



*CUSTOMS ACT 1901 - PART XVB*

**STATEMENT OF ESSENTIAL FACTS  
NO 652**

**REVIEW OF ANTI-DUMPING MEASURES ON  
DEEP DRAWN STAINLESS STEEL SINKS  
EXPORTED TO AUSTRALIA FROM  
THE PEOPLE'S REPUBLIC OF CHINA**

**17 October 2024**

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**ABBREVIATIONS**

304 SS CRC	304-grade stainless steel cold-rolled coil
ABF	Australian Border Force
Act	<i>Customs Act 1901 (Cth)</i>
CBSA	Canada Border Services Agency
China	the People's Republic of China
commission	the Anti-Dumping Commission
Commissioner	the Commissioner of the Anti-Dumping Commission
Customs Direction	<i>Customs (Extensions of Time and Non-cooperation) Direction 2015</i>
CON 517	<i>Continuation Inquiry 517</i>
CON 632	<i>Continuation Inquiry 632</i>
CON 646	<i>Continuation Inquiry 646</i>
DS603	<i>Australia – Anti-Dumping and Countervailing Measures on Certain Products from China</i> (WTO dispute settlement number DS603)
DSN	Dumping Specification Number
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EPR	electronic public record
GOC	Government of China
goods	the goods the subject of the application, being deep drawn stainless steel sinks
initiation notice	ADN No. 2024/029
review period	1 April 2023 to 31 March 2024
injury period	1 April 2019 to 31 March 2024
INV 238	<i>Investigation 238</i>
INV 550	<i>Investigation 550</i>
the Manual	the Dumping and Subsidy Manual
Minister	the Minister for Industry and Science
OEM	original equipment manufacturer
Oliveri	Oliveri Solutions Pty Ltd
the Regulation	<i>Customs (International Obligations) Regulation 2015</i>
REP 238	<i>Anti-Dumping Commission Report No 238</i>
REP 517	<i>Anti-Dumping Commission Report No 517</i>
REP 646	<i>Anti-Dumping Commission Report No 646</i>
sampling report	ADN No. 2024/048
SEF	Statement of Essential Facts
selected exporters	Dali, Rhine and Zhuhai Grand

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SIE	state-invested entity
SS CRC	Stainless steel cold rolled coil
WTO	World Trade Organization

# 1 SUMMARY AND RECOMMENDATIONS

## 1.1 Introduction

This statement of essential facts (**SEF**) has been prepared in response to a review initiated by the Commissioner of the Anti-Dumping Commission (**the Commissioner**) on 25 June 2024.<sup>1</sup> The review relates to the anti-dumping measures (**the measures**) on deep drawn stainless steel sinks (**the goods**) exported to Australia from the People's Republic of China (**China**). The Commissioner initiated this review after receiving a request from the Minister for Industry and Science (**the Minister**).

The review concerns the following matters:

- whether the variable factors relevant to the taking of measures in the form of dumping duty notice on the goods exported to Australia from China may have changed and
- if the anti-dumping measures, in the form of dumping duty notice, may no longer be warranted and therefore the notice should be revoked.

This SEF sets out the facts on which the Commissioner proposes to base their recommendations to the Minister.

The Commissioner's final recommendations to the Minister will be contained in a report due by **27 November 2024**.

Interested parties should note that the SEF may not represent the final views of the Commissioner. The Commissioner invites interested parties to make submissions in response to the SEF (see chapter 1.5).

## 1.2 Proposed recommendation

Based on the findings outlined below, and subject to any submissions received in response to this SEF, the Commissioner considers that the anti-dumping measures, in the form of a dumping duty notice applying to the goods exported from China, are no longer warranted.

The Commissioner proposes to recommend that the Minister revokes the dumping duty notice applying to deep drawn stainless steel sinks exported to Australia from China. The Commissioner proposes to recommend under section 269ZDA(1)(a)(ii) of the *Customs Act 1901* (the Act) that the dumping duty notice on the goods from China be revoked generally.<sup>2</sup>

The Commissioner's proposed recommendation, in accordance with subsection 269ZDA(1A)(b), is on the basis that the Commissioner **is not** satisfied as a result of the review that revoking the dumping duty notice on deep drawn stainless steel sinks

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<sup>1</sup> References in this document to individuals holding positions within the Anti-Dumping Commission (commission) are references to whoever occupies the position at the time. This includes when the position is held in an acting capacity.

<sup>2</sup> All legislative references in this notice are to the *Customs Act 1901*, unless otherwise stated.

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exported to Australia from China would lead, or be likely to lead to a continuation of, or a recurrence of, dumping and the material injury that the measures are intended to prevent.

The Commissioner proposes to recommend that the Minister **declare** in accordance with subsection 269ZDB(1)(a)(ii), that the dumping duty notice is taken to have been revoked in relation to exporters generally.

The Commissioner further proposes to recommend that, if the Minister accepts the recommendation to revoke the dumping duty notice, the Minister's decision take effect from 25 June 2024, being no earlier than the date of publication of the notice under section 269ZC of the Act indicating the Commissioner's proposal to undertake the revocation review.<sup>3</sup>

The effect of the proposed recommendations would be that the dumping duty notice would not apply to the goods entered for home consumption on and after 25 June 2024. If this recommendation is accepted by the Minister, importers that have paid interim or final duties in relation to the dumping duty notice on and after 25 June 2024 would be eligible for a refund.

### 1.3 Background to the review

On 28 February 2022, the World Trade Organization (**WTO**) Dispute Settlement Body (**DSB**) established a Dispute Settlement Panel to hear China's complaint regarding the anti-dumping measures on certain products from China, which included the goods the subject of this review (**DS603**).

The DSB adopted the Panel's final report on 26 April 2024. Subsequently, the Minister has requested the Commissioner to conduct a review of the dumping duty notice applying to the goods exported to Australia from China.<sup>4</sup> Specifically, the Minister requested a review of the dumping duty notice as it affects exporters of the goods from China generally. The Minister has not requested a review of the countervailing duty notice. The Minister's request was made pursuant to section 269ZA(3) of the Act.

The Minister requested the Commissioner initiate this review to examine:

- whether the variable factors relevant to the taking of measures in relation to deep drawn stainless steel sinks exported to Australia from China may have changed and
- if the anti-dumping measures may no longer be warranted.

The Minister also included a specific request that the Commissioner considers the following matters:

- to take into account the findings of the Panel in DS603
- to consider changes which have occurred in the market for the goods exported to Australia from China since the dumping duty notice was last varied (effective from 27 March 2020) following the completion of Continuation Inquiry 517 (**CON 517**).

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<sup>3</sup> Section 269ZDB(6).

<sup>4</sup> Anti-Dumping Notice (ADN) 2024/039 on the electronic public record (EPR) for case 652 Item No.1.

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The review period is **1 April 2023 to 31 March 2024** and covers all exporters of the goods from China.<sup>5</sup> The review has examined whether the variable factors relevant to the taking of the anti-dumping measures have changed and whether the anti-dumping measures are no longer warranted.

After concluding the review, the Commissioner will recommend to the Minister that the dumping duty notice:

- i. remain unaltered or
- ii. have effect as if different variable factors had been ascertained or
- iii. be revoked, in part or generally.

The review will specially examine whether the variable factors relevant to the taking of interim dumping duty as they affect exporters of the goods from China generally should be varied and/or revoked. The review is limited to a review of the dumping duty notice applying to the goods exported from China.<sup>6</sup>

### 1.3.1 Continuation Inquiry 646

This review has been conducted concurrently with Continuation Inquiry 646 (CON 646) which was initiated by the Commissioner on 6 May 2024.<sup>7</sup> CON 646 was initiated following an application received from Oliveri Solutions Pty Ltd (**Oliveri, or the Australian industry**) to continue the measures.<sup>8</sup>

The inquiry period for CON 646 is the same as the review period for this review and the inquiry and review concern the same goods and the same exporters from China. Therefore, the variable factors calculated for the inquiry and the variable factors calculated for this review are the same. Chapter 2.6 provides further details.

## 1.4 Summary of key preliminary findings

The Commissioner's preliminary findings and conclusions in this SEF rely on the information available at this stage of the review. The paragraphs below provide a summary of these findings, which are set out in further detail throughout the SEF.

### 1.4.1 The goods, like goods and the Australian industry (chapter 3)

The Commissioner finds locally produced goods are 'like' to the goods the subject of the application. The Commissioner is satisfied that there is an Australian industry, comprised solely of Oliveri, producing those like goods.

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<sup>5</sup> The review period specified for this review is identical to the inquiry period established for Continuation Inquiry 646.

<sup>6</sup> The review does not include a review of the countervailing duty notice applying to the goods exported from China.

<sup>7</sup> ADN 2024/028 on EPR 646 Item 2.

<sup>8</sup> EPR 646, Item [1](#)



#### 1.4.2 Australian market (chapter 4)

The Australian market for the goods is supplied by the Australian industry, imports from China, and imports from other countries not subject to measures.

#### 1.4.3 Economic condition of the Australian industry (chapter 5)

The Commissioner assessed the economic condition of the Australian industry from 1 April 2019 to 31 March 2024 (**the injury period**) to analyse trends in the market for deep drawn stainless steel sinks and to assess potential injury factors.

The Commissioner found the Australian industry has experienced injury in the form of:

- lost sales volume
- reduced market share
- price depression
- price suppression
- lower profit and profitability
- reduced revenue
- reduced capacity utilisation.

#### 1.4.4 Review of variable factors (chapter 6)

The Commissioner’s preliminary findings conclude that the variable factors relevant to the taking of measures in relation to deep drawn stainless steel sinks exported to Australia from China have changed. The preliminary dumping margins show that only exporters within the ‘uncooperative and all other exporters’ category were dumping during the review period.

The revised variable factors have resulted in different dumping margins, relevant to interim dumping duty (**IDD**) for the goods exported to Australia from China. The Anti-Dumping Commission (**the commission**) has determined the preliminary dumping margins summarised below in Table 1.

Exporter	Dumping margin
Zhuhai Dali Kitchen & Technology Co. Ltd ( <b>Dali</b> ) <sup>9</sup>	Negative 1.6%
Zhuhai Grand Kitchenware Co. Ltd. ( <b>Zhuhai Grand</b> )	Negative 10.9%
Rhine Sinkwares Manufacturing Ltd. ( <b>Rhine</b> )	Negative 11.8%
Residual exporters	Negative 5.5%
All other exporters	7.5%

**Table 1 Dumping Margins**

#### 1.4.5 Revocation review (chapter 7)

On the basis of the evidence obtained in the course of this review, the Commissioner **is not** satisfied that revoking the dumping duty notice applying to goods exported to

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<sup>9</sup> Dali is the related manufacturer of Primy Corporation Limited. See chapter 2.6.4

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Australia from China would lead, or be likely to lead, to a continuation of, or recurrence of dumping and the material injury that the measures are intended to prevent.<sup>10</sup>

Specifically, while the Commissioner is satisfied that, in revoking the dumping duty notice, the Australian industry will suffer injury, material injury will not be caused by dumped exports of the goods.

