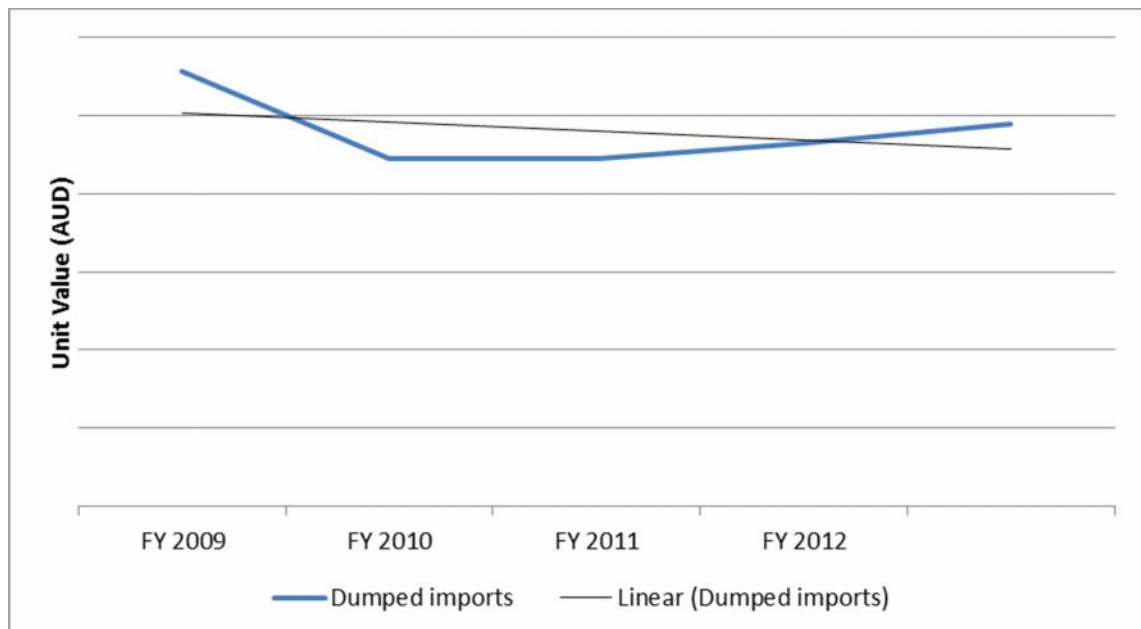


Diagram A-9.2.1 (reproduced) Average export prices of dumped imports from China since 1 July 2008 (Source: Confidential Appendix A2, based on Australian Bureau of Statistics (ABS) data) (x-intercept: yN 0)

(a) Loss of capital investment

The impact of the quantity and prices of dumped imports across the injury analysis period have caused the value of capital investment in the production of like goods by the Australian industry to decline by

collapse from FY 2011. This trend is illustrated in diagram A-9.4.2, below.

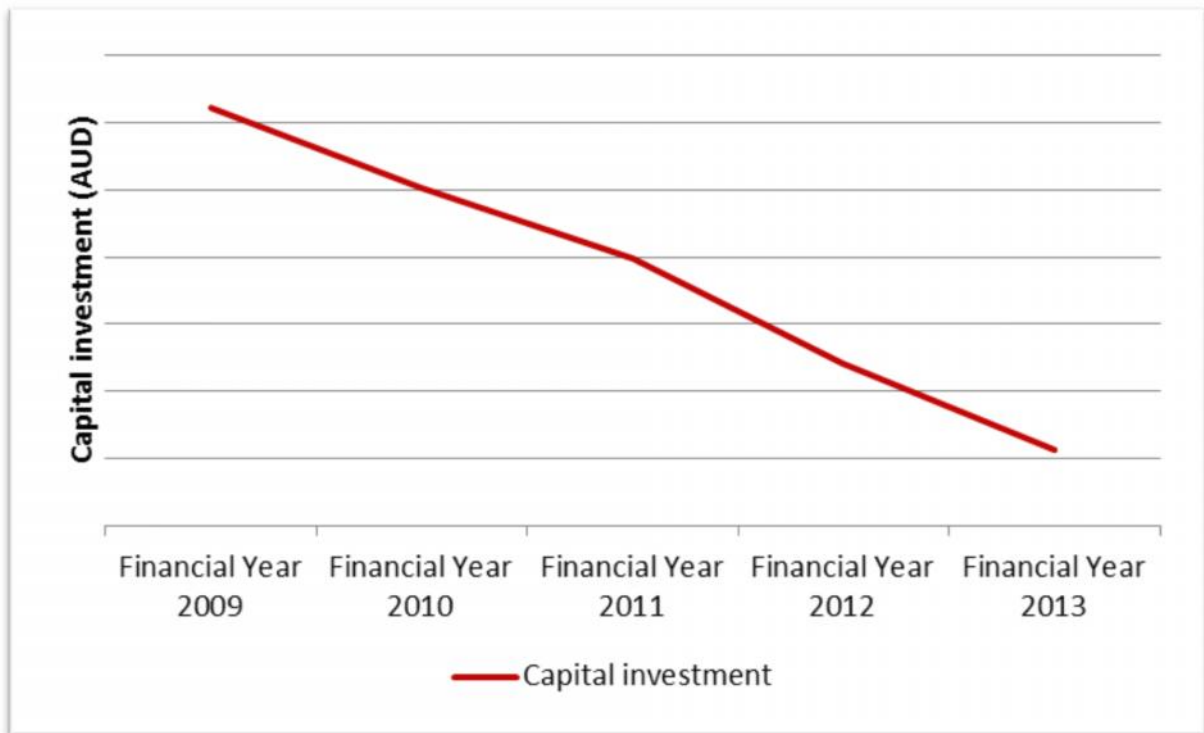


Diagram A-9.4.2 Australian industry capital investment in the production of like goods since 1 July 2008 (Source: Confidential Appendix A7) (x-intercept: yN 0)

Diagram A-9.4.2, above, illustrates the 8% decline in capital investment between FY 2009 and FY 2010. However, since FY 2011, there has been a 24% decline in capital investment in the production of like goods by the Australian industry. As a result of this, the Australian industry has been unable to obtain the amount of capital investment required under identified capital expenditure proposals, a summary of which is provided in **CONFIDENTIAL ATTACHMENT A-9.4.1**. In FY 2013, only \$[REDACTED] out of a total capital investment budget of \$[REDACTED] was funded.

(b) Loss of capacity utilisation

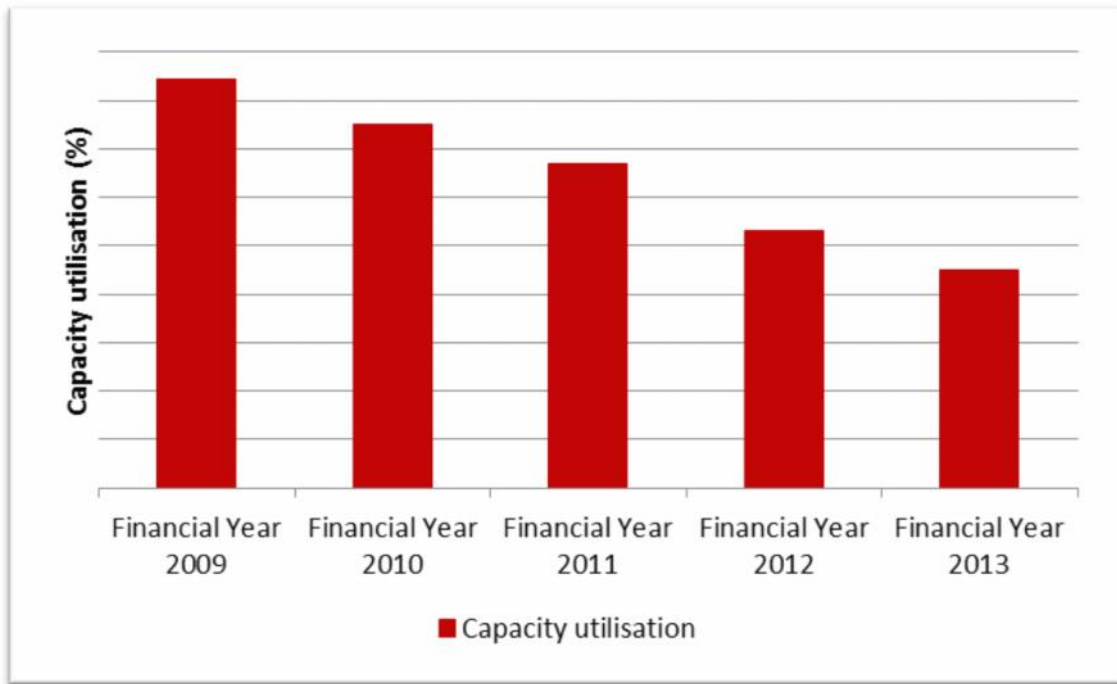


Diagram A-9.4.3 Australian industry capacity utilisation in the production of like goods since 1 July 2008 (Source: Confidential Appendix A7) (x-intercept: yN 0)

Diagram A-9.4.3, above, illustrates the loss of capacity utilisation caused as a result of loss of sales volume and market share to an increase in volumes of dumped imports from China. The loss of capacity utilisation is further causing a decline in capital investment in the Australian industry (refer section A-9.4(a), above).

(c) Reduction in employment numbers and hours worked in the Australian industry

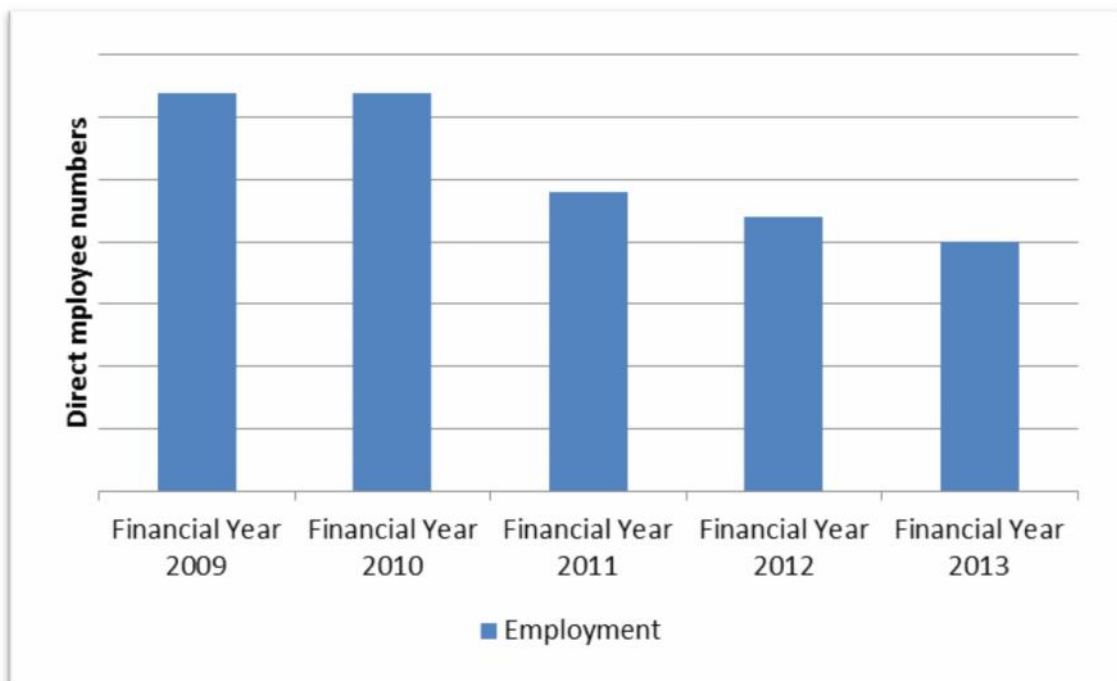


Diagram A-9.4.4 Australian industry direct employee numbers engaged in the production of like goods since 1 July 2008 (Source: Confidential Appendix A7) (x-intercept: yN 0)

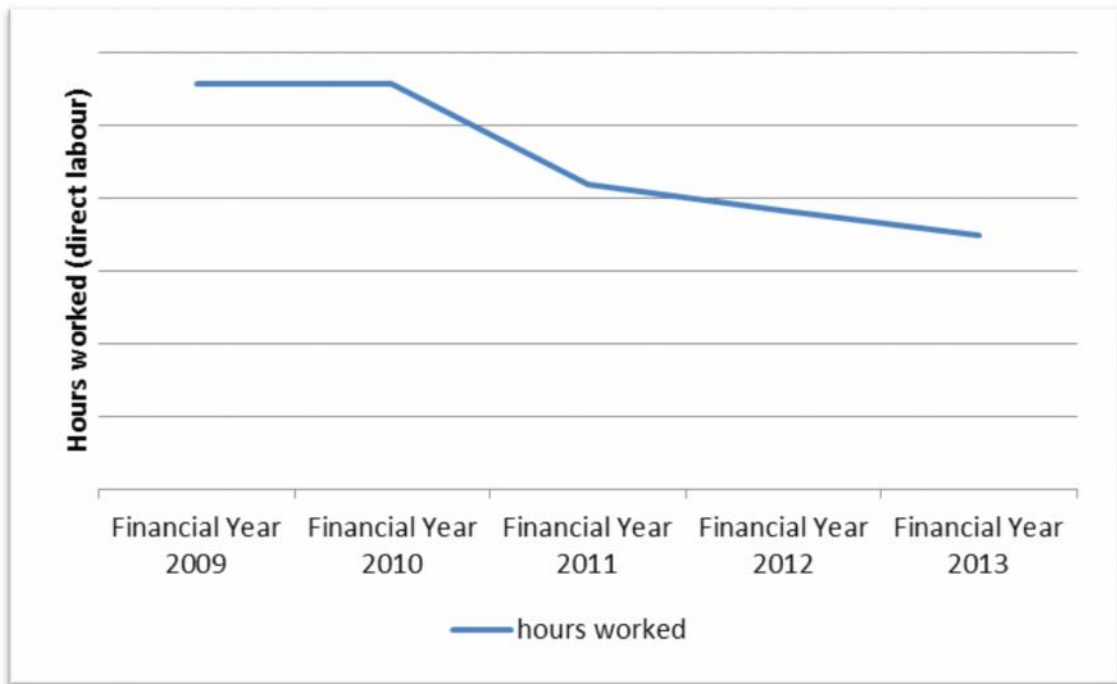


Diagram A-9.4.5 Australian industry direct labour hours work in the production of like goods since 1 July 2008 (Source: Confidential Appendix A7) (x-intercept: y/N 0)

Diagrams A-9.4.4 and A-9.4.5, above, illustrate the relationship between the growth in volume, and decline in export price of dumped imports from China, and the loss of jobs and work hours within the Australian industry. There is a direct correlation between the high import volumes, and low export prices observed in FY 2011, and the sharp decline in employment numbers and working hours within the Australian industry in that year. There has been no recovery in either of these two economic factors, as the outlook for demand for the Australian like goods remains negative given the ongoing presence of dumped imports from China in the Australian market.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

(a) Volume effects

The Australian industry has suffered a loss of sales volume. The Australian industry's sales volume over the injury analysis period is displayed in diagram A-9.5.1.

