



30 April 2014

The Director
Operations 2
Anti-Dumping Commission
5 Constitution Avenue
Canberra ACT 2601

Investigation 238: Submission by Abey Australia Pty Ltd

This submission is made on behalf of Abey Australia Pty Ltd (Abey) in relation to the Anti-Dumping Commission's investigation into the alleged dumping and subsidisation of deep drawn stainless steel sinks exported to Australia from the People's Republic of China (China). We make this submission in response to the application made by Tasman Sinkware Pty Ltd (Tasman) and subsequent initiation of the investigation by the Commission.

Abey is a manufacturer and importer of kitchen and bathroom plumbing and building products. Abey has been importing deep drawn stainless steel sinks for 25 years and currently imports from China and Europe. Abey imports Chinese sinks from Komodo, under an exclusive supply arrangement.

It is apparent from the Commission's analysis that Tasman has lost market share to Chinese imports. Abey has also lost sales at the entry-level end of the market because it can't compete on price with other importers from China and has exited certain segments of that market altogether. At the higher end of the market sales of newer products including fabricated sinks, deep drawn sinks with a small corner radius and non-stainless steel sinks, have caused a decline in sales of the traditional deep drawn sinks that Tasman produces.

More specifically we believe that deep drawn stainless steel sinks imported by Abey have not caused injury to Tasman because:

- Komodo's export price is higher than the average price from China, and
- Tasman cannot produce like goods to a range of sinks imported by Abey.

These issues are addressed below, along with comments on a suitable benchmark for stainless steel raw material costs in China.

Non-Confidential – For Public Record

Export price

We understand that Komodo is currently completing an exporter questionnaire and intends to fully cooperate with the Commission's investigation, however we note that Abey was not requested to complete an importer questionnaire and therefore not selected for verification of Komodo's export prices. We believe that Komodo's export price to Abey is higher than the average export price from China, therefore it is imperative that dumping and subsidy margins for Komodo's exports be calculated using Komodo's actual export prices and not, for example, an average of export prices from other exporters.

Like goods

Tasman has applied for dumping and countervailing duties against all deep drawn stainless steel sinks from China, however Tasman is incapable of producing certain types of deep drawn sinks imported by Abey.

Traditionally the bowl of a deep drawn sink features a corner radius of 70 to 100 mm, which gives the bowl a rounded look (when viewed from above). Around 10 years ago fabricated sinks began to appear on the market. In a fabricated sink the corners of the bowl are very square, as they are made by folding and welding stainless steel sheet, however fabricated sinks are significantly more expensive to produce. More recently a technique was developed to allow deep drawn sink bowls to be produced with a corner radius of only 15 to 25 mm, which gives the bowl a much squarer look. These deep drawn sinks look similar to fabricated sinks but are cheaper to produce.

Deep drawn sink bowls are made by cold-drawing stainless steel sheet in a press. The new squarer deep drawn sink bowls require an additional annealing process and second draw. The process is as follows:

- first (cold) draw to around 85% to 90% of the final volume of the bowl
- bowl is annealed (heated to 1,300°C and air cooled to soften the steel), and
- second (soft) draw to complete the bowl.

The annealing process requires significant capital investment (in an annealing machine) and we understand that Tasman does not possess this capability.

Consumer preference for these modern squarer sinks has been growing; while sales of traditional sinks is in decline. Abey's sales figures show that sales of the new sinks with a corner radius of 15 and 25 mm have increased more than █% in the last 12 months, while sales of traditional sinks have decreased by around █% over the same period. These sales figures are shown in the chart at Confidential Attachment A.

Given that Tasman does not have the capability to produce deep drawn stainless steel sink bowls with a corner radius of 25 mm or less, we submit that these goods should be excluded from the investigation.

Non-Confidential – For Public Record

Stainless steel benchmark

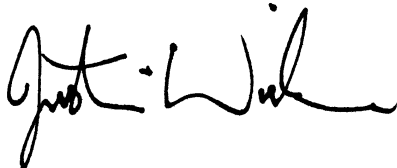
Tasman claims that the cost of stainless steel in China is not a competitive market cost and, in relation to the subsidy claim, that stainless steel provided by Chinese state invested enterprises is provided at less than adequate remuneration. Tasman suggests the benchmark price for stainless steel in China should be based on prices provided by MEPS (International) Ltd.

We understand that stainless steel is not produced in Australia and that Tasman imports its stainless steel from [REDACTED]. We submit that Tasman's cost of stainless steel from [REDACTED] should be used as the benchmark as it will be the most reliable, verified information available to the Commission. We also note that verified purchase prices from other markets has been used in previous steel cases involving China (eg Investigation 177: HSS from China).

Conclusion

In summary, we submit that the Commission:

- use Komodo's actual export prices to Abey in any dumping or subsidy calculations applicable to Komodo's exports to Australia
- exclude deep drawn stainless steel sinks with a corner radius of 25 mm or less from the investigation, and
- use Tasman's purchase price of stainless steel from [REDACTED] as the benchmark for raw material prices in China.



Justin Wickes
Director