The Commissioner has reached this preliminary view based on the following key considerations.

### Are exports likely to continue or recur if the measures are revoked? (Chapter 7.5)

The Commissioner considers that if the dumping duty notice is revoked, exports<sup>11</sup> from China would likely continue. The Commissioner has reached this finding having regard to the ongoing supply of the goods from China into the Australian market since the measures were last continued, the maintenance of distribution channels in Australia and the excess production capacity of Chinese exporters.

### Is dumping likely to continue or recur if the measures are revoked? (Chapter 7.6)

The Commissioner is satisfied, with respect to *selected and residual exporters*, that revoking the dumping duty notice would not lead, or would not be likely to lead, to a recurrence of dumping.

The Commissioner is satisfied, with respect to *uncooperative exporters*, that dumping would continue.

### Is material injury likely to continue or recur if the measures are revoked? (Chapter 7.7)

The Commissioner is not satisfied that, if the dumping duty notice is revoked, material injury is likely to recur in relation to exports at dumped prices (from uncooperative exporters).

The Commissioner has reached this finding based on the following:

- the Australian industry predominantly competes with volumes of goods exported from China at undumped prices (i.e. subject goods that have been found to have negative dumping margins) (chapter 7.7.4).
- although this competition from goods exported from China at undumped prices will likely lead to price injury and loss of sales volume and market share (where the Australian industry is unable to effectively compete on price), this injury would not be attributable to dumping (chapter 7.7.4).
- imports from uncooperative exporters (which were found to be dumped) represented just 5% of the total import volume from China during the inquiry period, and the commission has not identified evidence to indicate this volume of goods is likely to cause material injury to the Australian industry (chapter 7.7.3).

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<sup>10</sup> Section 269ZDA(1A)(b).

<sup>11</sup> References to 'exports' or 'exporters' throughout this report refer to exports or exporters of the goods, unless stated otherwise or apparent from the context.

## **1.5 Responding to this SEF**

The SEF may not represent the Commissioner's final views. The commission invites interested parties to make written submissions in response to this SEF for the Commissioner's consideration.

Interested parties who wish to make written submissions in response to this SEF must do so no later than **6 November 2024**, which is within 20 days after the SEF being placed on the public record.<sup>12</sup>

The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Minister.<sup>13</sup>

Submissions may be lodged by email to [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au).

Alternatively, interested parties may post submissions to:

Investigations 4  
Anti-Dumping Commission  
GPO Box 2013  
CANBERRA ACT 2601  
AUSTRALIA

Confidential submissions must be clearly marked as 'OFFICIAL: Sensitive'. A non-confidential version of the submission, marked 'PUBLIC RECORD', is required for the public record. A guide for making submissions is available on the commission's website.<sup>14</sup>

The electronic public record (**EPR**) contains non-confidential submissions from interested parties, non-confidential versions of the commission's verification reports and other publicly available documents.

Interested parties should read this SEF in conjunction with other documents on the EPR.

## **1.6 Final report to the Minister**

The Commissioner must report to the Minister by no later than **27 November 2024**.<sup>15</sup> The final report will contain the Commissioner's final recommendations about the continuation of the measures.

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<sup>12</sup> Section 269ZDA(3).

<sup>13</sup> Section 269ZDA(4).

<sup>14</sup> A guide for making submissions is available [here](#).

<sup>15</sup> The Commissioner's final report and recommendations must be provided to the Minister within 155 days after the publication of a notice under section 269ZC or such longer period as allowed.

## 2 BACKGROUND

### 2.1 Legislative framework

Division 5 of Part XVB of the Act sets out, among other things, the procedures to be followed by the Commissioner when undertaking a review of anti-dumping measures.

#### 2.1.1 Legislative test

Section 269ZDA(1A)(b) requires the Commissioner to recommend revocation of the anti-dumping measures unless satisfied, as a result of the review, that revoking the measures would lead, or be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measures are intended to prevent.

#### 2.1.2 Statement of essential facts

Section 269ZD requires the Commissioner to publish a statement of the facts on which they propose to base their recommendations to the Minister about the continuation of the measures. This is referred to as the SEF.

Section 269ZD(2) requires the Commissioner, in formulating the SEF, to have regard to the application and any submissions received within 37 days of the initiation of the review. Under section 269ZD(3), the Commissioner is not obliged to have regard to any submissions relating generally to the review received by the Commissioner after the 37 days if to do so would, in the Commissioner's opinion, prevent the timely placement of the SEF on the EPR.

The Commissioner may also have regard to any other matters they consider relevant.

#### 2.1.3 Final report

Section 269ZDA(1) requires the Commissioner, after conducting a review, to give the Minister a report which recommends that the relevant notice:

- remain unaltered
- that the notice be revoked in its application to a particular exporter or to a particular kind of goods or revoked generally
- that the notice have effect in relation to a particular exporter or to exporters generally as if different variable factors had been ascertained.<sup>16</sup>

The dumping duty notice the subject of this review does not involve the acceptance by the Minister of an undertaking.<sup>17</sup>

### 2.2 Application and initiation

As stated in Chapter 1.3 of this report, the Commissioner initiated this review after receiving a request from the Minister pursuant to section 269ZA(3) of the Act. The

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<sup>16</sup> Section 269ZDA(1)(a)

<sup>17</sup> Section 269ZDA(1)(b)

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Minister's request specified it may be appropriate to review the dumping duty notice applying to the goods exported to Australia from China because:

- one or more of the variable factors relevant to the taking of the measures in relation to that exporter or those exporters may have changed or
- the anti-dumping measures are no longer warranted.

The commission's conduct of this review has therefore reviewed the variable factors relating to all exports of the goods from China and undertaken an assessment of whether the anti-dumping measures, in the form of a dumping duty notice, are no longer warranted.

Anti-Dumping Notice (ADN) No. 2024/039 provides further detail on the initiation of this review available on the commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au). A review of the countervailing duty notice was not requested however it was within the scope of CON 646.

### 2.3 History of anti-dumping measures

The anti-dumping measures were initially imposed by public notice on 26 March 2015 by the then Parliamentary Secretary to the Minister for Industry and Science (the Parliamentary Secretary) following consideration of *Anti-Dumping Commission Report No. 238* (REP 238).<sup>18</sup>

The anti-dumping measures were continued in March 2020 for a further five-year period by the then Minister for Industry, Science and Technology. This followed consideration of the Commissioner's recommendation in *Report 517* (REP 517)<sup>19</sup> resulting from CON 517. The anti-dumping measures are due to expire on 26 March 2025.

A background to key cases in relation to the goods is summarised in Table 3 below.

Case type and no.	ADN No.	Date	Country of export	Findings
Investigation No. 238	2015/41	26 March 2015	China	Measures imposed on China.
Accelerated Review No. 324	2016/05	1 March 2016	China	Termination of accelerated review.
Review of Measures No. 352	2016/107	21 November 2016	China	Variable factors altered for Shengzhou Chunyi Electrical Appliances Co. Ltd.
Exemption Inquiry No. EX0047	Ministerial Exemption Instrument No. 6 of 2017	11 July 2017	China	Certain goods exempted from measures.
Review of Measures No. 459	2018/75	15 June 2018	China	Variable factors altered for Shengzhou Chunyi

<sup>18</sup> Anti-Dumping Notice (ADN) No. 2015/41.

<sup>19</sup> ADN No. 2020/003.

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Case type and no.	ADN No.	Date	Country of export	Findings
				Electrical Appliances Co. Ltd.
Review of Measures No. 461	2018/143	12 October 2018	China	Variable factors altered for Guangdong Yingao Kitchen Utensils Co Ltd (Yingao).
Continuation inquiry No. 517	2020/003	27 February 2020	China	Measures continued on China.

**Table 2 Summary of cases undertaken in relation to the goods**

### 2.4 Current anti-dumping measures

The anti-dumping measures on the goods were initially imposed by public notice on 26 March 2015 by the then Parliamentary Secretary to the Minister for Industry and Science following *Investigation No 238 (INV 238)*. *Anti-Dumping Commission Report No 238* details the findings of that investigation.<sup>20</sup>

The measures were continued in March 2020 for a further five years by the then Minister for Industry, Science and Technology following CON 517. *Anti-Dumping Commission Report No 517 (REP 517)* details the findings of that inquiry.<sup>21</sup>

Table 4 below summarises the anti-dumping measures subject to the dumping notice, currently applying to exports of the goods to Australia from China.

Exporter	Dumping notice	
	Method	Effective IDD rate
Guangdong Cresheen Smart Home Co Ltd	Floor price	Confidential
Zhongshan Jiabaolu Kitchen & Bathroom Products Co. Ltd	Floor price	Confidential
Primy	Ad Valorem	9.8%
Zhuhai Grand	Ad Valorem	13.4%
Rhine	Ad Valorem	18%
Residual exporters	Ad Valorem	7.4%
All other exporters	Ad Valorem	53.9%

**Table 3 Measures applying to exports of the goods from China**

### 2.5 Review process

If anti-dumping measures have been taken in respect of certain goods, an affected party may consider it appropriate to review those anti-dumping measures as they affect a particular exporter or exporters generally. Accordingly, the affected party may apply for a

<sup>20</sup> EPR 238, Item 102, [REP 238](#)

<sup>21</sup> EPR 517, Item 37, [REP 517](#)

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review of those anti-dumping measures, if one or more of the variable factors has changed.<sup>22</sup>

A review application must be lodged no earlier than 12 months after publication of the notice imposing the original anti-dumping measures or the notice(s) declaring the outcome of the last review.<sup>23</sup> The Minister may also request the Commission to initiate a review at any time.<sup>24</sup>

If the Commissioner initiates a review of measures, the Commissioner has up to 155 days, or such longer time as may be allowed, to conduct a review and report to the Minister on the review of the anti-dumping measures.<sup>25</sup>

During a review, the Commissioner examines whether the variable factors have changed. In this case, the variable factors are a reference to:

- the ascertained export price
- the ascertained normal value
- the non-injurious price (NIP)

In addition to the review of variable factors, this particular review considers whether the dumping duty notice should be revoked in its application to a particular exporter or to a particular kind of goods or revoked generally.<sup>26</sup> As a result, the commission has undertaken a full analysis of the following matters to inform whether revocation of the dumping duty notice is warranted.

- production of the like goods by an Australian industry
- the Australian market for the goods and like goods
- the economic condition of the Australian industry producers of like goods
- whether the revocation of the dumping duty notice would lead, or be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measures are intended to prevent.

Where the Minister decides to revoke the anti-dumping measures, the Minister can declare that the notices be revoked either in relation to a particular exporter or to exporters generally or in relation to a particular kind of goods.<sup>27</sup>

Following the Minister's decision, the Minister must give notice of the decision.<sup>28</sup>

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<sup>22</sup> Section 269ZA(1). The Minister may also request the Commissioner to initiate a review under section 269ZA(3).