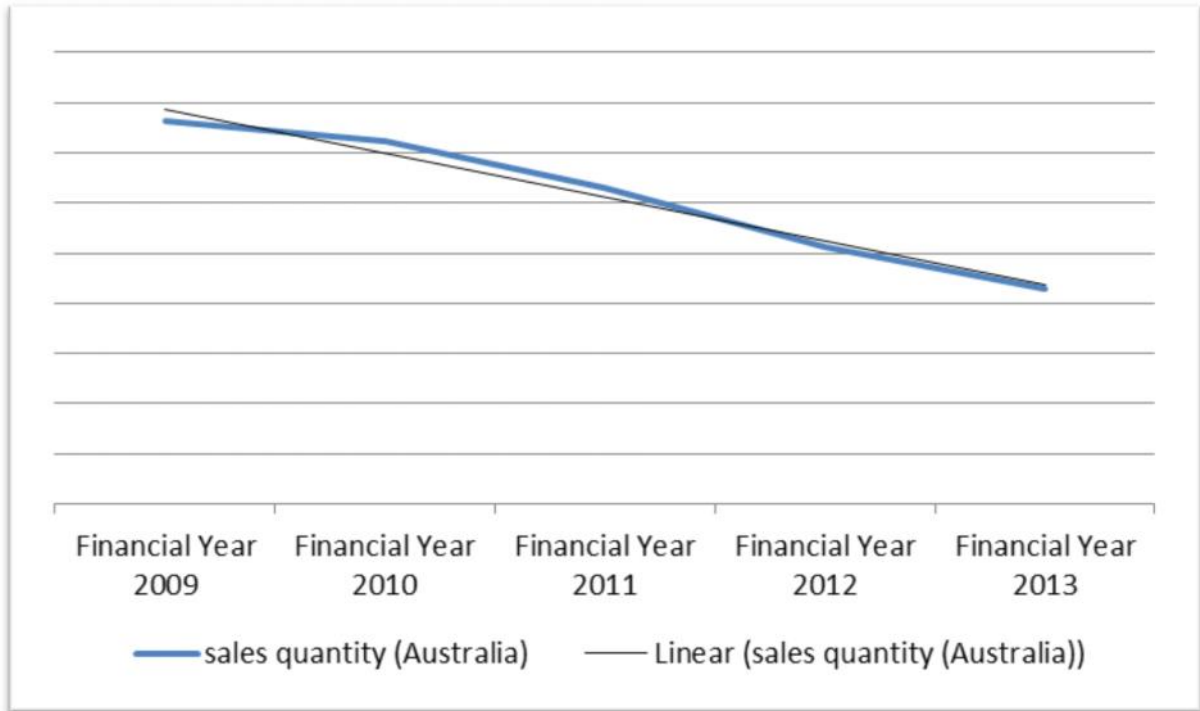


Diagram A-9.5.1 Australian industry sales volume (units, all products) of like goods since 1 July 2008 (Source: Confidential Appendix A7) (x-intercept: yN 0)

When compared to the volume of goods from imported sources, the relationship between the loss of sales volume of like goods to dumped imports from China, is obvious. *Diagram A-9.5.2*, below, demonstrates the growth in volume of dumped imports at the expense of Australian like goods and imports from sources other than China.

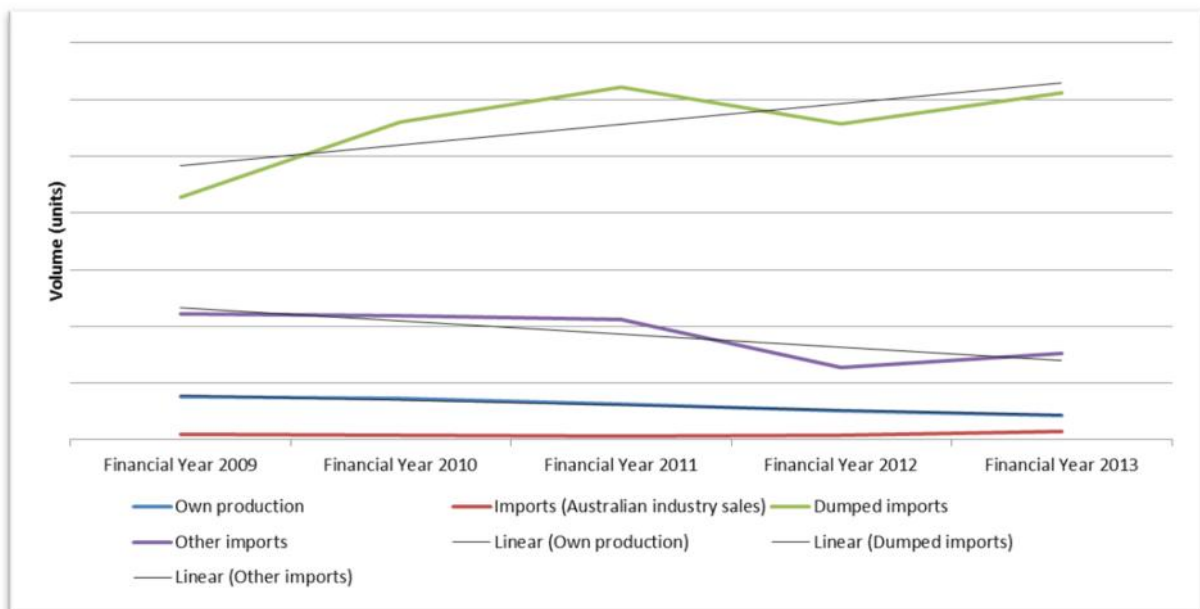


Diagram A-9.5.2 Australian market for deep drawn stainless steel sinks since 1 July 2008, by source and sales volume (units) (Source: Confidential Appendix A2) (x-intercept: yN 0)

There is significant evidence that the Australian industry has lost sales volume to dumped imports from China. The following examples identify causal link between the loss of sales volume of own production by the Australian industry, and the growth in volume of dumped imports from China, through the loss of major customer orders for like goods by the Australian industry in preference to dumped imports.

i. **Substitution of Australian like goods with Chinese imports by [REDACTED]
[REDACTED] [customer name]**

The Australian industry originally sold the Oliveri ' [REDACTED]' sink range to [REDACTED] [customer] since 2005 on an exclusive supply basis, and then the ' [REDACTED]' sink range in 2010.

Since 2005, imported deep drawn stainless steel sinks from China were offered to the Australian market via [REDACTED] [customer], as a channel to market.

In 2010, [REDACTED] [customer] introduced deep drawn stainless steel sinks manufactured in China under the ' [REDACTED]', ' [REDACTED]' and ' [REDACTED]' brands. ' [REDACTED]' is a [REDACTED] [customer] brands.

The Australian industry was consistently undercut by the ' [REDACTED]', ' [REDACTED]' and ' [REDACTED]' brands, and progressively since their introduction in 2010, the Australian industry's ' [REDACTED]' range lost display space in [REDACTED] [customer] [channel to market].

The Australian Industry believes that the ' [REDACTED]' branded sink is manufactured by [REDACTED] Ltd of [REDACTED] Province China. Although the Australian industry cannot confirm the identity of the manufacturer/exporter of 'xxx' and 'xxx' branded stainless steel sinks it is asserted that these are also believed to be of Chinese origin. This belief is held on the basis of verbal representations by [REDACTED] [customer] buying agents to the applicant's representatives.

In May 2013, [REDACTED] [customer] advised the Australian industry that they had decided to derange the ' [REDACTED]' range in preference of their own branded sinks sourced from China, commencing July 2013 (Period 1, FY 2014) (refer **CONFIDENTIAL ATTACHMENT A-9.5.8.1**). The effect of this decision was to no longer have the ' [REDACTED]' range listed on their POS system, on display in their stores or promoted on their web site and advertising literature. Now, customers of [REDACTED] [customer] stores are only able to order the ' [REDACTED]' range as a manual 'special order'. The Australian industry attempted to compete on price, by offering a [REDACTED] % price reduction to the customer to retain their sales.

This was a significant loss to the Australian industry as [REDACTED] [customer] is a supplier to the trade and commercial market. This resulted in significant loss of sales volume for the Australian industry as is observed in *diagrams A-9.5.3.1* and *A-9.5.3.2*, below, which tracked the ' [REDACTED] Range' separately in the sales management system since September 2010 (Period 3, FY 2011) (Refer **CONFIDENTIAL ATTACHMENT A-9.5.8**).

Diagram A-9.5.3.1 tracks the movement of monthly sales quantities of the ' [REDACTED] Range' over time as a percentage of total monthly sink sales of the Applicant Company since September 2010. This shows that once volume had been established of [REDACTED] it tracked at a constant 1.5-2.0% of overall volume until the range removal where a rapid decline to less than 0.5% of product mix has occurred.

Diagram A-9.5.3.2 tracks the index movement of monthly sales quantities to the average monthly sales since September 2010, of the ' [REDACTED] Range' compared to the monthly sink sales.

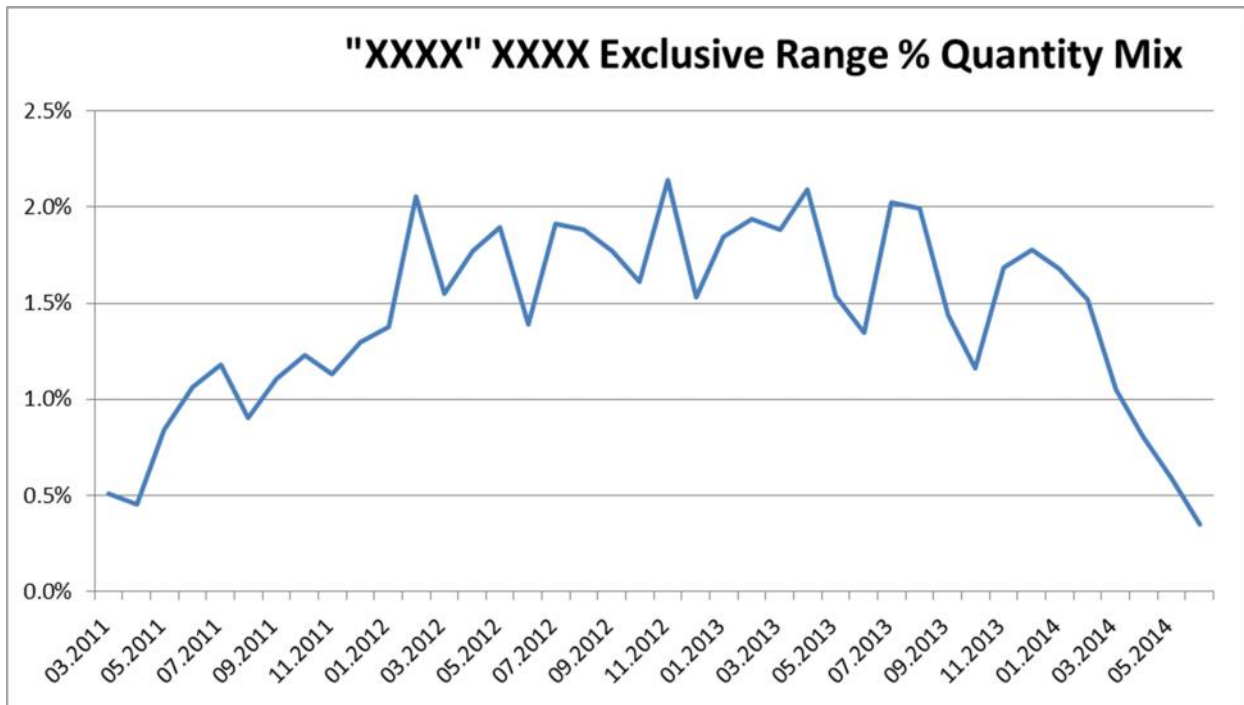


Diagram A-9.5.3.1 Movement of monthly sales quantities of the 'XXXX' Exclusive Range' over time as a percentage of total average monthly sink sales of the Applicant Company since September 2010 (Refer [CONFIDENTIAL ATTACHMENT A-9.5.8](#))

