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International Trade Remedies Advisor
20 Queens Road
MELBOURNE VIC 3004
T: 03 9867 0267

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Director, Operations 2
Australian Anti-Dumping Commission

BY EMAIL operations2@adcommission.gov.au

Dear Director,

**Dumping and countervailing investigation ADC 238 - Deep drawn stainless steel sinks
exported from China**
Re: Response to submission of Abey Australia Pty Ltd

This response to the submission of Abey Pty Ltd (**Abey**) dated 30 April 2014, is made on behalf of the Australian industry producing deep drawn stainless steel sinks.

In summary, Abey contends as follows:

- that its imports of deep drawn stainless steel sinks were not dumped;
- that the Australian industry does not produce like goods to certain goods imported by it; and
- that either the Australian industry's verified stainless steel input cost be used as a benchmark for raw material prices in China, or verified stainless steel prices from other markets be used for the purpose of this exercise.

Undumped exports contention

At this stage, the Australian industry feels it is unable to comment on the contention that the export price paid by Abey was undumped, and note the Commission's notification of exporter sampling within the provisions of the *Customs Act 1901 (the Act)*, and the designation of "residual exporter" status to the trading company, Komodo Hong Kong Ltd, and that company's nominated manufacturer, Zhongshan Xintian Hardware Co., Ltd.



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Goods under consideration with a corner radius of 25 mm or less and the Australian produced “like goods”

The Australian industry opposes Abey’s request that the deep drawn stainless steel sink bowls with a corner radius of 25 mm or less (**tight radius sinks**) be “excluded from the investigation”. The public notice published under subsection 269TC(4) of the Act, set out the particulars of the goods under consideration for the purpose of the application as:

“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.

On the strength of the description of the goods the subject of the application, and therefore the goods under consideration (**GUC**) for the purposes of this investigation, imported tight radius sinks are clearly subject to the investigation. To the extent that Abey seeks tight radius sinks be excluded from the investigation, it is not clear to the Australian industry, what mechanism is here proposed to achieve that outcome. The Australian industry reminds the Commission that it is not open to it to amend the description of the goods following initiation of the investigation. It is open to Abey to suggest that the Australian industry does not produce goods that are “like goods” to tight radius sink, that submission is expressly rejected, and the Australian industry submits as follows.

Although, the Australian industry accepts that it does not currently produce a model of deep drawn stainless steel sink that is **identical in all respects** to the so-called tight radius sinks allegedly imported by Abey, the goods produced by the Australian industry, have characteristics closely resembling those goods imported by Abey. According to the *Dumping and Subsidy Manual* (December 2013 edn.), regard must then be had to the following considerations:

- physical likeness;
- commercial likeness;
- functional likeness; and
- production likeness.

Unfortunately, Abey has not provided any evidence of the physical characteristics of the so-called tight radius sinks allegedly imported by it, apart from its maximum corner radius. Neither has it provided details of the models sold by it into the market that allows the Australian industry to



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identify models produced by it that are in direct competition with the tight radius sinks, and respond to claims that there is substitution between “traditional” deep drawn stainless steel sinks and tight radius sinks. Therefore, it is not possible for the Australian industry or the Anti-dumping Commission (**Commission**) to assess in any meaningful way the suggestion that the tight radius sinks are not physically or commercially alike to the Australian product.

In terms of functional likeness, the Abey submission appears to suggest that tight radius sinks and the Australian product have the same end-use, and are functionally substitutable. Further there is no suggestion of any intrinsic quality difference between the two, or that they meet different compliance product standards. Although, there is a suggestion, of changing consumer preference, from Abey’s perspective, however, there may be many reasons for this, and Abey’s experience may be a direct function of their product and market value proposition strategy. Only the Commission can assess, when possessed of an overall market size assessment, whether there is indeed a discernible shift in preference from “traditional” deep drawn stainless steel sinks to tight radius sinks. To accept the assertion of Abey alone would be unreasonable.