<sup>23</sup> Section 269ZA(2)(a).

<sup>24</sup> Section 269ZA(3).

<sup>25</sup> Section 269ZDA(1).

<sup>26</sup> Chapter 7 outlines the Commissioner's review concerning revocation of the measures.

<sup>27</sup> Subsection 269ZDB(1)(a)(ii).

<sup>28</sup> Subsection 269ZDB(1).

## 2.6 Conduct of the review

The Commissioner established a review period of 1 April 2023 to 31 March 2024 for this review and examined information relating to the economic condition of the Australian industry from 1 April 2019 to 31 March 2024 for the purpose of assessing:

- whether the notice should remain unaltered or apply to a particular exporter or exporters as if different variable factors had been ascertained and
- whether revoking the dumping duty notice would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measures are intended to prevent.

### 2.6.1 Use of information from CON 646

Concurrent with this review, the commission has also conducted a continuation inquiry in relation to the goods (**CON 646**). CON 646 was initiated on 6 May 2024 to assess whether the anti-dumping measures, consisting of a dumping duty notice and countervailing duty notice, should be continued for a further five-year period, or be allowed to expire on 26 March 2025.<sup>29</sup> The Minister's notice requesting the Commissioner to initiate this review was received after the initiation of the continuation inquiry.

In light of the close proximity between the initiation dates of this review and the inquiry, the commission has specified a **review period** that is aligned with the inquiry period for CON 646 (1 April 2023 to 31 March 2024).

As stated in ADN No. 2024/039, as both cases relate to the same period of review/inquiry, the same goods and interested parties, and are required to consider essentially the same matters, i.e. sampling of exporters, review of variable factors and considering if the measures are no longer warranted, this review has relied on information received for the purpose of CON 646 to the extent that it is relevant to this review. The continuation inquiry is however distinct in so far that it has additionally considered matters concerning the continuation of a countervailing duty notice.

Further details concerning the application of information from CON 646 is outlined below.

### 2.6.2 World Trade Organization Dispute DS603

As stated in chapter 1.3, the DSB adopted the Panel's final report on 26 April 2024. The Panel found the measures imposed on imports of the goods from China were inconsistent with some provisions of the WTO *Anti-Dumping Agreement*<sup>30</sup> and recommended that Australia bring its measures into conformity with its obligations under the agreement.

The Panel's final report is available on the WTO website.<sup>31</sup>

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<sup>29</sup> ADN No. 2024/028 refers.

<sup>30</sup> Agreement for the Implementation of Article VI of the General Agreement on Tariffs & Trade 1994

<sup>31</sup> Panel Report, *Australia — Anti-Dumping and Countervailing Duty Measures on Certain Products from China*, WTO Doc WT/DS603/R (26 March 2024) (DS603).



### **2.6.3 Sampling**

The initiation notice stated that the Commissioner, pursuant to section 269TACAA(1), would carry out this review based on information obtained from an examination of a selected number of exporters who are responsible for the largest volume of exports to Australia that can reasonably be examined.<sup>32</sup> This is because the large number of Chinese exporters made it impracticable to examine the exports of all exporters. All exporters from China were encouraged to participate in the review process.

The Commissioner stated they intended to select the following exporters for examination:

- Primy Corporation Limited (**Primy**)
- Rhine
- Zhuhai Grand.

According to the Australian Border Force (**ABF**) import database, these three exporters represent more than 60% of the volume of the goods (measured by statistical quantity reported in units) exported to Australia from China during the review period.

For those exporters of the goods from China, other than Primy, Rhine and Zhuhai Grand, the commission requested they provide base level of information, via an information request and associated spreadsheets.

The initiation notice stated that by completing the information request and associated spreadsheets, exporters of the goods (other than Primy, Rhine and Zhuhai Grand) will be regarded as 'residual exporters' for the purposes of this review if their exports are not examined as part of the review and they are not an uncooperative exporter or non-cooperative entity in relation to the review.

The initiation notice also states that the commission intended to use information from CON 646 to the extent that it is relevant, for the purposes of this review. This includes timely and complete questionnaire responses from the three selected exporters and timely and complete response to the commission's information request with respect to residual exporters.

The notice specifically outlined the selected exporters were not required to submit an additional response to the exporter questionnaire for this review if they had submitted a timely and complete exporter questionnaire response for CON 646. Additionally, exporters other than the selected exporters who submitted timely and complete responses to the commission's information request would not be required to submit a further response either.

CON 646 received timely and complete questionnaire responses from the three selected exporters and one additional exporter, and several information request responses from exporters other than the selected exporters. These responses have accordingly been relied on for the review.

Notwithstanding the above, at the commencement of this review the commission placed a copy of the exporter questionnaire and the information request and associated spreadsheets on the commission's website. These were made available in the

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<sup>32</sup> See Attachment A in ADN No. 2024/039

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circumstance that exporters who did or did not respond to CON 646 were afforded a further opportunity to do so in relation to the review. The deadline for responses in relation to both documents was 1 August 2024. The commission did not receive any responses.

On 9 August 2024, the commission published ADN No. 2024/048 (**sampling report**).<sup>33</sup> The sampling report set out the Commissioner's consideration on whether to extend the review (and CON 646) beyond Primy, Rhine and Zhuhai Grand to include other exporters who also provided a completed selected exporter questionnaire. This included consideration by the Commissioner of:

- the timeframe in which the review and CON 646 must be completed
- the resources needed to complete each case within the necessary timeframe
- the suitable level of verification required for each case.

After considering each of the above, the Commissioner decided that to extend the inquiry and review to include additional exporters would prevent the timely completion of both cases. Therefore, the Commissioner stated their intention to limit both cases to the Primy, Rhine and Zhuhai Grand. The reasons for the Commissioner's decision are outlined in the sampling report.

### 2.6.4 Questionnaires and verification

#### Australian industry

Based on the findings in CON 646, the Commissioner is satisfied that Oliveri Solutions Pty Ltd (**Oliveri**) is the sole member of the Australian industry producing like goods to the goods the subject of this review.<sup>34</sup>

The commission conducted a verification visit to Oliveri's premises in July 2024. Findings relating to the Australian industry's economic condition for the purpose of this review draw from the results of the commission's verification visit and other relevant information Oliveri has provided in its application seeking continuation of the measures. The verification report concerning the visit to Oliveri is available on the EPR.<sup>35</sup>

#### Importers

In CON 646, the commission identified several importers from the Australian Border Force (**ABF**) import database that imported deep drawn stainless steel sinks from China during the inquiry period. The commission sent importer questionnaires to these importers and placed a copy of the importer questionnaire on the commission's website for completion by other importers the commission did not contact directly. The commission did not receive any responses to the importer questionnaire made available for the purpose of CON 646.

Upon initiation this review, the commission contacted the same importers who were contacted at the initiation of CON 646 and invited these entities to complete a

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<sup>33</sup> EPR 652, Item 2, Sampling report

<sup>34</sup> See chapter 3.

<sup>35</sup> EPR 652 Item No. 3

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questionnaire. A copy of the questionnaire was also placed on the commission's website for completion by other importers not contacted at initiation. The due date for importer questionnaire responses was 16 July 2024. The commission did not receive any responses to the importer questionnaire.

### Selected exporters<sup>36</sup>

Chapter 2.6.2 discusses the Commissioner's intention to limit this review to an examination of exports of the goods by Primy, Rhine and Zhuhai Grand and rely on the questionnaire responses these exporters submitted for CON 646. At the initiation of CON 646, the commission sent a 'selected exporter questionnaire' to each of these exporters.

On 2 June 2024, Primy informed the commission that as a result of a corporate restructure it no longer manufactures the goods and that the goods are produced by a related entity, Zhuhai Dali Kitchen & Technology Co. Ltd (**Dali**). Primy also sources the goods from Dali. To assist in determining whether Primy or Dali is the exporter, the commission sought further information on Primy and Dali's relationship and requested that in completing its questionnaire response, Primy include information relating to Dali where relevant.

Primy, Rhine and Zhuhai Grand provided the commission with responses to the selected exporter questionnaire (**REQ**), as listed in Table 4. The non-confidential version of each exporter's REQ is available on the commission's website.<sup>37</sup>

EPR no.	Interested party	Date received
<a href="#">4</a>	Rhine	4 July 2024
<a href="#">5</a>	Zhuhai Grand	8 July 2024
<a href="#">6</a> <a href="#">7</a>	Primy/Dali	16 July 2024

**Table 4: Responses to selected exporter questionnaire**<sup>38</sup>

Following receipt of the REQs from each selected exporter, the commission undertook verification visits to each selected exporter in China during August 2024. The reports prepared in relation to each exporter are applicable to both CON 646 and this review. The non-confidential versions of the verification reports are available on the public record.<sup>39</sup>

With respect to the information provided by Primy and Dali, the commission's verification report outlines that Dali is considered the exporter of the goods exported to Australia. This is because Dali manufactured the goods in China for export to Australia via its related party Primy. The commission considers Primy's role is essentially as a trader or intermediary.<sup>40</sup>

Noting the commission's finding in respect of Primy and Dali's relationship, the Commissioner has examined exports of the goods by Dali (which are exported through

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<sup>36</sup> 'Cooperative exporter' is defined in section 269T(1).

<sup>37</sup> EPR 646, Items 4, 5, 6 & 7.

<sup>38</sup> The commission granted Primy, Rhine and Zhuhai Grand an extension to submit a response to the exporter questionnaire. See EPR No 646 Item 3.

<sup>39</sup> EPR 652, Items 4, 5 & 6.

<sup>40</sup> EPR 652, Item 6 and Chapter 6.4.

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Primy), Rhine and Zhuhai Grand. These exporters are collectively referred to as the 'selected exporters'.

The commission also received completed questionnaire responses from the following non-selected exporters within the required timeframe specified in CON 646.

- Flowtech Co., Ltd. (**Flowtech**)
- Zhongshan Jiabaolu Kitchen & Bathroom Products Co., Ltd. (**Jiabaolu**)<sup>41</sup>

### *Flowtech*

After reviewing the information provided in Flowtech's REQ, the Commissioner considers that Flowtech is an intermediary involved in the export of the goods but is not itself an exporter the goods.

### *Jiabaolu*

Notwithstanding that Jiabaolu submitted a completed questionnaire response within the required timeframe, for the reasons set out in the sampling report, the Commissioner determined it was not practicable to examine the exports of Jiabaolu. Consequently, Jiabaolu is a residual exporter.

Consistent with the intentions outlined in the initiation notice for this review, the commission has placed reliance on the information in the exporter questionnaires received in the inquiry to the extent that it is relevant for the purpose of this review.

### Residual exporters<sup>42</sup>

For those exporters of the goods from China, other than the selected exporters named above, the commission requested they provide base level information, via an information request and associated spreadsheets.

ADN 2024/039 stated that by completing the information request, exporters of the goods (other than selected exporters) will be regarded as 'residual exporters' for the purposes of this review if their exports are not examined as part of the review and they are not an uncooperative exporter or non-cooperative entity in relation to the review.