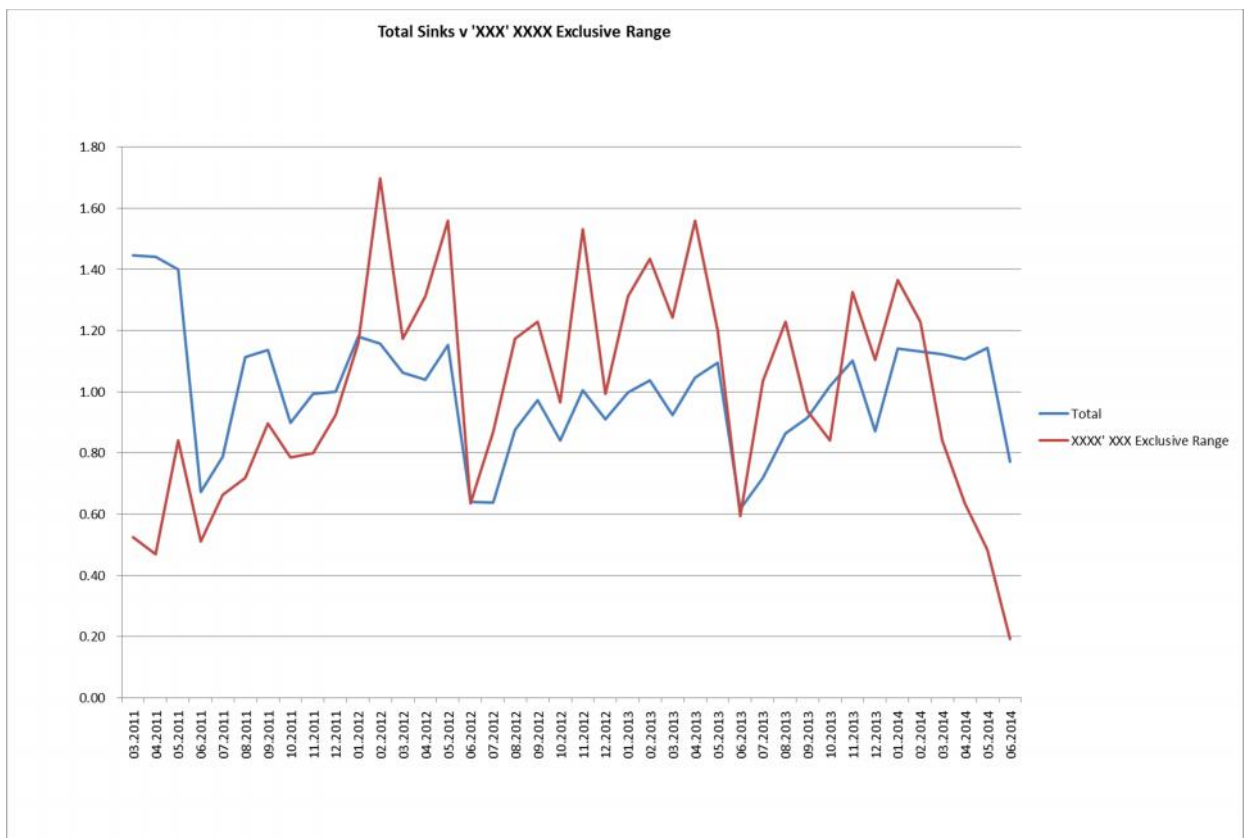


Diagram A-9.5.3.2 Movement of the index of monthly sales quantities of the 'XXXX' Exclusive Range compared to the average monthly sales of all deep drawn sink sales since September 2010 (refer [CONFIDENTIAL ATTACHMENT A-9.5.8](#))

Diagram A-9.5.3 indicates the steady decline in sales volume since the introduction of deep drawn stainless steel sinks from China in 2005. There is a rapid decline in sales volume since 2010 since the introduction of [customer] own brands sourced from China. The Australian industry expects a collapse in sales volume from 2013 with the removal of the 'XXXX' range from [customer].

ii. **Loss of sales volume to dumped imports from China supplied by [customer name]**

[customer] is a national [] supply network that offers a broad range of kitchen and bathroom products.

Under the '[]' brand, [customer] has sourced numerous ranges of sinks imported from China at the entry-level segment of the market to compete with deep drawn stainless steel sinks produced by the Australian industry. The Australian industry came to learn that the 'xxx' brand was imported from China following verbal disclosure of its source by [xxx] [customer] buyers to the Australian industry's sales representatives in face-to-face meetings.

Over the past 10 years [customer] have introduced more '[]' branded product sourced from China and offered these sinks to trade customers (builders) and consumers and sold these sinks at lower prices than the *Oliveri* branded sinks (refer CONFIDENTIAL ATTACHMENT A-9.5.1).

Other brands of goods imported from China and supplied by [customer] are '[]' and '[]'. Brands imported in the channel to commercial market supplied by [customer] are the '[]' and '[]' sink ranges imported from China

Again the Australian industry came to learn that the '[]' and '[]' brands were imported from China following verbal disclosure of its source by [customer] buyers to the Australian industry's sales representatives in face-to-face meetings.

The Australian Industry believes that the '[]' branded sink is manufactured by [] Ltd of [] Province China. Although the Australian industry cannot confirm the identity of the manufacturer/exporter of '[]' branded stainless steel sinks it is asserted that these are also believed to be of Chinese origin. This belief is held on the basis of verbal representations by [customer] buying agents to the applicant's representatives.

[customer] also sells '[]' sinks imported and supplied by [] Limited [importer]. The Australian industry understands from conversations with [customer] that the source of '[]' sinks are mixed, but include Chinese exports for certain models.

The loss of market share to the significantly cheaper imports from China have eroded the Australian industry's sales volume to [customer] as is observed in *diagram A-9.5.4*, below.

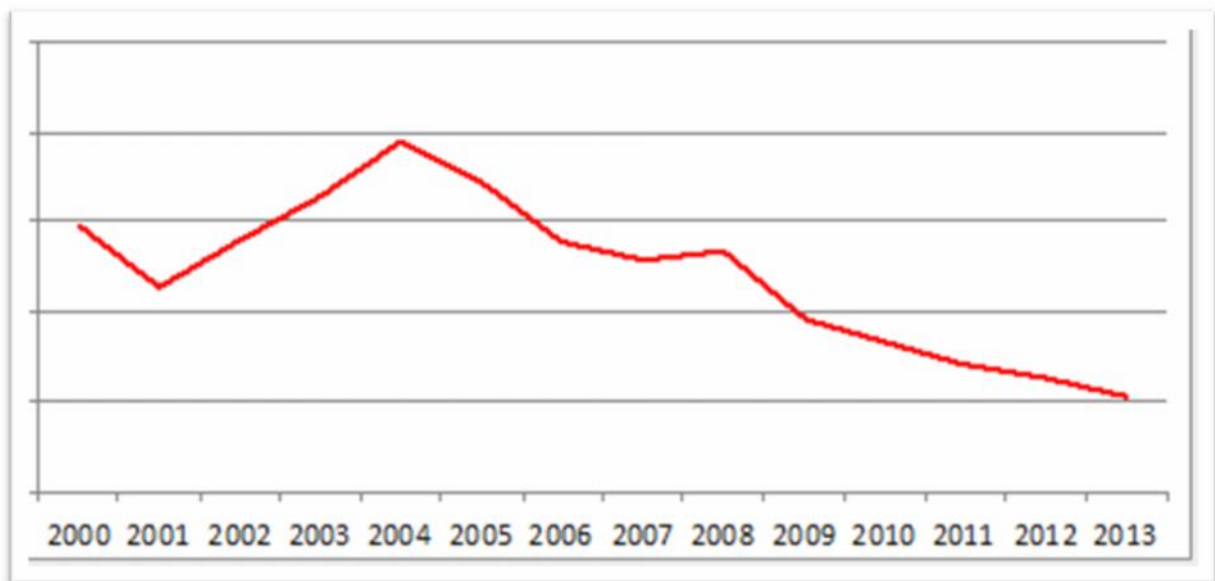


Diagram A-9.5.4 Volume (units) of like goods sold to [customer] since 2000 (source: Tasman Sinkware)

Diagram A-9.5.4 indicates the steady decline in sales volume since the introduction of deep drawn stainless steel sinks from China in 2003, when [customer] introduced the imported brands manufactured in China.

CONFIDENTIAL ATTACHMENT A-9.5.2 is an extract from [customer] website indicating pricelists for a number of sinks available for purchase. Only imported deep drawn stainless sinks are quoted. It is acknowledged that this is not an exhaustive catalogue of deep drawn stainless steel sinks offered for sale by this retailer, but it supports the retailer's preference for imported source.

Although the Australian industry attempted to avoid the complete loss of sales relationship with [customer], by introducing its own imported sinks, the Australian industry was advised in August 2012 that [customer] would also derange the imported 'Genesis' sinks imported by the Australian industry because it could not compete on price with the imported '[customer]' brand of sinks (refer **CONFIDENTIAL ATTACHMENT A-9.5.2.1**).

iii. Loss of sales volume of 'Lakeland' brand causing brand devaluation

The 'Lakeland' brand was previously used for sales into the entry-level deep drawn stainless steel sink market. Manufactured by the Australian industry it represented the lowest selling price brand.

With imported Chinese competition the 'Lakeland' brand has been unable to compete in this entry-level market. To maintain cashflow and supplier presence, the applicant also imported deep drawn stainless steel sinks to enable it to compete in the lower price point entry-level market.

The new Chinese manufactured brands, Elan and Genesis, marketed and distributed by the applicant have effectively replaced the 'Lakeland' brand which has experienced rapidly decreasing volumes (refer Diagram A-9.5.4, below).

	2009 Qty	2009 Value	2010 Qty	2010 Value	2011 Qty	2011 Value	2012 Qty	2012 Value
LL Speciality (400)	■	■	■	■	■	■	■	■
LL Speciality (Und Mnt)	■	■	■	■	■	■	■	■
LL Traditional (DF)	■	■	■	■	■	■	■	■
LL Premium	■	■	■	■	■	■	■	■
LL Other	■	■	■	■	■	■	■	■
	■	■	■	■	■	■	■	■

Diagram A-9.5.4, Detailed sales report for 'Lakeland' sales (Source: Tasman Sinkware)

As a consequence of this, the 'Lakeland' brand was identified by the Fletcher Building Audit Committee as being [internal assessment] and therefore should be allocated to the [Internal accounting treatment] account rather than [Internal accounting treatment] account. This entry resulted in \$[value] being transferred from the [Internal accounting treatment] accounts in the 2012-13 financial year (refer **CONFIDENTIAL ATTACHMENT A-9.5.3** and **CONFIDENTIAL ATTACHMENT A-9.5.3.1**).

Conclusion – Sales volume

It is submitted that the extent of sales volume injury caused by dumping and subsidisation and suffered by the Australian industry is material, i.e. loss of (-)44% of sales volume across the injury analysis period, compared to an 11% increase in the size of the Australian market overall.

(b) Price depression and suppression

Diagram A-9.5.5, below, indicates that the Australian industry has suffered price suppression since FY 2011, and price depression since FY 2012.