The most comprehensive detail of the Abey submission on this issue of “like goods” lies in the production process description. When one compares the production process of “traditional” deep drawn stainless steel sinks and tight radius sinks, there are only two additional steps:

- annealing after first (cold) drawing/pressing; and
- second (soft) drawing/pressing.

In all other respects, the same materials are used, and all other steps in the manufacturing process are identical. The critical step of drawing/pressing the shape of the goods remains the same.

Stainless steel benchmark pricing

The Australian industry is hesitant to recommend a benchmark price for stainless steel input costs that may be influenced by the dominance of the Chinese stainless steel market in the North-Asia and South-East Asian markets. As China is the world’s largest producer of stainless steel products, accounting for 50% of world production, and 68% of Asian production in CY 2013, it is clear that any Asian based benchmark of stainless steel prices will be heavily influenced by Chinese pricing and supply behaviour (refer Attachment, [http://www.worldstainless.org/crude steel production/crude 2001 to 2010](http://www.worldstainless.org/crude%20steel%20production/crude%202001%20to%202010))

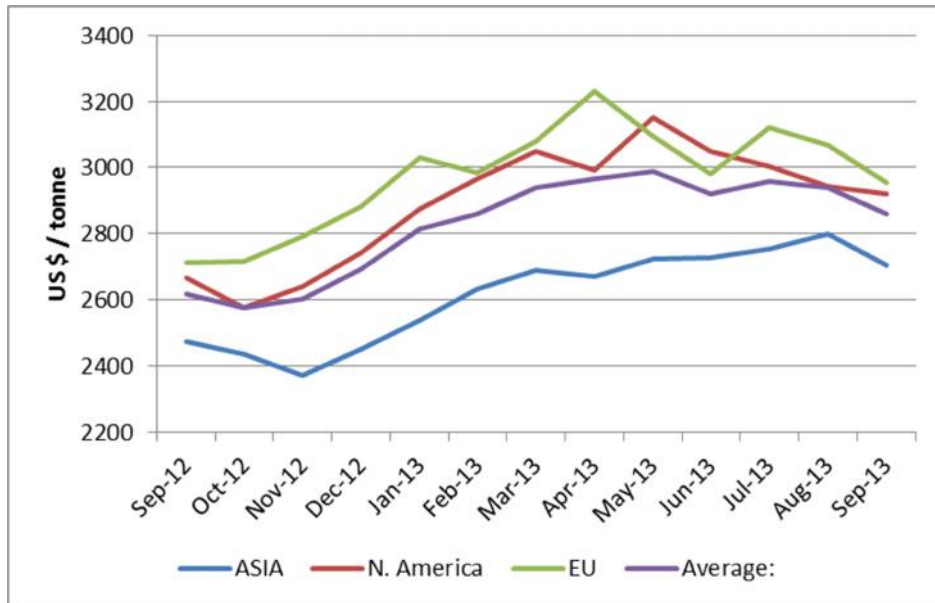
The effect of this dominance on price is demonstrated by the below chart for the \$US/tonne FOB price for Grade 304 Stainless Steel between 12 months ending September 2013.



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Source: MEPSInternational (www.meps.co.uk, accessed 21 October 2013)

Therefore, if the Australian industry's assertion of particular market situation and the effect of Chinese subsidies is upheld by the Commission, any benchmarked price based on an Asian benchmark will continue to undervalue the benchmark price unaffected by these factors.

Conclusions

In summary, the Australian industry asserts that:

- Abey's submission provides no grounds to support an "exclusion" of tight radius sinks from the investigation, and neither does it provide any evidence to suggest that the Australian products are not "like goods". The Australian industry reserves the right to respond to any additional material submitted that provides further details in support of this claim; and
- a benchmark stainless steel input price should be based on a global benchmark unaffected by the dominance of potentially subsidised Chinese stainless steel values reflected in Asian stainless steel market values.

Arthur Vlahonasios.



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