ADN 2024/039 further stated the commission intended to use information from CON 646 to the extent that it is relevant, for the purposes of this review. If an exporter (other than a selected exporter) has provided a timely and complete response to the information request and associated spreadsheets in CON 646, this information will be considered for the purposes of this review and it is not necessary to provide a further response.

The initiates also states that in making assessments in relation to the variable factors for residual exporters, the commission will not calculate:

- export prices that are less than the weighted average of export prices for cooperative exporters and

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<sup>41</sup> Flowtech is a trading company, which acts as trader for Jiabaolu, who manufactures the goods, and its Australian customers.

<sup>42</sup> 'Residual exporter' is defined in section 269T(1).

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- normal values that exceed the weighted average of normal values for cooperative exporters.

Table 5 lists exporters who submitted a response to the information request and are considered residual exporters. This includes Jiabaolu who submitted a fully completed questionnaire but for the reasons outlined in the sampling report are retained in the category of residual exporters.

Interested party	Date received
Franke (China) Kitchen System Co., Ltd	12 June 2024
Guangdong Cresheen Smart Home Co., Ltd	12 June 2024
Guangdong Dongyuan Kitchenware Industrial Co., Ltd	12 June 2024
Guangdong Yingao Kitchen Utensils Co., Ltd	11 June 2024
Jiangmen New Star Hi-Tech Enterprise Ltd.	12 June 2024
Jiangmen Xinhe Stainless Steel Products Co., Ltd	12 June 2024
Komodo HK Limited	12 June 2024
Ningbo Afa Kitchen and Bath Co., Ltd.	5 June 2024
Taizhou Bolang Kitchenware Co., Ltd.	5 June 2024
Zhongshan Jiabaolu Kitchen & Bathroom Products Co., Ltd	N/A

**Table 5: Residual exporters**

### Uncooperative exporters and non-cooperative entities

Where an exporter or entity did not give the Commissioner information they considered to be relevant to CON 646 or this review within a period they considered to be reasonable, or the Commissioner is satisfied that the exporter or entity significantly impeded the case:

- section 269T(1) provides that, in relation to a dumping duty notice, such an exporter is an ‘uncooperative exporter’

The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (**the Customs Direction**) states respectively at sections 8 and 9 that the Commissioner must determine an exporter to be an uncooperative exporter, or an entity to be a non-cooperative entity, on the basis that no relevant information was provided in a reasonable period, if that exporter or entity:

- fails to provide a response or
- fails to request a longer period to provide a response within the legislated period.

After having regard to sections 269T(1) and 269TAACA(1) as well as the Customs Direction, the Commissioner has determined that all exporters and entities from China that did not provide information requested of them through a selected exporter questionnaire or a residual exporter questionnaire are uncooperative exporters and non-cooperative entities for the purposes of CON 646 and this review.

Government of China

The commission sent a government questionnaire to the Government of China (**GOC**) on 25 June 2024 for the purpose of this review. The questionnaire sought information about the Chinese domestic market for deep drawn stainless steel sinks. The commission's letter to the GOC requested its response to the questionnaire by 1 August 2024 and indicated further time could be provided if required. Representatives of the GOC initially responded to the commission by providing corrected contact details which were followed up by commission officers.

For the purposes of CON 646, the commission also sent a government questionnaire to the **GOC** on 6 May 2024. The questionnaire sought information about the Chinese domestic market for the goods and any subsidies that are available or might have been received in respect of the goods exported to Australia from China in the inquiry period.

The commission did not receive a questionnaire from the GOC with respect to either case.

**2.6.5 Submissions received from interested parties**

The commission did not receive any submissions specifically for the review. However, outlined in Table 6 below are the details of a submission made respect of CON 646 prior to publication of this SEF. The non-confidential version of the submission is available on the EPR.

<b>EPR no.</b>	<b>Interested party</b>	<b>Date received</b>	<b>Issues raised</b>	<b>Chapter reference</b>
646, Item 8	Oliveri	22 July 2024	Pre-verification exporter briefing	6 <sup>43</sup>

**Table 6: Submissions received**

As the submission detailed above with respect to CON 646 is considered relevant to the conduct of this review, the Commissioner has had regard to it in making their preliminary findings outlined in this SEF.

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<sup>43</sup> The issues raised in Oliveri's pre-verification briefing were considered during the verification of exporters.

### 3 THE GOODS, LIKE GOODS AND THE AUSTRALIAN INDUSTRY

#### 3.1 Preliminary finding

The Commissioner finds that:

- locally manufactured goods are 'like' to the goods subject to the measures
- there is an Australian industry, of which Oliveri is the sole member, producing like goods, and
- the like goods are wholly manufactured in Australia.

#### 3.2 Legislative framework

To be satisfied if, as a result of a review, revoking the measures would lead, or would be likely to lead, to a continuation or recurrence of dumping and the material injury that the measure is intended to prevent, the Commissioner firstly determines whether the goods produced by the Australian industry are 'like' to the imported goods.

Section 269T(1) defines like goods as:

*goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.*

The definition of like goods is relevant in the context of this review in determining the Australian industry and whether the revocation of the measures would lead to a continuation of, or a recurrence of, the dumping and material injury that the measures are intended to prevent. The commission's framework for assessing like goods is outlined in chapter 2 of the *Dumping and Subsidy Manual* (the Manual).<sup>44</sup>

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether the respective goods have characteristics closely resembling each other. The Commissioner considers:

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

The Commissioner must also consider whether the Australian industry manufactures 'like' goods in Australia. Section 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. Under section 269T(3), to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

The following analysis therefore establishes the scope of the commission's review with respect to findings concerning revocation of the measures.

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<sup>44</sup> Available [here](#) on the commission's website.

### 3.3 The goods subject to the measures

ADN No. 2024/039 defined the goods under consideration as follows:

*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;*

*stainless steel sinks with multiple deep drawn bowls that are joined through a welding operation to form one unit; and*

*deep drawn stainless steel sinks whether or not that 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.*

*Stainless steel sinks with fabricated bowls are excluded from the goods covered.*

#### 3.3.1 Tariff classification

The goods are generally classified according to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:<sup>45</sup>

Tariff Subheading	Statistical Code
7324.10.00	52

**Table 7: Tariff classification of the goods**

### 3.4 Model control codes

The model control code (**MCC**) structure outlined below in Table 8 describes the key characteristics of the goods. With the exception of the category relating to PVD finish (physical vapour deposition), all other categories were contained in the structure proposed at the initiation of the review.

The PVD category was added a result of the verification report findings outlined for Dali and Rhine.<sup>46</sup>

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<sup>45</sup> These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods description. Please refer to the goods description for authoritative detail about goods subject to the anti-dumping measures.

<sup>46</sup> Chapter 3.5.1 in the Dali and Rhine verification reports, EPR 652 Items 4 and 6 refer.



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Category	Subcategory	Identifier	Sales Data	Cost Data
Number of Bowls	1 Bowl	1BWL	Mandatory	Mandatory
	1 Bowl (Round)	1BWLR		
	2 Bowls	2BWL		
	2 Bowls (Round)	2BWLR		
Number of Drainer Boards	No drainer board	0DB	Mandatory	Mandatory
	1 drainer board	1DB		
	2 drainer boards	2DB		
Total Sink Capacity (Litres or "L")	Greater than or equal to 7L but less than or equal to 30L	A	Mandatory	Mandatory
	Greater than 30L but less than or equal to 50L	B		
	Greater than 50L but less than or equal to 70L	C		
PVD Finish	PVD	PVD	Mandatory	Mandatory
	No PVD <sup>47</sup>			

**Table 8: Proposed MCC structure**

### 3.5 Like goods

The Commissioner is satisfied that the domestically produced goods are like to the goods under consideration<sup>48</sup> because the following characteristics of each closely resemble each other:

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

The commission has relied on information provided during the conduct of this review and prior cases involving the goods.

#### 3.5.1 Physical likeness

The primary physical characteristics of deep drawn stainless steel sinks produced by the Australian industry are similar to the primary physical characteristics of deep drawn stainless steel sinks exported from China, with both made from stainless steel through a deep drawing process, in various configurations of bowls, drainer boards and capacity.

#### 3.5.2 Commercial likeness

In the Australian market, deep drawn stainless steel sinks produced by the Australian industry compete directly and indirectly with deep drawn stainless steel sinks imported

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<sup>47</sup> If the model has no PVD finish, this subcategory has no value, i.e. is blank.

<sup>48</sup> As defined in section 269T(1)

from China. The Australian industry and importers sell deep drawn stainless steel sinks to common customers and compete in the same market.

Based on this, the commission considers the locally produced goods to be commercially like to the goods the subject of the measures.

### **3.5.3 Functional likeness**

Deep drawn stainless steel sinks produced by the Australian industry are functionally alike and substitutable with the goods the subject of measures, with similar end uses.

Based on this, the commission considers that the locally produced goods and the goods under consideration perform the same function and are used in the same end-use applications.

### **3.5.4 Production likeness**

The commission considers that the locally produced goods and the goods the subject of the measures are produced using similar production processes and similar raw material inputs to the goods the subject of the measures. This is based on the production processes the commission observed during verification activities and based on the commission's understanding of the production process from previous cases.

## **3.6 Australian industry – domestic production**

### **3.6.1 Preliminary finding**

Based on the information obtained from an onsite verification visit, the Commissioner is satisfied that:

- the like goods were wholly or partly manufactured in Australia by Oliveri
- there is an Australian industry, consisting of Oliveri, which produces like goods in Australia.

### **3.6.2 Production process**

The Australian industry produces its deep drawn stainless steel sinks from stainless steel sheets, cut from imported 304 grade stainless steel coil. Slitting of the coil into sheets is completed by a domestic supplier, who delivers the sheets with a protective plastic sheeting applied to each blank. This helps reduce damage to the steel, such as scratches and abrasion, and aids in the deep drawing process.

The sheets are deep drawn and stretched by the Australian industry using mechanical and hydraulic presses into bowls with drainer board components separately pressed. Components are then trimmed to the correct shape. After the drawing and trimming operations are complete the sink bowl and drainer board components are joined using a welding process. After assembly the sinks pass through a polishing stage followed by a washing and drying stage. At this point the sink is essentially complete. Production staff take the completed sinks, add the relevant accessories and installation items and package the completed sink assembly ready for dispatch. Sinks at various stages of completion are handled between each stage either manually or via robotic aid.

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The Australian industry continues to invest in new tooling and design, including upgrade of its plant and equipment to improve the efficiency of its production of the like goods.

## 4 AUSTRALIAN MARKET

### 4.1 Preliminary finding

The Commissioner preliminarily finds that the Australian industry and suppliers from multiple countries supplied the market for the goods in Australia during the review period.

In assessing the characteristics of the Australian market, the commission has included stainless steel sinks from countries outside of China. Due to limitations in the data (discussed in chapter 4.5), data from other countries includes both deep drawn stainless steel sinks and other types of stainless steel sinks.