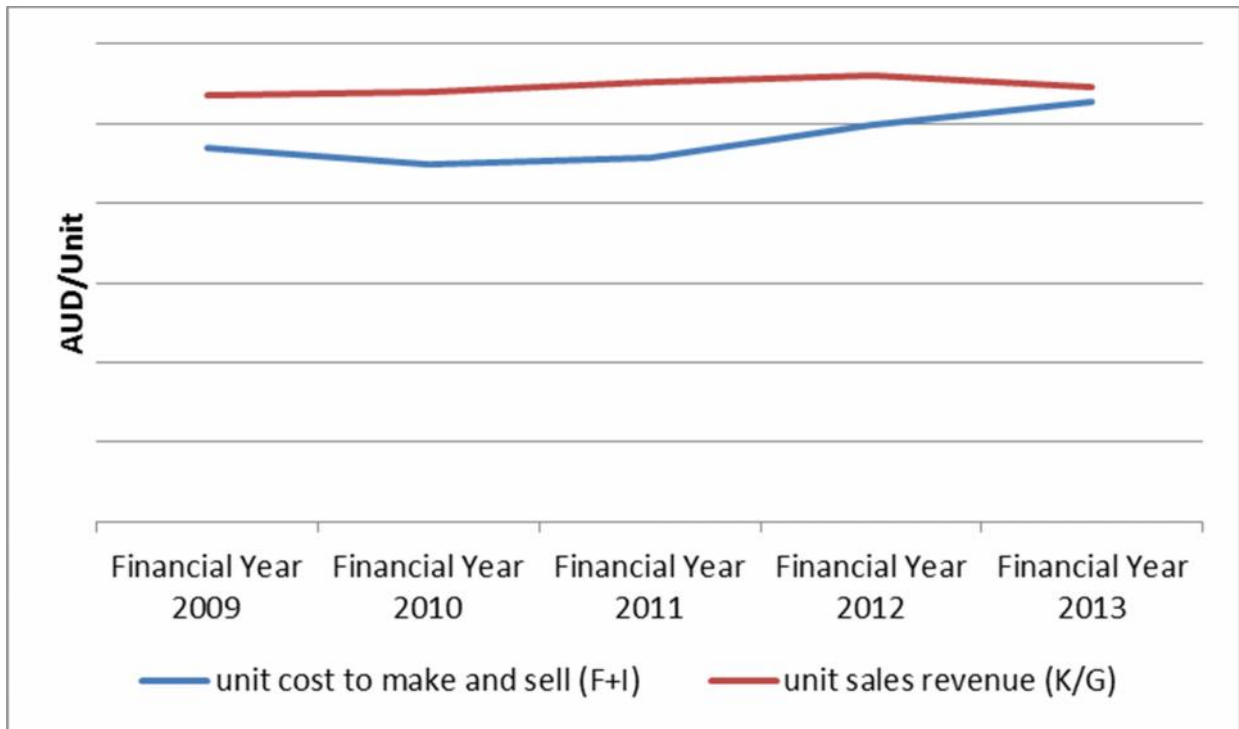
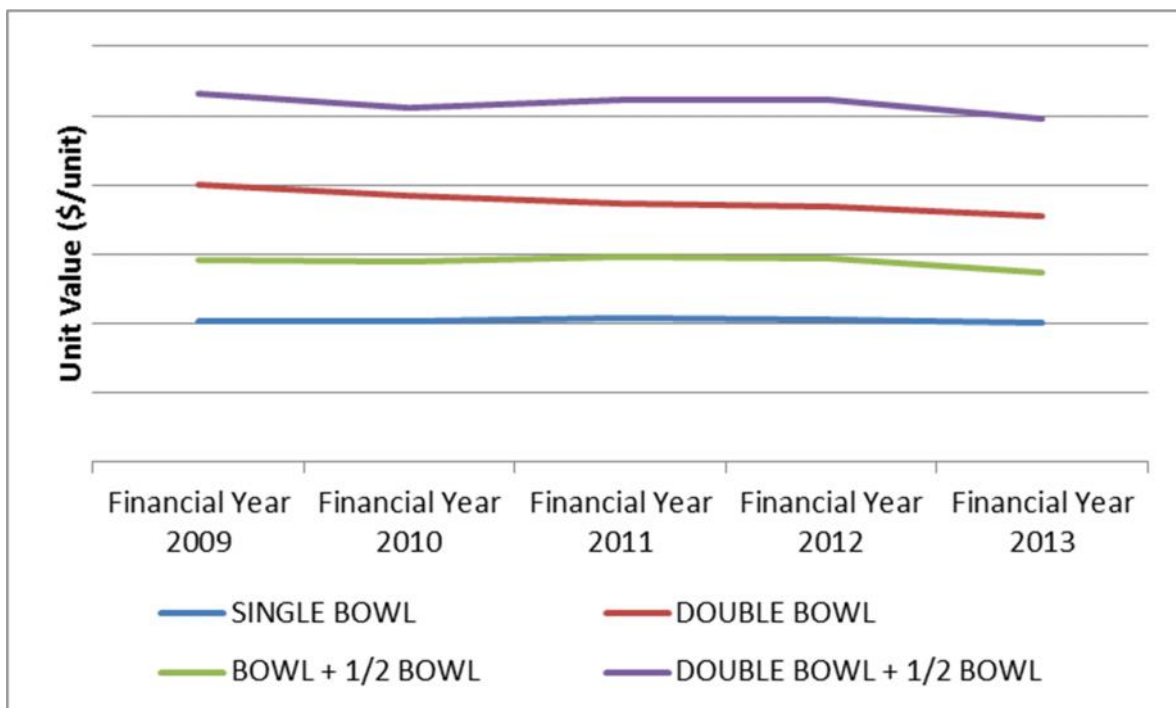


Diagram A-9.5.5 Relationship between Australian industry unit selling prices and unit cost to make and sell since FY 2009 (Source: Confidential appendix A6.1) Note: x-intercept: $y \neq 0$

Price depression occurs when an industry for some reason, lowers its prices.

In this case, the Australian industry producing deep drawn stainless steel sinks responded to the price signals of importers of dumped and subsidised goods, by lowering its price since FY 2012. This trend is displayed in diagram A-9.5.5, above. If FY 2013 average unit prices are compared to the prices obtained by the Australian industry in FY 2012, then the Australian industry has experienced price depression. However, what the total average unit sales values of all goods produced by the Australian industry do not reveal is the significant price injury in the form of price depression suffered by the Australian industry in individual models. Diagram A-9.5.6, below, shows the price trends of key deep drawn stainless steel models manufactured by the Australian industry.



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Diagram A-9.5.6 Australian industry unit average prices across models since FY 2009 (Source: Confidential Appendix A6.1)(x-intercept: yN 0)

The dumped and subsidised goods have caused the price depression experienced by the Australian industry illustrated in diagram A-9.5.6, above, as follows:

The Australian industry responded to price signals from its customers to compete with dumped imports from China. **CONFIDENTIAL ATTACHMENT A-9.5.1** is a copy of [customer] current promotions brochure in which it features a [customer] brand sink imported from China, and an Australian manufactured 'Diaz' brand sink. The Chinese manufactured double bowl sink undercuts the Australian made 'double bowl' equivalent by 42% at the retail/end-user level of trade. **CONFIDENTIAL ATTACHMENT A-9.5.1.1** is a deductively determined landed into-store price, which when compared to the Australian industry's average 1.75 and 2.00 bowl deep drawn sinks in FY 2013 (**CONFIDENTIAL APPENDIX A3**) undercut the Australian industry's EXW price by 57% (1.75 bowl) and 64% (2.00 bowl).

[importer/distributor name] is the Australian distributor of the [customer] kitchen cooking [customer] manufacturer, [importer's main business activity]. In 2009, [importer/distributor] approached [customer] retail group and offered a packaged deep drawn stainless sink package that competed directly with the Australia industry's entry-level 'Lakeland' sink brand.

At the time the [imported] sink package retailed at \$399 at both [customer] and [customer] retail groups [customer names] (refer **CONFIDENTIAL ATTACHMENT A-9.5.4**). In response to this price offering, the Australian industry packaged an equivalent Australian manufactured 'Diaz'; sink, and undercut its price to \$ [customer] (refer **CONFIDENTIAL ATTACHMENT A-9.5.5**).

The Australian industry could not sustain these levels of price undercutting, and in April 2011, it authorised the directly imported deep drawn stainless steel sink from China, under the 'Elan' brand, to compete with the [customer] price offering (refer **CONFIDENTIAL ATTACHMENT A-9.5.6** and **A-9.5.4**).

Table A-9.5.1, below, summarises the market offerings by the importer/distributor, and the Australian industry through its own production of 'like goods' and imported goods.

	[importer]	Oliveri 'Diaz'	Oliveri 'Elan'
Origin	China	Australia	China
Dimensions (mm)	1080 x 480	980 x 480	1080 x 480 mm
Bowl configuration	1.75	1.50	1.75
Drainer board	Yes	Yes	Yes
Accessories included:			
Mixer Tap	Yes	Yes	Yes
Colander	Yes	Yes	Yes
Chopping Board	Yes	Yes	Yes
Basket waste trap	Yes	Yes	Yes
Draining Basket	Yes	No	No
Advertised price	\$399	\$499	\$289
Advertised date	April 2012	July 2012	April 2012
CONFIDENTIAL ATTACHMENT	A-9.5.4	A-9.5.5	A-9.5.4

Attached are a series of communications within the Australian industry indicating the extent of price undercutting by distributors of deep drawn stainless steel sinks imported from China, **CONFIDENTIAL ATTACHMENT A-9.5.7**.

For example, **CONFIDENTIAL ATTACHMENT A-9.5.7.2** indicates price offers put to the [customer] by [customer] Ltd and [customer] Ltd, both known suppliers of Chinese sourced products at the following rates:

- 1.75 bowl (5 unit minimum buy), \$ [customer] plus rebates; and
- 1.00 bowl (drop-in tub) (5 unit minimum buy) \$ [customer] plus rebates.

This undercut the Australian industry average EXW price by 70% and 71% respectively (refer **CONFIDENTIAL APPENDIX A6.1**).

Similarly, **CONFIDENTIAL ATTACHMENT A-9.5.7.13** evidences price pressure from [redacted] Ltd [prospective plumbing stockist] to compete with price offers of \$[redacted] per unit for 1.75 bowl sinks for [redacted] [imported] sinks imported from China, which represent an undercutting margin of 69% to the average Australian own production EXW price for a comparable deep drawn stainless steel sink.

In terms of price suppression, the Australian industry was able to maintain profitability on its sales until FY 2012, notwithstanding declining prices. This was possible due to stable input costs, in particular steel sheet. However, the magnitude of price undercutting since FY 2011, and the ongoing loss of significant sales volume, meant that the Australian industry's fixed on-costs significantly eroded profitability since FY 2012, with a collapse in FY 2013.

Conclusion – price depression and suppression

It is submitted that the extent of price suppression and price depression caused by dumping and suffered by the Australian industry was material.

(c) Loss of market share

Diagram A-9.1.2, Above (reproduced below), illustrates market share for Australian industry, dumped imports, imports from China by the Australian industry, and imports from other countries in relation to deep drawn stainless steel sinks.

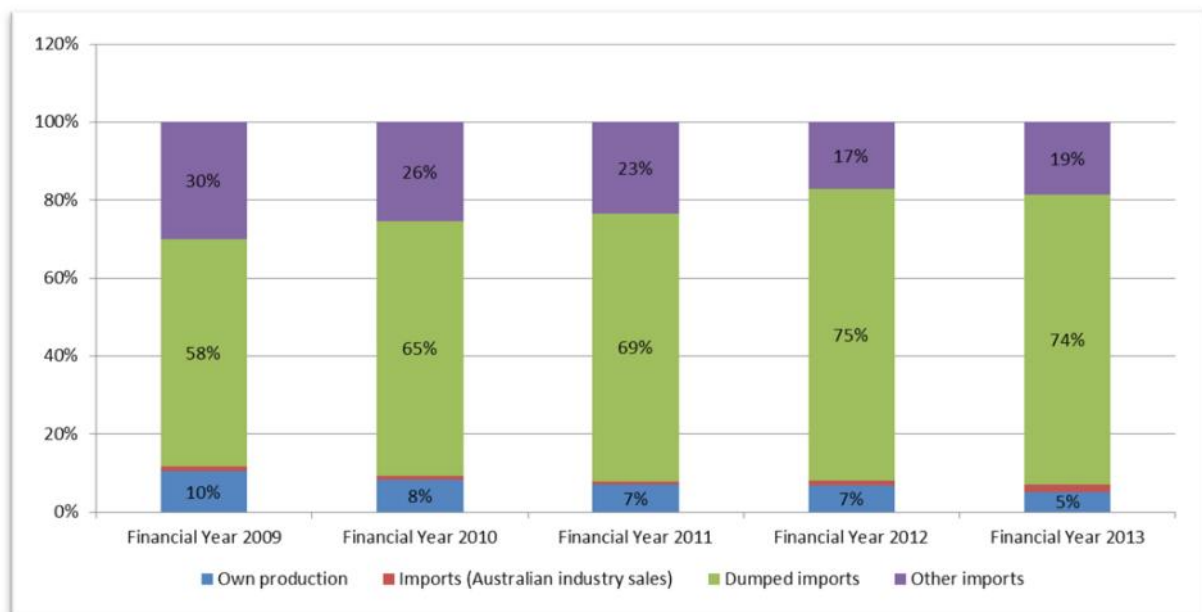


Diagram A-9.1.2 Australian market size and supply source since 1 July 2008 (Source: Confidential Appendix A2, based on Australian Bureau of Statistics (ABS) data)

Diagram A-9.1.2, above, displays that the Australian industry's market share decreased in FY 2010, further in FY 2011, stabilised in FY 2012, and then declined again in FY 2013. Overall, the Australian industry experienced a 50% loss in market share across the injury analysis period.

On the other hand, dumped imports from China experienced a 28% increase in market share across the injury analysis period.

Other imports experienced a 37% loss in market share across the injury analysis period.

Conclusion – market share

The 50% decrease in market share by the Australian industry across the injury analysis period caused by dumping and subsidisation is material. Dumped imports from China gained the market share lost by

the Australian industry and other imports.

(d) Profit effects

Diagram A-9.5.7, below, illustrates the movements in total profits and profitability of the Australian industry over the injury analysis period.

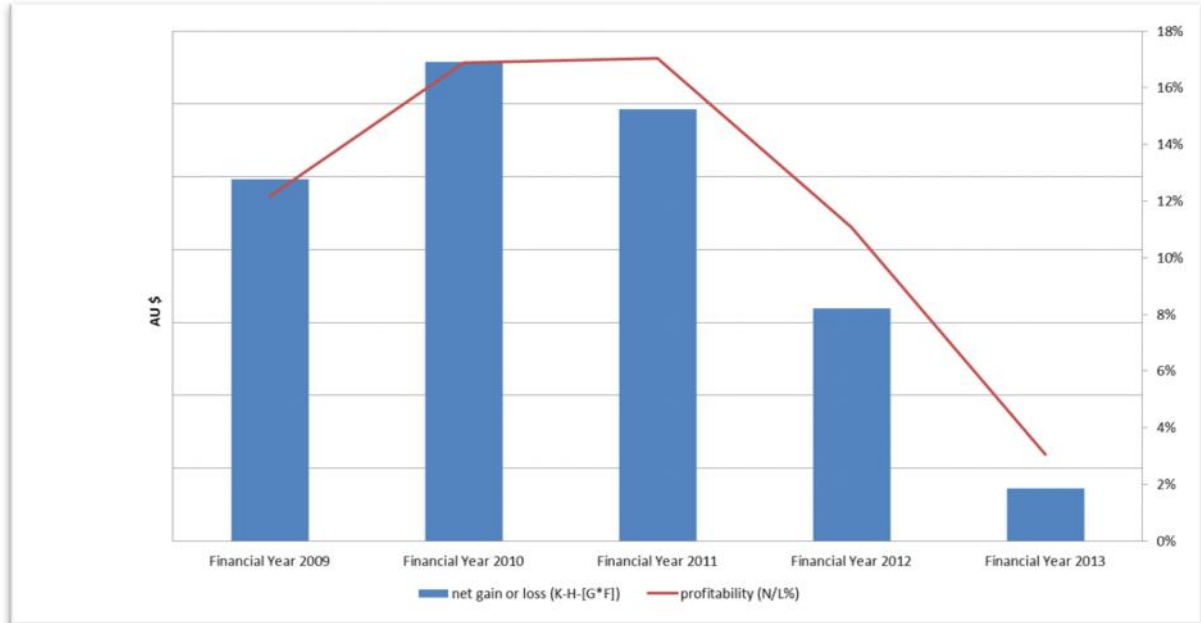


Diagram A-9.5.7 Australian industry total profit and profitability since FY 2009 (Source: Confidential Appendix A6.1)

Diagram A-9.5.7 (above) shows that the Australian industry's total profit and profitability declined period-on-period since FY 2011.