Stainless steel sinks imported from China that are not subject to anti-dumping measures, and stainless steel sinks from other countries, are collectively referred to as '**non-subject sinks**'.

Examination of data relevant to assessing the Australian market revealed the following:

- Oliveri is the only manufacturer of like goods in Australia and Australian manufactured goods make up a small proportion of the total Australian market for the goods.
- Sinks produced in China (both the goods and non-subject sinks) that are imported by companies based in Australia make up the majority of the remainder of the Australian market. Imports from China comprise deep drawn stainless steel sinks subject to measures and other kinds of stainless steel sinks such as fabricated sinks and deep drawn sinks that are not within the scope of the goods description which also compete with the goods.
- Approximately 15% of all stainless steel sink imports (both the goods and non-subject sinks) are from countries other than China. China is the only country subject to measures in respect of the goods.

The commission's assessment of the Australian market is at **Confidential Attachment 1**.

### 4.2 Approach to analysis

The analysis in this chapter is based on verified financial information submitted by the Australian industry for CON 646, data captured in the ABF import database and verified exporter information supplied in their questionnaire responses.

The data and analysis on which the commission has relied to assess the Australian market is at **Confidential Attachment 1**.

### 4.3 Market structure

The commission determined the end use of the goods includes fixtures in residential and commercial installations in kitchens, bathrooms, and laundry rooms. Key market segments are divided into:

- residential renovation

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- residential construction (by builders and developers generally for high-density, multi-level projects)
- non-residential use (e.g. hotel fit outs).

Australian produced deep drawn stainless steel sinks are broadly divided into 2 types:

- Oliveri-branded sinks
- original equipment manufacturer (**OEM**) sinks.

Oliveri claims its Oliveri branded sinks are positioned in the premium segment of the Australian market and are sold at the higher end of the price range, whereas its OEM sinks are sold to entities who market these sinks as their own brand. OEM products are made exclusively for particular customers which are then marketed as the customer's own brand. As a result of the different supply chain arrangements between Oliveri's branded sinks and its sales of sinks for the OEM customer segment, Oliveri's sales of OEM sinks are generally positioned at the lower end of the price point range.

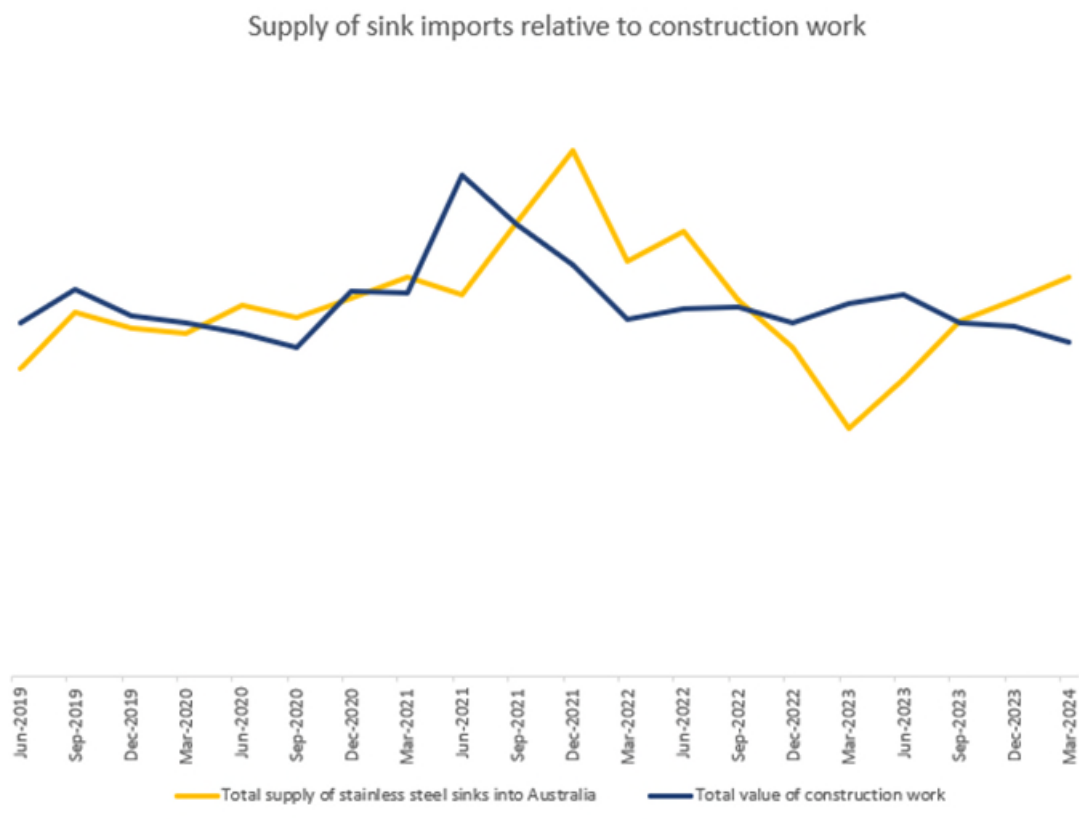
The commission has observed that imports of the goods from China are predominately by entities in the OEM market segment. These entities import the sinks from China for sale under their own brand through various Australian market channels. OEM market segment sinks imported from China compete directly with the Australian industry's OEM products in 2 ways. The first being in terms of whether the OEM customer would source their inventory from the Australian industry or an overseas supplier. The second being at the retail, wholesale and/or plumbing supply outlet level of trade where end users, such as the plumbing trade, building developers, or home renovators would have a choice of purchasing sinks from one retailer or another or direct from the manufacturer.

### 4.4 Key drivers of demand

The commission determined demand for stainless steel sinks generally, which includes deep drawn stainless steel sinks the subject of this inquiry, is primarily due to activity in the Australian residential and non-residential building construction sectors and home renovation. Consistent with CON 517, the commission considers that demand for sinks remains inelastic and a change in price will not change demand for the product, given that:

- the uses for sinks are limited
- the primary drivers of demand (building construction and renovation) are based on construction costs rather than sink prices.

Figure 1 compares the total volume of all stainless steel sinks manufactured in Australia and sourced from overseas suppliers, with the total value of building construction starts (both residential and non-residential and including renovations) in Australia between 1 April 2019 and 31 March 2024. The chart at Figure 1 shows the pattern in trade concerning the supply of sinks generally follows the trend in building activity.



**Figure 1: Australian building construction and stainless steel sink market April 2019 to March 2024<sup>49</sup>**

In addition to the broader analysis outlined above, the Australian industry advised more recent and specific demand drivers for sinks related to events such as the onset of the COVID-19 pandemic in 2020 and changes to interest rates announced by the Reserve Bank of Australia in May 2022. In the case of the pandemic, Australian industry claims it experienced an increase in sales attributed to heightened levels of construction activity, however, it suffered decreasing sales when interest rates increased. The Australian industry’s views broadly correspond with the changes relating to construction activity depicted in Figure 1.

The market for sinks in Australia is made up of the goods, stainless sinks that are not the goods (i.e. fabricated sinks) and non-stainless sinks (such as porcelain). They can be substitutes for each other and consumer preferences (beyond cost) can be a factor in competition between the sinks. Notwithstanding the presence of consumer preference factors, the commission considers ongoing construction activity in Australia will remain to be a key demand driver for stainless sinks generally and deep drawn stainless steel sinks.. As a result, the Australian market will continue to be supplied by a mix of locally

<sup>49</sup> Australian building construction sourced from ABS Report 8752.0 Building Activity, Australia, Table 7: Value of work commenced; Chain Volume Measures; Alterations and additions including conversions; Total Residential; Private Sector and Table 5: Value of work commenced; Chain Volume Measures; Total (Type of Building); Total Sectors

produced deep drawn stainless steel sinks or imports from other countries, such as China.<sup>50</sup>

#### 4.5 Market size

The commission has used the sales data provided by the Australian industry and import data from the ABF import database to determine the size of the Australian market for the goods and like goods. The commission notes the ABF import data differentiates between subject goods and non-subject sinks from China but does not differentiate between the goods and other stainless steel sinks imported into Australia from other countries. This is because the relevant tariff subheading and code (7324.10.00:52) only provides detail down to a stainless steel sink level; it does not include whether the sink is deep drawn or otherwise. Therefore, the commission has examined the market share of like goods produced in Australia and goods imported from China with all other imported stainless steel sinks, regardless of the country of export.

This approach is in contrast to the estimate provided by the Australian industry, which used its own sales data and import data for deep drawn stainless steel sinks sourced from the Australian Bureau of Statistics (ABS) to estimate the size of the Australian market for the goods. The commission notes the ABS data does not break down Chinese sinks into the subject goods and non-subject sinks.

Figure 2 below shows the relative size of the Australian market year-on-year for the injury period, as well as the share of sales of like goods manufactured in Australia compared with imported goods from China that are subject to anti-dumping measures, other imported sinks (which are non-subject sinks) and non-subject sinks imported by the Australian industry.

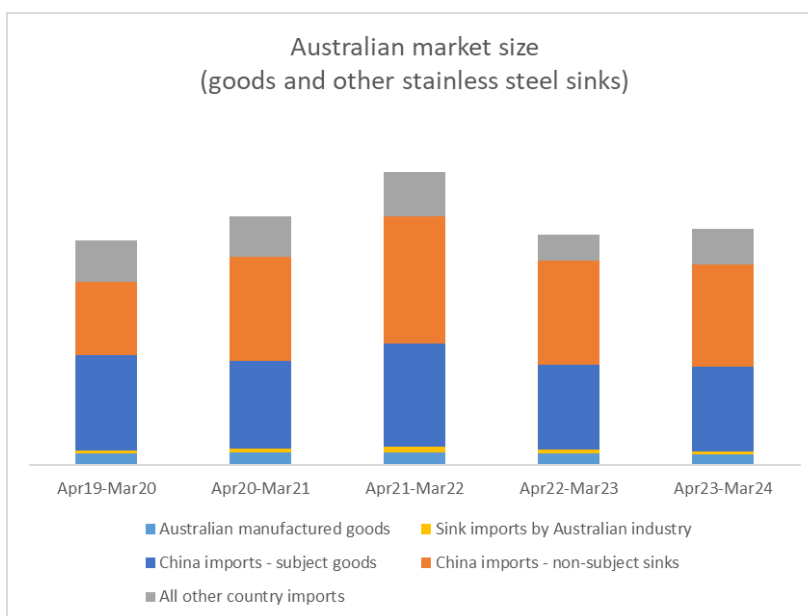


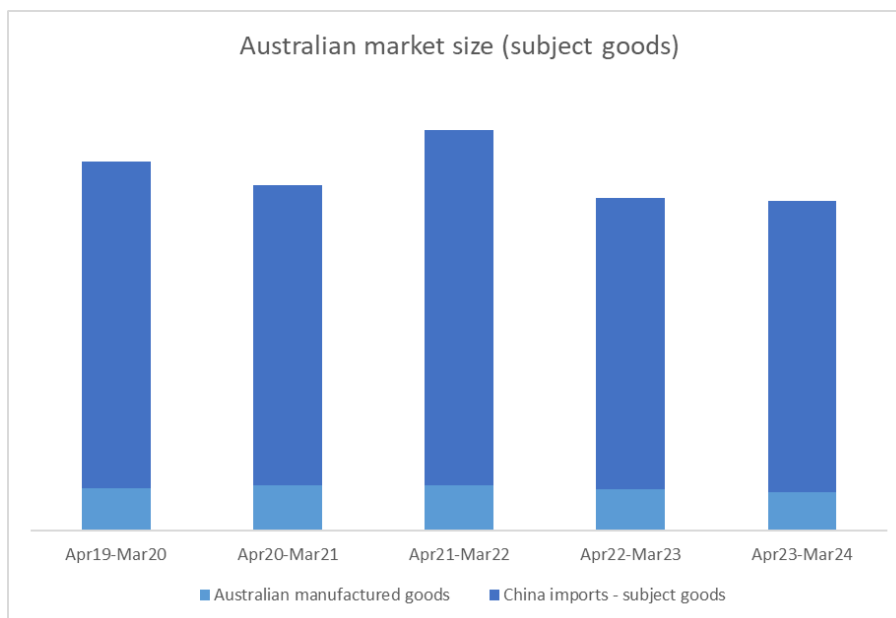
Figure 2: Australian market size April 2019 to March 2024

<sup>50</sup> Australian industry verification report. EPR 652, Item 3

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In the review period, imports from China accounted for 80% of all stainless steel sinks sold (including both the subject goods and sinks not subject to measures). Thailand accounts for around 11% and the Australian industry around 5%. Imports from a further 25 countries accounted for 4% of the market.

Figure 3 below shows the relative size of the Australian market for the goods and like-goods year-on-year for the injury period (i.e. non-subject sinks are not included).



**Figure 3: Australian market size (subject goods only) April 2019 to March 2024**

In each year, imports from China accounted for almost 90% of the goods supplied to the Australian market, with the Australian industry supplying around 10%.

### 4.6 Market pricing

The Australian industry confirmed during verification that it regularly negotiates with customers on pricing and trading terms.

The Australian industry has a Recommended Retail Price (**RRP**) for its branded sinks. The Australian industry arrives at a final price with each customer through discounts and rebates. The Australian industry develops its RRP through consideration of various factors, including commodity prices (such as nickel, which drives the price of stainless steel), sales volume, competitor's prices, market intelligence, product tier categorisation, and configurations/ranges compared against each other.

Prices for its commercial customers (i.e. for OEM sinks and project sales) are negotiated and are driven primarily through volume. There are no additional discounts provided on commercial sales.

The Australian industry informed the commission it provides additional value to its customers otherwise than through price, through:

- allowing customers to purchase in smaller volumes
- shorter lead times and more reliable inventory



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- superior after sales service, including life-time warranties
- improving packaging and other components
- consideration of environmental and sustainability factors.

## 5 ECONOMIC CONDITION OF THE INDUSTRY

### 5.1 Preliminary finding

The commission has preliminarily found the Australian industry has experienced injury during the review period in the form of:

- lost sales volume
- reduced market share
- price depression
- price suppression
- lower profit and profitability
- reduced revenue
- reduced capacity utilisation.

Overall sales volumes have fallen since April 2019, particularly so in the higher-valued Oliveri-branded sink ranges. OEM sales have increased, but due to the lower price point of these sinks, revenue per sink (across all sinks) has fallen. Increased costs have also contributed to a loss of profit, profitability and revenue, with the availability of lower priced sinks limiting the Australian industry's ability to raise prices in response, resulting in price suppression.

Injury experienced by the Australian industry during the review period was considered in the analysis of whether the revoking the measures would lead or be likely to lead to a continuation or recurrence of the material injury the measures are intended to prevent. Chapter 7 sets out that this is not likely if the measures are allowed to expire.

### 5.2 Approach to analysis

This chapter considers the economic condition of the Australian industry since the measures were last continued following CON 517. This examination provides the basis for the commission's analysis in chapter 7 of whether material injury is likely to continue or recur.

The commission has assessed the economic condition of the Australian industry from 1 April 2019 to 31 March 2024 using the verified information provided by the Australian industry in its application for CON 646, and data from the ABF import database.

The data and analysis on which the commission has relied to assess the economic condition of the Australian industry is at **Confidential Attachment 2**.

### 5.3 Findings in the original investigation

The economic condition of the Australian deep drawn stainless steel sink industry was last examined in CON 517. The inquiry found that the Australian industry had experienced injury in the form of:

- reduced sales volume of high profit ranges
- price depression
- price suppression
- reduced profit and profitability

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- reduced revenue
- reduced ROI
- reduced capacity utilisation.

In CON 517, the commission found that Australian industry sales of its OEM sink ranges were materially relevant to the economic condition of the Australian industry. The commission confirmed that the Australian industry's production of its OEM sink range represents a significant proportion of the total volume of like goods manufactured by the Australian industry, which has been increasing each year.<sup>51</sup>

Noting the above, the commission has undertaken its injury analysis with consideration of OEM sinks sales and production. This is discussed further in each of the relevant subchapters below.

### 5.4 Volume effects

As demonstrated below, the commission has found the Australian industry has experienced injury in the form of lost sales volume and market share during the review period.

#### 5.4.1 Injury claims relating to volume

In relation to CON 646, the Australian industry claims it has maintained market share but has to limit price rises in order to compete with Chinese exports of the goods. It submits that if the measures are not continued, the resulting lower price of exports from China would lead to an increase in export volumes to Australia. The Australian industry would have to reduce prices to maintain market share or otherwise suffer a decrease in sales volume. The Australian industry does not consider that exports from other countries have a significant impact.

#### 5.4.2 Sales volume and market share

Table 9 below depicts an index of Australian industry sales volume and market share from April 2019 to March 2024.

	YE Mar 2020	YE Mar 2021	YE Mar 2022	YE Mar 2023	YE Mar 2024
<b>Volume</b>	100	107	107	97	92
<b>Market share</b>	100	91	80	95	86

**Table 9: Index of Oliveri's sales of the goods, compared to YE Mar 2020<sup>52</sup>**

The commission found that the sales volume of Australian manufactured like goods in the year ending March 2024 has declined compared to the sales volume in the year ending March 2020.

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<sup>51</sup> This value is confidential and set out in the confidential attachment to the Australian industry verification report.

<sup>52</sup> All values indexed against the total for the year ending March 2020.

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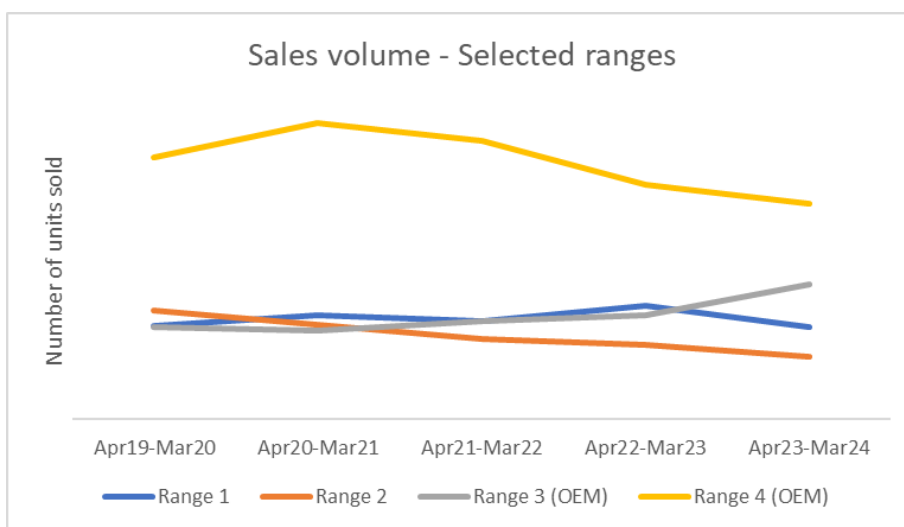
The Australian industry’s share of the Australian deep drawn stainless steel sink market has also decreased in each year, other than an uptick in the year ending March 2023, before falling again during the review period.

If Australian industry sales are separated into OEM and Oliveri-branded sales, as depicted in Table 10 below, the sales volume of Oliveri-branded sinks has declined, particularly since April 2022. Sales of OEM sinks increased in the year ending March 2021, compared to the previous year, and have remained relatively steady since.

	YE Mar 2020	YE Mar 2021	YE Mar 2022	YE Mar 2023	YE Mar 2024
<b>OEM volume</b>	100	119	120	119	116
<b>Oliveri-branded volume</b>	100	101	100	86	80

**Table 10: Index of Oliveri’s sales of the goods, by range type<sup>53</sup>**

Figure 4 below shows the sales volume trends for 4 selected ranges sold by the Australian industry since April 2019 to March 2024. The commission considers these sinks are representative of Australian industry sales more generally, as they are popular models from both the OEM and Oliveri-branded ranges, represent different price points and have been sold by the Australian industry since before the injury period.



**Figure 4: Sales volume of Oliveri manufactured like goods – selected ranges**

The volumes of most ranges have decreased since April 2019, with the exception of Range 3, which is an OEM brand. The commission notes that OEM volumes have overall remained roughly steady (as shown in Table 10), as the increase in Range 3 is offset by the decrease in Range 4, which is also an OEM brand.

Based on the above, the commission considers that the Australian industry has experienced injury in the form of lost sales volume and market share during the injury

<sup>53</sup> All values indexed against the total for the year ending March 2020.

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period. This loss of volume is limited to its Oliveri-branded products, whereas the volume of OEM products has increased (although there is a small decline in the inquiry period).

However, the increase in OEM sales has not made up for overall lost volumes, with total volumes for Australian industry down 8% since the year ending March 2020.

### 5.5 Price effects

As demonstrated below, the commission has found the Australian industry has experienced injury in the form of price depression (across some of its range) and price suppression.

#### 5.5.1 Injury claims relating to price

The Australian industry's application for CON 646 claims that it is under pressure to reduce prices to maintain market share, and that this contributes to injury in the form of price suppression and/or price depression.

#### 5.5.2 Price depression

Price depression occurs when a company, for some reason, lowers its prices. The commission has found that the Australian industry has experienced price depression across some of its range, however, across all sinks, prices have increased.

The commission examined the net selling price on a per-unit basis for the period from April 2019 to March 2024, as well as the weighted average unit selling prices for all sales.