Conclusion – profit and profitability

It is submitted that the loss of profit and profitability across the injury analysis period is material.

6. **Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.**

(a) Appreciation of the Australian dollar

Diagram A-9.6.1 (below) illustrates the Australian dollar against the United States dollar across the injury analysis period. In summary, the Australian dollar has appreciated by 18% across the period.

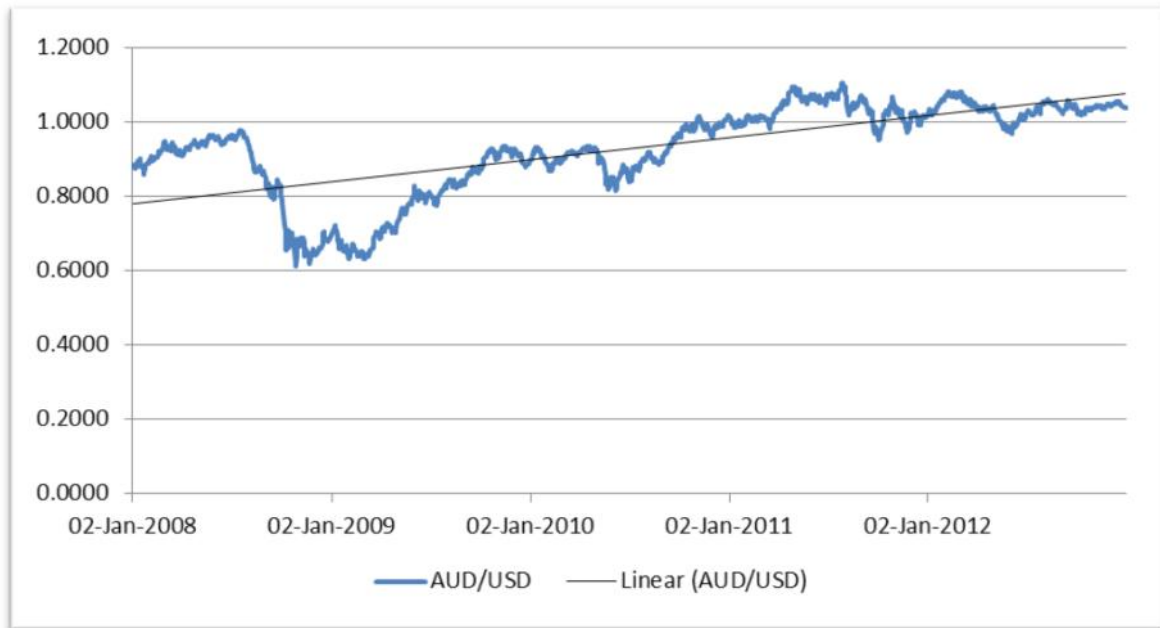


Diagram A-9.6.1 Daily AUD/USD exchange rates from 2 January 2008 to 31 December 2012 (Source: <http://www.rba.gov.au/statistics/hist-exchange-rates/index.html>)

The Australian industry accepts that the strong Australian dollar has made imported deep drawn stainless sinks more affordable (assuming all other factors remained the same). However, in the context of deep drawn stainless sinks exported to Australia from China at dumped and subsidised prices, the strong Australian dollar has served to amplify the increased affordability arising from the dumped export prices.

Indeed, if the strong Australian dollar was a significant factor affecting the affordability and price competitiveness of imported deep drawn stainless sinks, then the Australian industry would expect to see strong gains in market share from other import sources. However, imports from “other countries” have declined since their peak in FY 2009. Clearly the impact of the strong Australian dollar does not detract from the submission that dumping and subsidisation has caused material injury to the Australian industry.

(b) Contraction in market size

The Australian market reached its peak during the injury analysis period in FY 2011. Notwithstanding the contraction in the size of the Australian market, since FY 2011 the Australian industry did not gain market share in FY 2012, notwithstanding a gain in market share by dumped and subsidised imports, and lost market share in FY 2013 in a growing market.

Therefore, although the contraction in the size of the Australian market in FY 2012 and 2013 may partly explain the loss of market, the Australian industry submits that the loss of market volume was greater than it would otherwise have been in the absence of dumped imports. Diagram A-9.6.2 illustrates this relationship and the overall sales volume trend for the Australian industry.

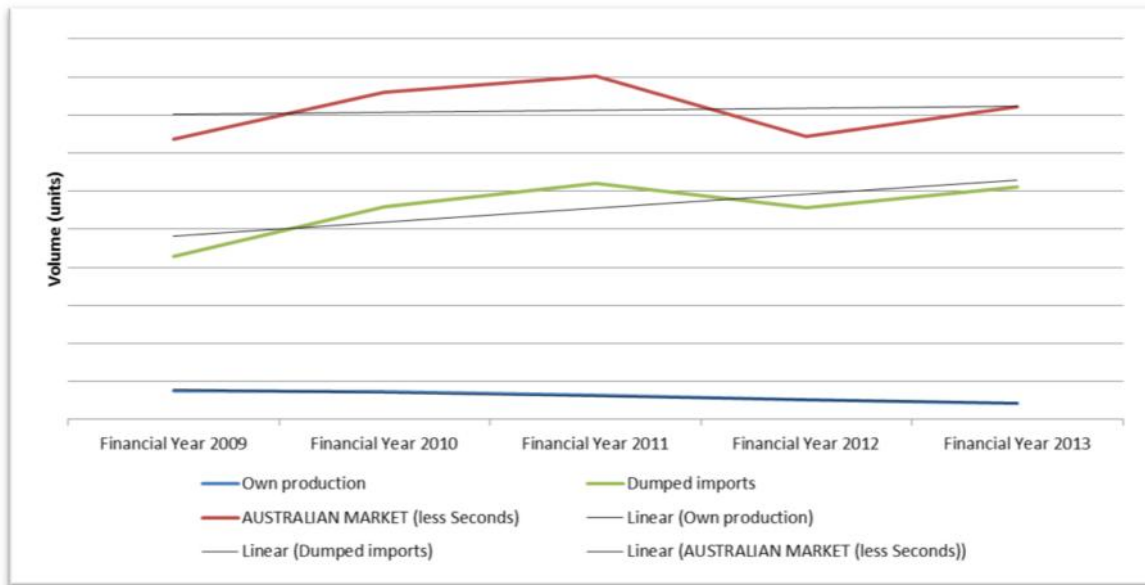


Diagram A-9.6.2 Australian market size, Australian industry and dumped import sales volumes since FY 2008 (Source: Appendix A2)

The independence of the loss of sales volume by the Australian industry to any alleged contraction in the size of the Australian market is confirmed by the comparison in the trend lines appearing in diagram A-9.6.2. Whereas the overall market size grew by 12% across the injury analysis period, the volume of sales by the Australian industry declined by 44%, whereas the volume of dumped imports grew by 43% across the injury analysis period.

Conclusion

The Australian industry submits that these factors other than dumping do not detract from the conclusion that material injury is based on the price, volume and profit factors caused by the dumped imports.

7. **This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

Dumping and subsidisation is likely to continue from China. There is evidence from the latest price lists published by customers of deep drawn stainless steel sinks (refer Confidential Attachment A-9.5.2).

With the extent of price undercutting displayed to date, and the consequential loss of sales volume by the Australian industry, a projection of sales volume for dumped imports China and the Australian industry are made in diagram A-9.7.1, below.

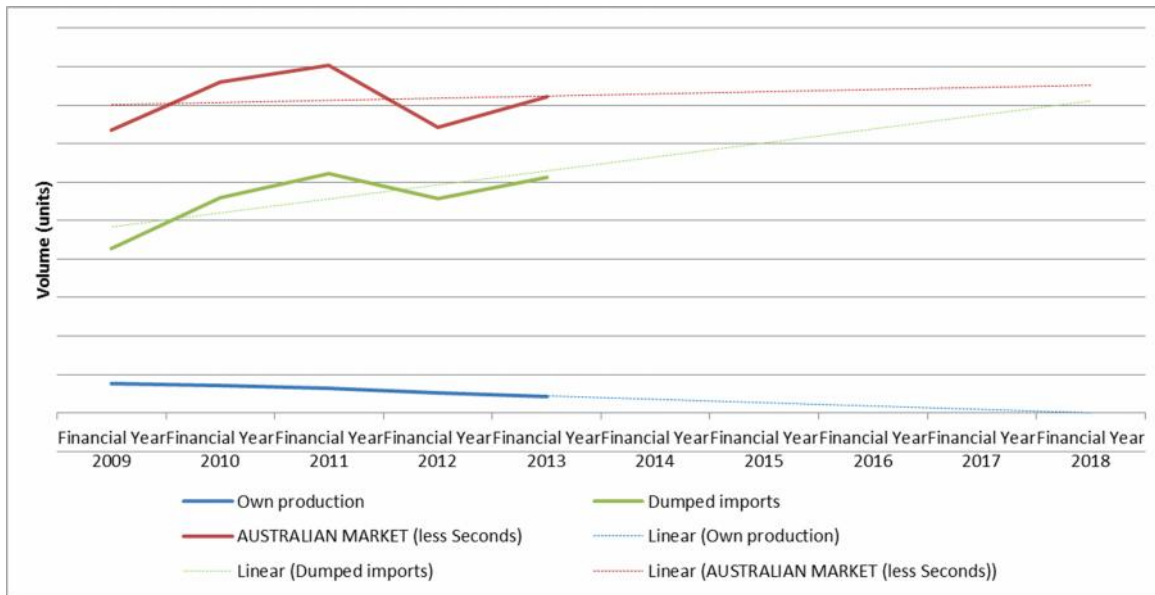


Diagram A-9.7.1 Deep drawn stainless steel sinks volumes actual and projection (Source: Confidential Appendix A2)

The Australian industry projects that on the basis of current trends the sale volumes of the Australian industry will become negligible across FY 2017, and will likely cease in FY 2018. This is consistent with the current loss of employment numbers. Diagram A-9.7.2 indicates that based on current trends, the direct labour involved in the production of deep drawn stainless steel sinks will become negligible in FY 2018.

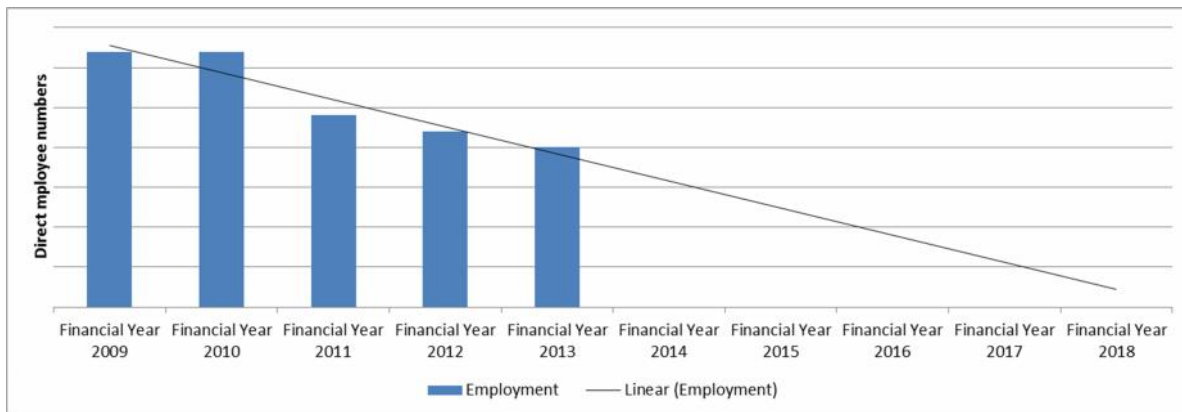


Diagram A-9.7.1 Direct labour numbers employed in production of deep drawn stainless steel sinks volumes actual and projection (Source: Confidential Appendix A7)

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

B-1 Source of exports.

1. Identify the country(ies) of export of the dumped goods.

The countries exporting the allegedly dumped goods the subject of this application are China.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

It is the applicant industry's understanding that the country of export is also the country of origin of the goods the subject of this application.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

All of the countries of export nominated in this application are considered market economy countries for the purposes of Australia's anti-dumping legislation.

4. Where possible, provide the names, addresses and contact details of:

- **Producers/exporters of the goods exported to Australia;**

The Australian industry understands that the following nominated companies are both producers and exporters of the GUC to Australia:

Foshan KIWI KITCHEN AND SANITARY INDUSTRIAL CO.,LTD.
Guangdong Province Science and Technology Park, No. 11 Road
Xingtang Town, Shunde District, Foshan City, Guangdong Province P.R.C
Telephone +86 757 23617488
Facsimile +86-757-23616433
Website www.fskiwi.com/

Gacor Kitchenware (Ningbo) Co., Ltd.
No. 8, Kejiu South Road, Science and Technology Park, Ninghai
County, Ningbo City, Zhejiang Province, P.R.C 315600
Telephone +86 574 65332985
Facsimile +86 574 65332987
Website www.gacor.net

Guangdong Dongyuan Kitchenware Industrial Co., Ltd.
No. 3, Erhuan Road, Gaozan Industrial Zone, Xingtang
Town, Foshan, Guangdong, P.R.C 528325
Telephone +86 757 27383108
Facsimile +86 757 27783282
Website www.gddongyuan.com

Guangdong Yingao Kitchen Utensils Co., Ltd.
No.1 Road 3, XinTan Industrial Estate, XinTan Town, Shunde
District, Foshan, Guangdong, P.R.C 528325
Telephone +86 757 27799633
Facsimile +86 757 22892222
Website www.ying-ao.com

Zhongshan Superte Kitchenware Co., Ltd.
Food Industry Park, Huangpu Town,
Zhongshan, Zhongshan, Guangdong, P.R.C 528429

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Telephone +86 0760 23973081
Website www.superte.cn

Hiway Holding Group Co., Ltd.
Dongfeng Development Zone Liushi Yueqing
Zhejiang, Wenzhou, Zhejiang, P.R.C 325603
Telephone +86 57762767278
Facsimile +86 577 62767279
Website www.hiwaygroup.com

Jiangmen New Star Hi-Tach Enterprises Ltd
25 Duruan North Third Road, Pengjiang District, Jiangmen,
Guangdong, P.R.C 529999
Telephone +86 750 7361322
Facsimile +86 750 7361300
Website www.newstar-sink.com

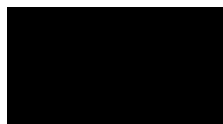
- **importers in Australia.**

The Australian industry understands that the following nominated companies are importers of the GUC into Australia from the nominated exporting countries:

GWA Group Limited (T/A GWA Bathrooms and Kitchens)
ABN 15 055 964 380
Level 2, HQ South Tower
520 Wickham Street
FORTITUDE VALLEY QLD 4006
Telephone +61 7 3109 6000
Facsimile +61 7 3852 2201
Website www.gwagroup.com.au/our-businesses/gwa-bathrooms-kitchens/

Abey Australia Pty Ltd (T/A Abey Sinkware)
ABN 34 004 589 879
57 - 81 Abey Rd
MELTON VIC 3337
Telephone : 03 9747 7777
Facsimile: 03 9747 7700
Website www.abey.com.au

PR Kitchen and Washroom Systems Pty Ltd (T/A Franke Australia and Eurodomo)
ABN 80 138 663 279
83 Bangholme Road
Dandenong South Victoria 3175
Telephone: 03 9700 9100
Facsimile: 03 9700 9191
Website www.prks.com.au



[customer name and contact details]

SHRIRO AUSTRALIA PTY LIMITED
ABN 28 002 386 129
104 Vanessa Street
Kingsgrove NSW 2208
Telephone +61 2 9415 5000
Facsimile +61 2 9415 5001
Website www.shriro.com.au

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EVERHARD INDUSTRIES PTY. LTD.
ABN 41 009 690 859
64 Fearnley Street
Portsmith QLD 4870
Telephone +61 7 3637 6444
Facimile +61 7 3265 2111
Website www.everhard.com.au

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Fin. Year	Total China	Other	Total
2009	438,417	221,468	659,885
2010	568,188	219,244	787,432
2011	628,159	212,033	840,192
2012	564,354	127,658	692,012
2013	626,790	152,759	779,549

Table B-1.5.1 - Import volumes and share of imports by country (Source: Appendix A.2)

Fin. Year	Total China	Other	Total
2009	66%	34%	100%
2010	72%	28%	100%
2011	75%	25%	100%
2012	82%	18%	100%
2013	80%	20%	100%

Table B-1.5.2 - Country of Origin as percentage of total imports (Source Table B-1.5.2)

Import volumes from the nominated country during the injury analysis period exceed the 3 per cent *de minimus* requirement.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

Refer to Section B-1.5, above.

B-2 Export price

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each. The following summary of export prices are determined pursuant to subsection 269TAB(1) of the Act, as the actual prices paid by an importer at the FOB level of trade of goods the subject of this application exported to Australia otherwise than by the importer, and purchased by the importer

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from an exporter in China in arms length transactions, full particulars of which are provided in **CONFIDENTIAL ATTACHMENT B-2.1.**

Model/Type	Valuation date: 1 September 2012 – 30 September 2013
Single (1.00) bowl sink & side drainer board	AUD (FOB, [REDACTED]) [REDACTED] /unit
Single & half (1.50) bowl sink & side drainer board	AUD (FOB, [REDACTED]) [REDACTED] /unit
Single & three-quarter (1.75) bowl sink & side drainer board	AUD (FOB, [REDACTED]) [REDACTED] /unit
Double (2.00) bowl sink & drain board	AUD (FOB, [REDACTED]) [REDACTED] /unit

2. Specify the terms and conditions of the sale, where known.

The sales are on FOB, [REDACTED] [port] terms, denominated in USD.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

Actual published export prices are considered to be adequate, as they reflect actual import sales transactions.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Refer section B-2.1, above.

B-3 Selling price (normal value) in the exporter's domestic market.

1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

The Australian industry considers that Chinese domestic selling prices for deep drawn stainless steel sinks are:

- (a) artificially low; and/or
- (b) there are conditions in the market which render sales in that market not suitable for use in determining prices under subsection 269TAC(1) of the Act.

One cause of "artificially low pricing" in the Chinese deep drawn stainless steel sink market relates to the Chinese government's involvement in the domestic market which has materially distorted competitive conditions, in terms of input costs. Specifically, the Australian industry alleges that the acquisition of the key raw material input ; namely, cold-rolled stainless steel sheet; from State Owned (or Invested Enterprises (SOEs or SIEs) occurs at less than fair market value. Therefore, the presence of Government owned (or invested) enterprises are distorting competitive conditions and leading to artificially low prices or prices that are not substantially the same as they would be if they were determined in a competitive

market.

According to a report of the Specialty Steel Industry of North America, *Chinese Government Subsidies to Stainless Steel Industry* (April 2007):

“The Chinese stainless steel industry is largely state-owned. The Government of China owns a majority stake in numerous Chinese stainless steel producers, including two of the country’s largest steel producers, Shanghai Baosteel Group Corporation (85.41 per cent), and Tangshan Iron and Steel (61.31 per cent)” (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.2**, at p. 3)

Further, in the recent Canadian Border Services Agency (CBSA) investigation concerning *certain pup joints ex China* (12 March 2012) (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.3**), it was revealed that the GOC also has a number of industrial and economic policies and five-year plans are factors found to have influenced in the Chinese steel industry, these include:

- *The Development Policies for the Iron and Steel Industry - Order of the National Development and Reform Commission (No. 35);*
- *Blueprint for the Adjustment and Revitalization of the Steel Industry;* and
- *The 12th Five-Year Plan: Iron and Steel.*

In *Certain pup joints ex China* (12 March 2012) (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.3**), the CBSA concluded that the major objectives of these policies and plans include:

- The structural adjustment of the Chinese domestic steel industry;
- Industry consolidations through merger and acquisitions;
- Government supervision and management in the steel industry;
- Maintain the stability of the domestic market and improve the export environment;
- Enhance enterprise reorganization and improve the industrial concentration level;
- Spend more on technical transformation and promote technical progress;
- Optimize the layout of the steel industry and overall arrangements of its development;
- Maintain stable import of iron ore resources and rectify the market order;
- Develop domestic and overseas resources and guarantee the safety of the industry;
- Increased mergers and acquisitions to create larger, more efficient steel companies;
- GOC restrictions on steel capacity expansion; and
- GOC directed relocation of iron and steel companies to coastal areas.

Indeed, Article 36 of the *Law of State-Owned Assets of the Enterprises*, provides that SIEs must comply with all national industrial policies.

The involvement of GOC owned and invested enterprises in the Chinese flat-rolled steel sector includes the cold-rolled stainless steel sheet which is used in the production of deep drawn stainless steel sinks.

A comparison of Grade 304, 2 mm cold rolled stainless steel sheet, which is the raw material input used in the production of deep drawn stainless sinks sold (EXW) in China to EXW sales in Japan, South Korea and Taiwan show that sales in China are consistently at a discount of up to 10% (to South Korean values).

Diagram B-3.1.1, below indicates the average US\$/tonne EXW prices in China, Japan, South Korea and Taiwan in the period January – May 2013 for cut stainless steel sheet.

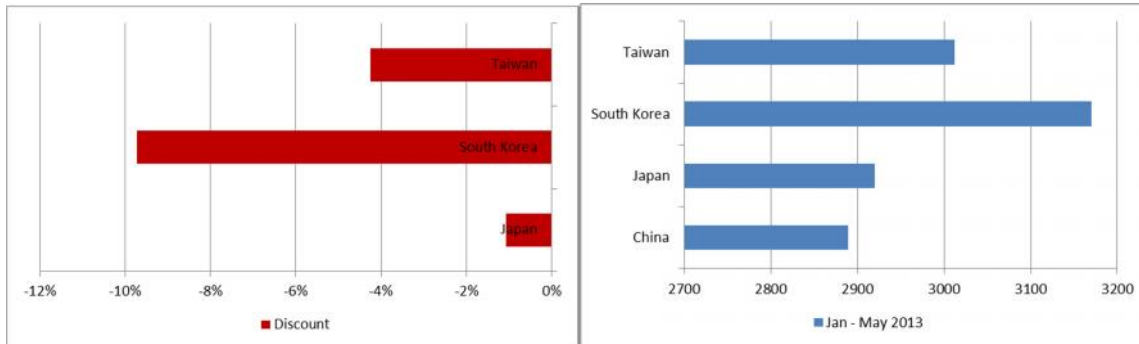


Diagram B-3.1.1.1 US\$/tonne EXW price of Grade 304, 2mm stainless steel cut plate and % discount to Chinese price for January to May 2013 period (Source: Metal Bulletin Research, Stainless Steels Market Tracker Report, Issue 236, 30 April 2013 (Refer **CONFIDENTIAL ATTACHMENT B-4.2.1(b)**))

Indeed, as China is the world's largest producer of stainless steel products, accounting for 45% of world production, and 64% of Asian production (refer **CONFIDENTIAL ATTACHMENT B-4.2.1(b)**), it is clear that any Asian based benchmark of stainless steel prices will be heavily influenced by Chinese pricing and supply behaviour. Indeed, it is submitted that other Asian stainless domestic markets are directly impacted by the size of the Chinese market.

In *Certain stainless steel sinks ex China*, 9 May 2012, the CBSA applied the monthly world composite 304 stainless steel prices reported by MEPS (International) LTD, a publisher of steel market prices around the world. A comparison of current MEPS pricing for different markets, indicates that the Asian stainless steel price, subject to the preponderance of Chinese supply and market influence, was consistently the lowest price market, refer diagram B-3.1.2, below.

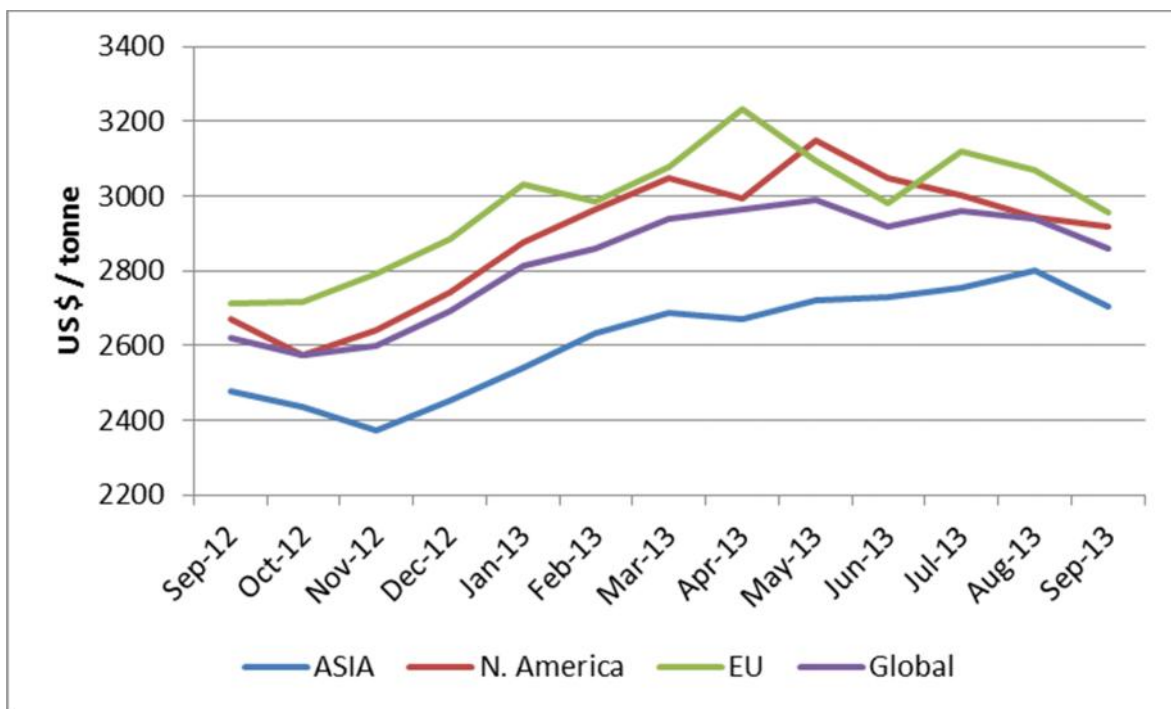


Diagram B-3.1.2 MEPS – Stainless Steel Price (Grade 304, All Products) for YE September 2013 (**NON-CONFIDENTIAL ATTACHMENT C-1.1.5**)

Accordingly, the Australian industry submits that the domestic selling prices for cold-rolled stainless steel sheet in China are not appropriate for the purposes of determining the fair market value of these goods.