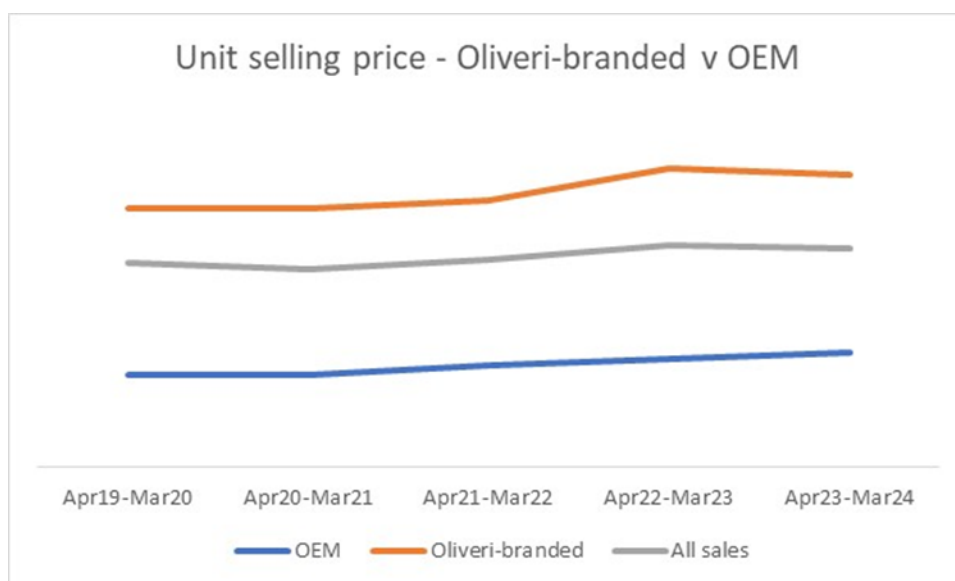


Figure 5: Unit net selling prices – Oliveri-branded sinks vs OEM sinks

Figure 5 shows that:

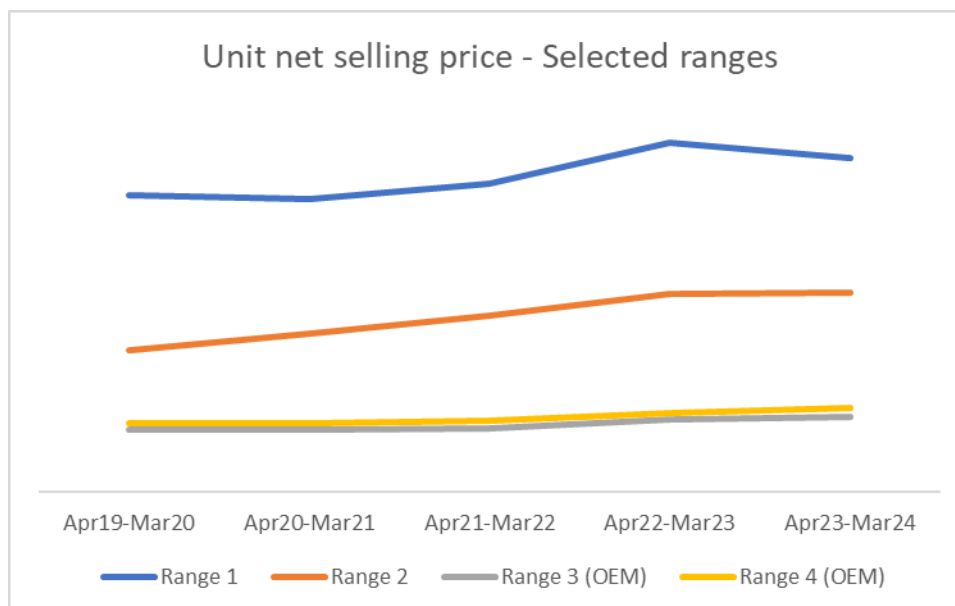
- OEM sinks compete at a lower price point compared to Oliveri-branded sinks
- both Oliveri-branded and OEM sink prices have increased since 2019, with Oliveri-branded sink prices dropping off in the inquiry period
- the unit selling price across the entire range of sinks also declined in the inquiry period.

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The Australian industry submits that the increase in its proportion of lower priced OEM sinks contributes to the decrease in overall sales price. The commission's analysis in Table 10 supports the claim that OEM sinks now make up a larger proportion of the Australian industry's sales volume. However, as Figure 5 shows, sales prices for the OEM sinks have gone up, as have prices for Oliveri-branded sinks. The commission considers that any decrease in average sales price is not as a result of price depression, but as a result of Australian industry selling more lower-priced sinks, thereby bringing down the selling price average. The commission discusses this economic factor in chapter 5.6.

### Analysis across different ranges

The commission is satisfied the selling price of deep drawn stainless steel sinks varies depending on a number of factors, including product range, accessories, and the presence of drainer boards. To account for these differences, the commission compared the weighted unit price for 4 selected ranges the commission considers representative of the different sink ranges sold by the Australian industry.



**Figure 6: Change in net unit selling price since April 2019 – selected ranges**

Since April 2019, the weighted average net unit selling price for each of the selected ranges has increased slightly. Ranges 3 and 4, which are OEM brands, have had only a marginal increase, whereas the Oliveri-branded sinks (Ranges 1 and 2) have had a greater increase compared to the beginning of the injury period, although the price for Range 1 declined in the inquiry period.

Noting that Range 1 is one of the Australian industry's more popular products (hence the reason for its inclusion in the analysed ranges), the commission considers that, while the Australian industry has not suffered price depression across the entirety of its range, it has experienced injury in the form of price depression in respect of this range during the injury period.

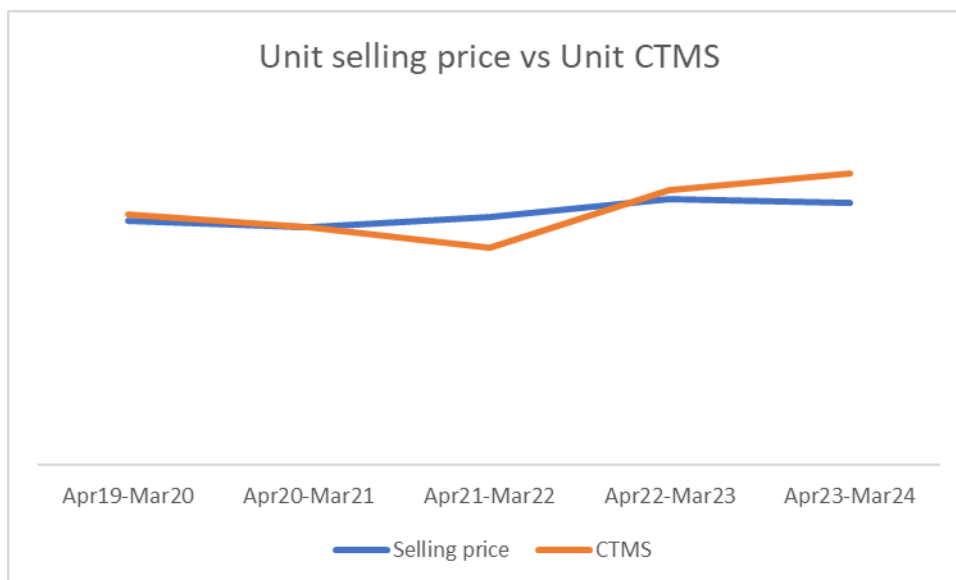
### **5.5.3 Price suppression**

Price suppression occurs when price increases, which otherwise might have occurred, have been prevented. An indicator of price suppression may be the margin between

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prices and costs. As outlined below, based on this analysis, the commission considers that the Australian industry has experienced injury in the form of price suppression during the review period.

To determine whether price suppression has occurred, the commission has compared the Australian industry's selling price and CTMS to assess whether, over time, prices have increased in line with cost increases.

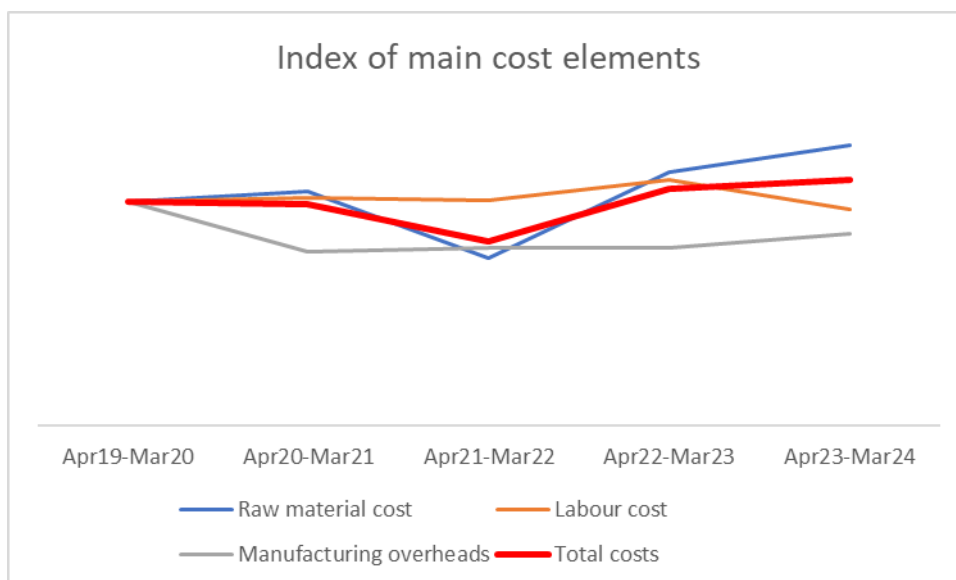


**Figure 7: Unit net selling prices and Unit CTMS**

Figure 7 shows that while the Australian industry has increased its average unit selling price of its deep drawn stainless steel sinks since March 2020, the average unit CTMS over the same period has had a greater increase, such that in the year ending March 2024, the Australian industry is not recovering its costs.

The commission has analysed the raw material, labour and manufacturing overhead cost components of the Australian industry's CTMS. As seen in Figure 8 below, the Australian industry has brought its labour and overheads down over the injury period. Figure 8 indicates that average total unit costs closely follow raw material costs. This is not surprising as raw materials make up the largest cost element in the production of the goods.

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**Figure 8: Changes in cost elements**

Based on this analysis, the commission considers that the Australian industry has experienced injury in the form of price suppression during the review period.

### 5.6 Revenue, profits and profitability

The commission considers that the Australian industry has experienced injury in the form of lower revenue, loss of profits and reduced profitability during the review period for the reasons outlined below.

The Australian industry submits in its application for CON 646 that the increase in its proportion of lower priced OEM sinks contributes to the decrease in overall sales price. This lower price trend impacts on its profitability through reduced revenue at the same rate of production output and sales volumes.

Figure 5 confirms that OEM sinks are at a lower price point compared to Oliveri-branded sinks. The commission is satisfied that this data, when considered with the analysis in Table 10, supports the Australian industry's claim that an increase in the proportion of OEM sinks sold will bring down the average selling price across the whole of its range and consequently, has resulted in lower revenue.

The commission analysed movements in the Australian industry's profit and profitability.

The commission found the Australian industry experienced increasing profit and profitability into 2022 from the sale of like goods, however after that time profit and profitability declined in both the year ending March 2023 and the review period.