In the absence of appropriate domestic benchmark prices of cold-rolled stainless steel sheet in China it is suggested that the monthly world composite 304 stainless steel prices reported by MEPS (International) LTD, are most appropriate for purposes of establishing the fair market value of cold-rolled stainless steel sheet in China. This composite price is a weighted average of the low

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transaction values for all grade 304 stainless steel products in the flat & long categories identified in three regions (European Union, Asia, and North America).

Further, or in the alternative, if the Australian industry's arguments concerning the existence of a market situation in the Chinese domestic market for deep drawn stainless steel sinks are not found to exist, then the Australian industry refers to the decision of the Canadian Border Services Agency's *Statement of Reasons concerning the making of final determinations with respect to the dumping and subsidizing of certain stainless steel sinks originating in or exported from the People's Republic of China* (9 May 2012) (**NON-CONFIDENTIAL ATTACHMENT C-1.1.1**), where it was found that normal values could not be determined on the basis of domestic sales by the exporter on the basis that there not sufficient sales of like goods domestically to permit a proper comparison with the sales of goods to the importer in Canada. Accordingly, normal values were there determined as the aggregate of the costs of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits (see pp. 9-12, **NON-CONFIDENTIAL ATTACHMENT C-1.1.1**). It is submitted that for the purposes of this application, normal values ought properly be determined pursuant to a construction of the exporters costs of production as permitted under subsection 269TAC(2)(c) of the *Customs Act* 1901.

2. Specify the terms and conditions of the sale, where known.

Refer to section B-3.1, above.

3. Provide supporting documentary evidence.

Refer to section B-3.1, above.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Refer to section B-3.1, above.

B-4 Estimate of normal value using another method.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

<i>Model/Type</i>	<i>FY 2013</i>
Single (1.00) bowl sink & side drainer board	AUD (FOB, ■■■) ■■■ /unit
Single & half (1.50) bowl sink & side drainer board	AUD (FOB, ■■■) ■■■ /unit
Single & three-quarter (1.75) bowl sink & side drainer board	AUD (FOB, ■■■) ■■■ /unit
Double (2.00) bowl sink & side drainer board	AUD (FOB, ■■■) ■■■ /unit

Source: **CONFIDENTIAL APPENDIX B2**

2. Provide supporting documentary evidence.

The supporting documentary evidence relates to a constructed normal value, in order to derive a cost to make and sell for the like goods in the country of export, based on:

- stainless steel prices derived from a benchmark of average Asian, European and North American prices (sourced from NON-CONFIDENTIAL ATTACHMENTS B-4.2.3(a), B-4.2.3(b) and B-4.2.3(c));
- the applicant's bill of materials (which material costs have been discounted by 50% in favour of the Chinese producer/exporter of like goods, based on a comparative analysis of costs contained in NON-CONFIDENTIAL ATTACHMENT B-4.2.4);
- Variable costs in China are estimated to be 41.2% of the equivalent Australian cost (refer NON-CONFIDENTIAL ATTACHMENT B-4.2.4);
- Fixed overhead expenses in China are estimated to be 25% of the equivalent Australian costs (REFER NON-CONFIDENTIAL ATTACHMENT B-4.2.4);
- There is no difference in the depreciation charge between Chinese and Australian manufacturers (REFER CONFIDENTIAL ATTACHMENT B-4.2.4);
- Chinese Selling, General and Administration expenses are estimated to be 21.3% of the equivalent Australian costs (NON-CONFIDENTIAL ATTACHMENT B-4.2.4), accordingly a discount has been applied to the proportion contribution to the total Australian industry's unit cost to make and sell (Refer CONFIDENTIAL APPENDIX A6.1); and
- a profit margin based on National Bureau of Statistics of China data for manufacturers of ferrous metals fabricated products was also applied.

Please refer to CONFIDENTIAL APPENDIX B2 for constructed selling price data together with references to documentary evidence.

B-5 Adjustments.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

The "other seller" and constructed selling prices for the like goods sold into the Chinese domestic market has been determined at the same FOB level of trade as comparable export sales.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

The applicants have identified some of the above adjustments in calculations arriving at dumping margins. Please refer to CONFIDENTIAL APPENDIX B2 for relevant adjustments.

B-6 Dumping margin.

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).

Dumping margin calculations for the goods the subject of this application are summarised in Table B-6.1 (refer CONFIDENTIAL ATTACHMENT B-6).

Model	1.00 bowl & side drainer board	1.50 bowl & side drainer board	1.75 bowl & Side drainer board	2.00 bowl & side drainer board
Dumping Margin (AUD/unit)				

Table B-6.1 Dumping margin calculations

2. Show dumping margins as a percentage of the export price.

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Dumping margin calculations as a percentage of export prices are summarised in Table B-6.2, below (refer CONFIDENTIAL ATTACHMENT B-6):

Model	1.00 bowl & side drainer board	1.50 bowl & side drainer board	1.75 bowl & Side drainer board	2.00 bowl & side drainer board
Dumping Margin (%)	81%	66%	54%	29%

Table B-6.2 Dumping margin calculations, as a percentage of export prices

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

C-1 Subsidy

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:

- (i) the nature and title of the subsidy;
- (ii) the government agency responsible for administering the subsidy;
- (iii) the recipients of the subsidy; and
- (iv) the amount of the subsidy.

Program 1: Raw Materials Provided by the Government at Less than Fair Market Value

This program relates to the acquisition cost of major raw materials from State Owned (or Invested) Enterprises (SOEs or SIEs) and subsequently used in the production of finished subject goods.

When exporters or producers of subject goods acquire raw material inputs (in this case cold-rolled stainless steel sheet) at less than fair market value directly or indirectly from SOEs and those SOEs are considered to be possessing, exercising, or vested with governmental authority, a subsidy may be found to exist. This subsidy is equal to the difference between the fair market value of the goods and the price at which the goods were provided by the SOE.

There are three key concepts to consider when determining whether this program is applicable:

1. Did the exporters or producers of the GUC acquire raw material inputs from SOEs?
2. Are the SOEs that supplied these raw materials considered to be possessing, exercising, or vested with governmental authority?
3. What is the fair market value of the goods provided by SOEs?

Ownership status of suppliers/producers of raw material inputs

In the recent decision of the CBSA (Canadian Border Services Agency) (*Certain stainless steel sinks ex China*, 9 May 2012), it was determined from the information submitted by the responding exporters that purchases of input material (cold-rolled stainless steel sheet), were made from both SOEs and non-SOEs. Given that the exporters involved in the CBSA investigation, are also exporters to Australia, then for the purposes of this application, the exporters may be deemed to have acquired raw material inputs from SOEs (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.1**).

Are SOEs regarded as "Public Bodies"?

SOEs may be considered to constitute "government" or "public bodies" if they possess, exercise or are vested with government authority, which may be indicated by the following factors:

- where a statute or other legal instrument expressly vests government authority in the entity concerned;
- evidence that an entity is, in fact, exercising governmental functions; and
- evidence that a government exercises meaningful control over an entity.

In the recent CBSA (*Certain stainless steel sinks ex China*, 9 May 2012) decision, it was determined that suppliers/producers of cold-rolled stainless steel sheet were partially or wholly-owned by the GOC (Government of China), and in some cases were under the authority of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.1**).

According to a report of the Specialty Steel Industry of North America, *Chinese Government Subsidies to Stainless Steel Industry* (April 2007):

“The Chinese stainless steel industry is largely state-owned. The Government of China owns a majority stake in numerous Chinese stainless steel producers, including two of the country’s largest steel producers, Shanghai Baosteel Group Corporation (85.41 per cent), and Tangshan Iron and Steel (61.31 per cent)” (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.2**, at p. 3)

The CBSA based this assessment on its analysis of information provided or discovered in the recent CBSA investigation concerning *certain pup joints ex China* (12 March 2012) (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.3**), which revealed that various industrial and economic policies and five-year plans are factors found to have influenced in the Chinese steel industry:

- The Development Policies for the Iron and Steel Industry - Order of the National Development and Reform Commission (No. 35);
- Blueprint for the Adjustment and Revitalization of the Steel Industry; and
- The 12th Five-Year Plan: Iron and Steel.

In *Certain pup joints ex China* (12 March 2012) (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.3**), the CBSA concluded that the major objectives of these policies and plans include:

- The structural adjustment of the Chinese domestic steel industry;
- Industry consolidations through merger and acquisitions;
- Government supervision and management in the steel industry;
- Maintain the stability of the domestic market and improve the export environment;
- Enhance enterprise reorganization and improve the industrial concentration level;
- Spend more on technical transformation and promote technical progress;
- Optimize the layout of the steel industry and overall arrangements of its development;
- Maintain stable import of iron ore resources and rectify the market order;
- Develop domestic and overseas resources and guarantee the safety of the industry;
- Increased mergers and acquisitions to create larger, more efficient steel companies;
- GOC restrictions on steel capacity expansion; and
- GOC directed relocation of iron and steel companies to coastal areas.

As provided in Article 36 of the *Law of State-Owned Assets of the Enterprises*, state-invested Enterprises (SIEs) must comply with all national industrial policies.

On the basis of this information, the CBSA concluded that SOEs are effectively performing a public policy function through their pursuit of state plans and industrial and economic policies, thus supporting the indication that SOEs are in fact performing governmental functions.

A further analysis of the *Law of State-Owned Assets* reveals the following information:

- The GOC is responsible for appointing and removing the president, vice-presidents, person in charge of finance, other senior managers, chairman of the board of directors, vice-chairmen of the board of directors, directors, chairman of the board of supervisors, and the supervisors of SOEs wholly-owned by the State.
- The GOC is responsible for proposing the director and supervisor candidates to the general assembly of shareholders of an SIE, regardless of the size of the GOC’s capital contribution to the entity, with the exception of employee representatives who are elected by the employees. In other words, the GOC, by contributing any amount of capital whatsoever to an entity, reserves to itself the right to select who is eligible to be a director/supervisor of that entity, although the candidates must still be approved by a majority of the shareholders.
- The body performing the contributor’s functions (i.e., the GOC) will assess, reward, or punish enterprise managers of SOEs wholly-owned by the State, and will decide on the

- standards of remuneration for them.
- The GOC is directly responsible for establishing the criteria against which the performance of managers in an SIE is measured. In addition, the body performing the contributor's functions (i.e., the GOC) conducts assessments of individual managers according to these criteria, and determines the standards of remuneration for SIE managers.
- The departments responsible for audit of the State Council and the local people's governments shall conduct audits of SIEs according to the provisions of the Audit Law of China.

The Australian industry submits that the GOC is the only entity that may determine who is eligible to be a director or supervisor within SIEs in China, regardless of the extent of the GOC's ownership of the SIE. The GOC sets the criteria against which management of an SIE is evaluated, measures the performance of management against the criteria, and determines the standards of remuneration for management. SIEs must also submit to audits conducted directly by the GOC.

According to the *Decree of the State Council of the People's Republic of China No. 378 - Interim Relations on Supervision and Management of State-owned Assets of Enterprises*, Article 12 establishes that SASAC is directly a subordinate to the State Council. Article 13 establishes the main responsibilities of SASAC, three of which are highlighted below:

- SASAC appoints and removes the top executives of the supervised enterprises, and evaluates their performances through legal procedures and either grants rewards or inflicts punishments based on their performances; establishes corporate executives' selection system in accordance with the requirements of the socialist market economy system and modern enterprise system, and improves incentives and restraints system for corporate management.
- In accordance with related regulations, SASAC dispatches supervisory panels to the supervised enterprises on behalf of the state council and takes charge of daily management of the supervisory panels.
- SASAC also drafts laws, administrative regulations of the management of the state-owned assets and draws up related rules; directs and supervises the management work of local state-owned assets according to law.

The Australian industry submits that the ability to appoint and remove top executives of supervised enterprises as evidence that supports the indication that the GOC exercises meaningful control over the conduct of such entities. Furthermore, the power vested in SASAC to "take charge of daily management of the supervisory panels" and to "draft laws, administrative regulations" also indicate a significant level of control over SOEs. When the main functions and responsibilities of SASAC are examined more closely, evidence of the extent of the control of the GOC, albeit via SASAC, becomes apparent. The exercise of meaningful control by the GOC, examined in conjunction with the performance of government functions as discussed above, is sufficient to indicate that these SOEs possess, exercise or are vested with governmental authority.

As such, the Australian industry submit that SOEs in the flat-rolled steel sector constitute "government" or "public bodies".

Fair Market Value of Input Materials

The Chinese flat-rolled steel sector includes the cold-rolled stainless steel sheet which is used in the production of stainless steel sinks.

A comparison of Grade 304, 2 mm cold rolled stainless steel sheet, which is the raw material input used in the production of deep drawn stainless sinks sold (EXW) in China to EXW sales in Japan, South Korea and Taiwan show that sales in China are consistently at a discount of up to 10% (to South Korean values).

Diagram C-1.1.1, below indicates the average US\$/tonne EXW prices in China, Japan, South Korea and Taiwan in the period January – May 2013 for cut stainless steel sheet.

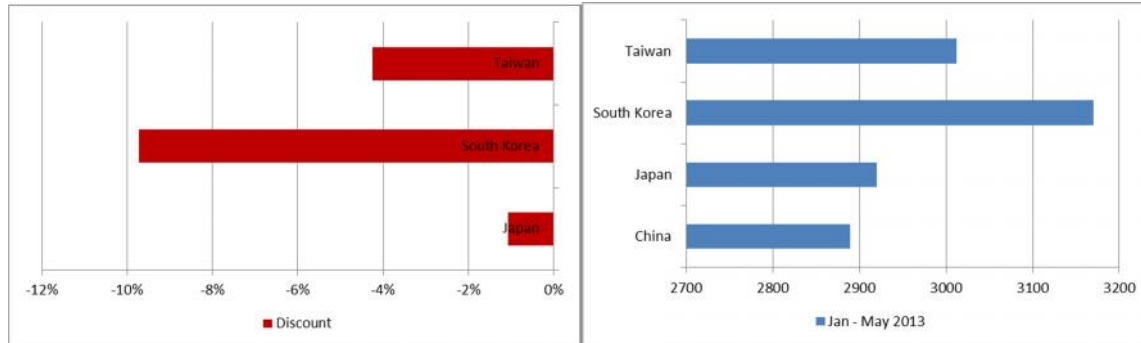


Diagram C-1.1.1 US\$/tonne EXW price of Grade 304, 2mm stainless steel cut plate and % discount to Chinese price for January to May 2013 period (Source: Metal Bulletin Research, Stainless Steels Market Tracker Report, Issue 236, 30 April 2013 (Refer **CONFIDENTIAL ATTACHMENT C-1.1.4**))

Indeed, as China is the world's largest producer of stainless steel products, accounting for 45% of world production, and 64% of Asian production (refer **CONFIDENTIAL ATTACHMENT C-1.1.4**), it is clear that any Asian based benchmark of stainless steel prices will be heavily influenced by Chinese pricing and supply behaviour. Indeed, it is submitted that other Asian stainless domestic markets are directly impacted by the size of the Chinese market.

In *Certain stainless steel sinks ex China*, 9 May 2012, the CBSA applied the monthly world composite 304 stainless steel prices reported by MEPS (International) LTD, a publisher of steel market prices around the world. A comparison of current MEPS pricing for different markets, indicates that the Asian stainless steel price, subject to the preponderance of Chinese supply and market influence, was consistently the lowest price market, refer diagram C-1.1.2, below.

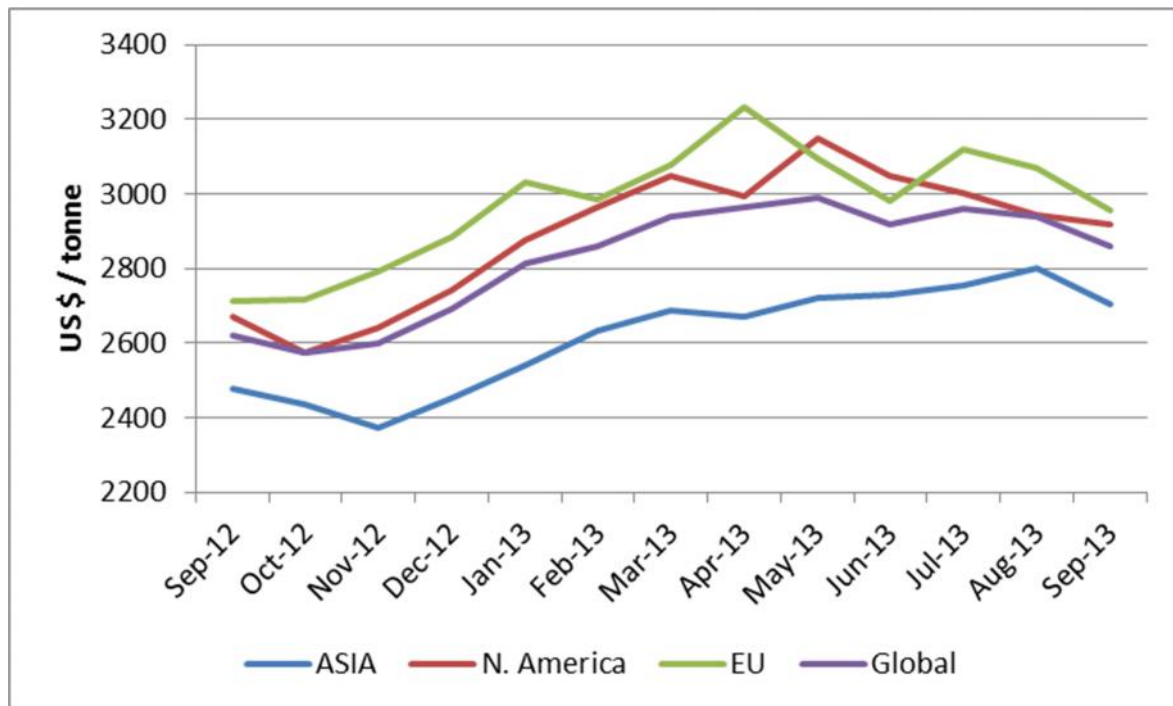


Diagram C-1.1.2 MEPS – Stainless Steel Price (Grade 304, All Products) for YE September 2013 (**NON-CONFIDENTIAL ATTACHMENT C-1.1.5**)

Accordingly, the Australian industry submits that the domestic selling prices for cold-rolled stainless steel sheet in China are not appropriate for the purposes of determining the fair market value of these goods.

In the absence of appropriate domestic benchmark prices of cold-rolled stainless steel sheet in China it is suggest that the monthly world composite 304 stainless steel prices reported by MEPS (International) LTD, are most appropriate for purposes of establishing the fair market value of cold-rolled stainless steel sheet in China. This composite price is a weighted average of the low transaction values for all grade 304 stainless steel products in the flat & long categories identified in three regions (European Union, Asia, and North America).

On the basis of available information, this program constitutes a financial contribution, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

The amount of subsidy may be calculated by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit was attributable.

Program 2: Research & Development (R&D) Assistance Grant

During the Investigation Period, those exporters based in Foshan City were awarded the *R&D Assistance Grant*.

The payments are not applied for by the exporter, and are made by the local government.

The granting authority is the *Foshan Shunde Finance Bureau*.

The funds are provided for Science and Technology Research.

The Australian industry submits that the program constitutes a financial contribution, i.e., a practice of government that involves a direct transfer of funds and confers a benefit to the recipient equal to the amount of the grant provided.

The amount of subsidy is to be calculated by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

The ongoing nature of this program is evidenced in the New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures of China dated 21 October 2011 (refer **NON-CONFIDENTIAL ATTACHMENT C-1.2.1**).

Program 3: Grants for Export Activities

During the Investigation Period, those exporters based in Foshan City were awarded *Grants for Export Activities*.

The payments are not applied for by the exporter, and are made by the local government.

The granting authority is the *Foshan Shunde Finance Bureau*.

The funds were provided for Foreign Trade Development.

The Australian industry submits that the program constitutes a financial contribution, i.e., a practice of government that involves a direct transfer of funds and confers a benefit to the

recipient equal to the amount of the grant provided.

The amount of subsidy is to be calculated by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

In the Canadian International Trade Tribunal's recently released reasons for decision in relation to the *subsidizing of galvanised steel wire originating in or exported from China* (refer **NON-CONFIDENTIAL ATTACHMENT C-1.1.6**) found the existence of export grants for export activities (there known as program 34) during the subsidy investigation period (1 January 2011 to 31 December 2012).

Program 4: Allowance to pay loan interest

During the Investigation Period, those exporters who were small and medium sized businesses and were based in Zhongshan City received an allowance from the local government to help reduce interest payments on commercial bank loans.

The program came into effect in 2010.

The program was provided and administered by the Economic and Trade Office of the Huangpu government in Zhongshan City, Guangdong Province.

The granting authority is the Zhongshan Municipal government.

The Australian industry submits that the program constitutes a financial contribution, i.e., a practice of government that involves a direct transfer of funds, and confers a benefit to the recipient equal to the amount of the grant provided.

The amount of subsidy is to be calculated, by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

The ongoing nature of this program is evidenced in the New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures of China dated 21 October 2011 (refer **NON-CONFIDENTIAL ATTACHMENT C-1.2.1**), as programme 46 (refer pp 56-7).

Program 5: International Market Fund for Export Companies

During the Investigation Period, those exporters based in Jianghai District received a grant to support their export business.

This program was established in a document titled 'Measure Jiang Cai Wai [2010] No. 92' in order to provide support to companies that have export business.

This program is administered by Local Finance Funds in Jianghai District, Jiangmen City.

The Australian industry submits that this program constitutes a financial contribution, i.e., a practice of government that involves a direct transfer of funds, and confers a benefit to the recipient equal to the amount of the grant provided.

The amount of subsidy may be determined by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

In the Canadian International Trade Tribunal's recently released reasons for decision in relation to

the *dumping and subsidizing of steel piling pipe originating in or exported from China* (refer NON-CONFIDENTIAL ATTACHMENT C-1.1.7) found the existence of export grants for export activities (there known as program 73) during the period of investigation period (1 January 2009 to 30 June 2012).

Program 6: International Market Fund for Small and Medium-sized Export Companies

During the Investigation Period, all small and medium-sized exporters have received a grant to develop their international market.

This program was established in a document titled 'Measure for Administration of International Market Developing Funds of Small and Medium Sized Enterprises' (CaiQi [2010] No. 87) (NON-CONFIDENTIAL ATTACHMENT C-1.1).

The nature of the grant is to provide support for export companies identified as small and medium-sized enterprises. The funds are provided for developing international markets including overseas exhibitions, certification of enterprise management system, various product certifications, foreign patent applications, promotional activities in international markets, electronic business, foreign advertisement and trademark registration, international investigation, bids (negotiations) abroad, enterprise training, foreign technology and brand acquisition.

Benefits granted to an enterprise under this program cannot exceed 50% of the total expenditure paid by the enterprise.

This program is administered jointly by the Ministry of Finance and Ministry of Commerce.

The Australian industry submits that this program constitutes a financial contribution, i.e., a practice of government that involves a direct transfer of funds, and confers a benefit to the recipient equal to the amount of the grant provided.

The amount of subsidy may be calculated by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

The ongoing nature of this program is evidenced in the New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures of China dated 21 October 2011 (refer NON-CONFIDENTIAL ATTACHMENT C-1.2.1).

Program 7: Reduced tax rate for productive FIEs scheduled to operate for a period not less than 10 years

During the Investigation Period, all exporters which were Foreign Invested Enterprises (FIEs) have received a reduction/exemption in tax liability.

This program was established in the *Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprise*, which was promulgated on 9 April 1991, and came into effect on 1 July 1991 (NON-CONFIDENTIAL ATTACHMENT C-1.2). This program was established in order to encourage foreign investment.

The granting authority responsible for this program is the *State Administration of Taxation* and is administered by local tax authorities.

The Australian Industry submits that this program constitutes a financial contribution, namely amounts that would otherwise be owing and due to the government are reduced and/or exempted,

and confers a benefit to the recipient equal to the amount of the reduction/exemption.

The amount of subsidy may be calculated by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

The ongoing nature of this program is evidenced in the New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures of China dated 21 October 2011 (refer NON-CONFIDENTIAL ATTACHMENT C-1.2.1).

Program 8: Tax preference available to companies that operate at a small profit

During the Investigation Period, all exporters that achieved a small profit received a reduction/exemption in tax liability.

This program was established in the *Law of the People's Republic of China on Enterprise Income Tax* (2007) and came into effect on 1 January 2008 (NON-CONFIDENTIAL ATTACHMENT C-1.2). This program was established in order to reduce the burden on enterprises making small profits and to maintain job opportunities.

The granting authority responsible for this program is the Ministry of Finance and the State Administration of Taxation. It is administered by local tax authorities.

The Australian industry submits that this program constitutes a financial contribution, namely that it constitutes amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

The amount of subsidy may be calculated by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit is attributable.

The ongoing nature of this program is evidenced in the New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures of China dated 21 October 2011 (refer NON-CONFIDENTIAL ATTACHMENT C-1.2.1).

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

- 1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:**
 - 1. the rate of increase of dumped/subsidised imports;**
 - 2. changes to the available capacity of the exporter(s);**
 - 3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
 - 4. inventories of the product to be investigated; or**
 - 5. any other relevant factor(s).**

This application by the Australian industry is not based upon a threat of material injury from dumped or subsidised imports of the goods the subject of the application.

This application details how the Applicant industry has suffered material injury caused by the allegedly dumped and subsidised exports from China. The application also indicates that in the absence of anti-dumping measures, further material injury is likely to result from dumped exports of the goods the subject of the application from the nominated country.

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

Data included at Section A-9.2 above indicates that the Australian industry has lost 50% (per cent) market share since FY 2009. The country the subject of this application has captured the majority of the market share lost by the Australian industry and other imports.

In the absence of anti-dumping measures it is considered that future lost market share, along with a further diminution in industry volume, profit, profitability (as evidenced in FY 2013), is both foreseeable and imminent.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Dumping Liaison Unit before completing this section**
☎ (02) 6275-6066 Fax (02) 6275-6990.

1. Fully describe the locally produced raw agricultural goods.

The goods the subject of this application are not close processed agricultural goods. This section does not apply to the goods.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

Not applicable.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

Not applicable.

4. Provide information to establish either:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

Not applicable.

C-4. Exports from a non-market economy

1. **Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

The country the subject of this application is considered to be a 'market economy' country for the purposes of Australia's anti-dumping legislation.

2. **Nominate a comparable market economy to establish selling prices.**

Please refer to Section C-4.1 above.

3. **Explain the basis for selection of the comparable market economy country.**

Please refer to Section C-4.1 above.

4. **Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.**

Please refer to Section C-4.1 above.

C-5 Exports from an 'economy in transition'

1. **Provide information establishing that the country of export is an 'economy in transition'.**

The country nominated in this application is not considered an "economy-in-transition" country for the purposes of Australia's anti-dumping legislation. Therefore, this question is not applicable.

2. **A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

This question is not applicable to the goods the subject of this application.

3. **Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

This question is not applicable to the goods the subject of this application.

4. **Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

This question is not applicable to the goods the subject of this application.

C-6 Aggregation of Volumes of dumped goods

PUBLIC FILE VERSION

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Total				

The country the subject of this application accounts for more than 3 per cent of total import volume. Please refer to Section B-1.5 above.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Not Applicable
Appendix B2	Constructed Normal Value