The commission considers this decline is a function of the reduced sales volumes detailed in chapter 5.4 and the price depression and price suppression detailed in chapters 5.5.2 and 5.5.3.



## **5.7 Other economic factors**

The commission has found the Australian industry has experienced injury in the form of reduced revenue and reduced capacity utilisation.

As part of its application for CON 646, the Australian industry provided data in relation to a range of other economic factors which may also be indicative that injury has occurred. This included data for the period starting April 2019 to March 2024 relating to:

- assets
- capital investment
- research and development (**R&D**)
- revenue
- return on investment (**ROI**)
- capacity
- capacity utilisation
- employment
- productivity
- stocks
- cash flow measures
- wages.

The commission notes that while data was provided in respect of each of the factors above, the Australian industry did not claim injury under each factor.

Upon examining the data provided by the Australian industry, the commission observed over the period from April 2019 to March 2024:

- the value of assets used to manufacture like goods increased each year
- revenue remained stable
- ROI was relatively stable in the years ending March 2020, March 2021, and March 2023, with a significantly increase in the year ending March 2022, and a significant decrease in the review period
- capacity utilisation, particularly for Oliveri-branded goods, has fallen
- employment and wages have fallen, with a slight increase in productivity.

The Australian industry did not claim injury related to R&D, stock levels or cash flow.

### **5.7.1 Assets, Revenue and ROI**

ROI has been calculated by the Australian industry as a ratio of its revenue derived from the sale of the goods to the proportion of its assets used in connection with the goods.

Table 11 below shows that from the year ending March 2020, compared to the year ending March 2024, revenue has been relatively stable. However, as a result of asset values rising, ROI has accordingly decreased. This is consistent with Australian industry claims that revenue has reduced per rate of production.

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	YE Mar 2020	YE Mar 2021	YE Mar 2022	YE Mar 2023	YE Mar 2024
<b>Assets</b>	100	102	104	108	117
<b>Revenue</b>	100	103	108	105	98
<b>ROI</b>	100	99	137	102	81

**Table 11: Index of Assets, Revenue and ROI from April 2019 to March 2024<sup>54</sup>**

### 5.7.2 Capacity and Capacity utilisation

Capacity is the maximum production level available to a manufacturer. Low capacity utilisation indicates that a manufacturer is not fully utilising its production facilities.

The Australian industry's capacity has remained unchanged since being examined in CON 517. The Australian industry has the capacity to increase its production level but does not do so due to a lack of volume demand.

As OEM sinks make up an increasing volume of like goods manufactured by Australian industry, the commission is satisfied that its capacity utilisation would fall should the Australian industry stop making OEM sinks.

This is supported by the data in Table 12 below, which is an index of the Australian industry's capacity utilisation from April 2019 to March 2024, compared against capacity utilisation for OEM production only.

	YE Mar 2020	YE Mar 2021	YE Mar 2022	YE Mar 2023	YE Mar 2024
<b>Capacity Utilisation (all goods)</b>	100	99	101	104	91
<b>Capacity Utilisation (OEM only)</b>	100	110	113	128	115

**Table 12: Index of capacity utilisation from April 2019 to March 2024<sup>55</sup>**

### 5.7.3 Employment, productivity, and wages

The commission does not consider Australian industry has experienced injury in relation to employment, productivity or wages.

Table 13 shows the change in the Australian industry's employment, productivity, and wages over the injury period. Each factor was stable between April 2019 and March 2022. The year ending March 2023 saw an increase in employment and wages and a corresponding drop in productivity, before reversing in the year ending March 2024.

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<sup>54</sup> All values indexed against the total for the year ending March 2020.

<sup>55</sup> All values indexed against the total for the year ending March 2020.

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	YE Mar 2020	YE Mar 2021	YE Mar 2022	YE Mar 2023	YE Mar 2024
<b>Employment</b>	100	100	100	115	85
<b>Productivity</b>	100	99	100	91	104
<b>Wages</b>	100	100	101	114	88

**Table 13: Index employment, productivity, and wages from April 2019 to March 2024<sup>56</sup>**

Each factor is linked, with wages tied to employment, and productivity calculated by dividing production by employment numbers.

The Australian industry explained that the decrease in employee numbers occurred through natural attrition. With increases in efficiency, it did not hire replacements. In this respect, the commission notes the requirement that, for there to be injury, it must be greater than that likely to occur in the normal ebb and flow of business. Noting that Australian industry has not claimed employment, productivity or wage injury, the commission is satisfied that the explanation provided by the Australian industry for changes in these economic factors is consistent with the ebb and flow of business.

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<sup>56</sup> All values indexed against the total for the year ending March 2020.

## 6 VARIABLE FACTORS REVIEW

### 6.1 Preliminary finding

The Commissioner's preliminary findings conclude that the variable factors relevant to the taking of measures in relation to deep drawn stainless steel sinks exported to Australia from China have changed. The preliminary dumping margins show that only exporters within the 'uncooperative and all other exporters' category were dumping during the review period.

The revised variable factors have resulted in different dumping margins, relevant to IDD for the goods exported to Australia from China. The commission has determined preliminarily dumping margins as summarised in Table 14.

Exporter	Dumping margin
Dali	Negative 1.6%
Zhuhai Grand	Negative 10.9%
Rhine	Negative 11.8%
Residual exporters	Negative 5.5%
Uncooperative and all other exporters	7.5%

Table 14 Preliminary dumping margins

The Commissioner has used the dumping margins outlined above to inform whether the measures in respect of the dumping duty notice should be revoked (chapter 7 refers).

### 6.2 Legislative framework

Under section 269ZDA(1A) the Commissioner must not recommend that the Minister revokes the measures unless they are satisfied, as a result of the review, that revoking the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping.

The existence of dumping during the review period may be an indicator of whether dumping may occur in the future.

Dumping occurs when a product from one country is exported to another country at a price less than its normal value.

- **Export price** is determined under section 269TAB. Section 269TAB(1)(a) provides that the export price of any goods exported to Australia is the price paid or payable for the goods by the importer where the goods have been exported to Australia otherwise than by the importer, and have been purchased by the importer from the exporter in arms length transactions.<sup>57</sup>

<sup>57</sup> The commission has determined that where relevant Australian sales of the goods subject to exemptions should be retained in the exporter's Australian sales listing and therefore used in the calculation of export price.

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- **Normal value** is determined under section 269TAC. Section 269TAC(1) states that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter, or, if like goods are not so sold by the exporter, by other sellers of like goods.<sup>58</sup>
- **Dumping margins** are worked out under section 269TACB.
- **Uncooperative exporters:** Section 269TACAB(1) sets out the provisions for calculating export prices and normal values for uncooperative exporters. Export prices are to be worked out under section 269TAB(3) and normal values are to be calculated under section 269TAC(6).

### 6.3 Establishing normal values

As outlined in ADN No. 2024/39, the commission's approach to calculating normal values in this review has taken into consideration any submissions received from interested parties in response to the initiation notice.

#### 6.3.1 Applicable legislation

Section 269TAC(1) provides that that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

Section 269TAC(2)(a)(i) applies in the situation where the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are arms length transactions and sold in the OCOT.

Section 269TAC(2)(a)(ii) applies in the situation where the normal value cannot be ascertained under section 269TAC(1) where the situation in the market of the country of export is such that the sales are not suitable for determining a price section 269TAC(1).

#### No market situation claims

The application did not contain any allegation that a market situation existed in the Chinese deep drawn stainless steel sinks market, such that the sales are not suitable for determining a price section 269TAC(1). Further, the commission did not receive any submissions of that kind from interested parties prior to this SEF.

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<sup>58</sup> As per footnote 57, because where relevant Australian sales of the goods subject to exemptions are retained in the exporter's Australian sales listing, it is therefore appropriate for the exporter's domestic sales to also include sale of goods that are like to the exempt Australian exports. Therefore these sales have been retained in the exporter's domestic sales listing and used in the calculation of normal value.

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The Commissioner has not previously determined that there was a market situation in the Chinese deep drawn stainless steel sinks market, such that domestic selling prices of like goods would be unsuitable for determining normal values under section 269TAC(1).<sup>59</sup>

In the absence of any relevant information regarding a market situation in the Chinese deep drawn stainless steel sinks market, the commission has not further examined whether any market situation exists.

### Ordinary course of trade

Section 269TAAD(4) specifies how the Minister must determine the cost of production or manufacture of goods for the purpose of identifying whether sales are in the ordinary course of trade.<sup>60</sup> Under section 269TAAD(4), the cost of goods is worked out by adding the following amounts.

- the amount determined by the Minister to be the cost of production or manufacture of those goods in the country of export and
- the amount determined by the Minister to be the administrative, selling and general costs associated with the sales of those goods.

The amounts determined by the Minister under section 269TAAD(4) must be worked out in accordance with the *Customs (International Obligations) Regulation 2015* (the Regulation). Section 269TAAD(5) directs that amounts determined by the Minister for the purposes of paragraphs (4)(a) must be worked out in such manner, and taking account of such factors, as the regulations provide in respect of those purposes.

The commission's investigative process assesses the exporters' costs in accordance with the Regulation and makes findings about the costs of each exporter examined. In line with this approach the commission has performed an assessment of the costs reported by 3 exporters selected in the sample for this review, i.e. Dali, Rhine and Zhuhai Grand. By extension, the findings based on the selected exporters are the basis for the determinations made relating to residual exporters and uncooperative and all other exporters.

The following discussion outlines the commission's detailed consideration of the available information to assess the costs reported by the 3 selected exporters.

### **6.3.2 Determination of cost of production or manufacture**

The Commissioner recommends the Minister determine the cost of production or manufacture of like goods in China under section 269TAAD(4)(a) using the cost information in the exporters' records.

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<sup>59</sup> Where the normal value is constructed under section 269TAC(2), the cost of goods must be worked out in the same manner.

<sup>60</sup> Where the normal value is constructed under section 269TAC(2), the cost of goods must be worked out in the same manner.

The exporters' records

The starting point for calculating the cost of production or manufacture under section 269TAAD(4)(a) is the exporters' records.

Regulation 43(2) requires the Minister to use an exporter's records to work out the cost of production or manufacture of like goods, where the prescribed criteria in Regulation 43(2) are met. Where the criteria in regulation 43(2) are not met, the Minister is neither required to, nor prohibited from, using an exporter's records.

The Commissioner found that Dali, Rhine and Zhuhai Grand kept records in relation to the production of the like goods<sup>61</sup> and that those records are in accordance with the generally accepted accounting principles (GAAP) in China.<sup>62</sup> Therefore, the Commissioner considers that the criteria in regulations 43(2)(a) and 43(2)(b)(i) is satisfied. However, the Commissioner considers the criteria in Regulation 43(b)(ii) is **not** satisfied.

Reasons the Commissioner considers the Regulation 43(b)(ii) is **not** satisfied.

In REP 517, the Commissioner assessed that the recorded stainless steel costs in the exporters' records for that inquiry did not reasonably reflect competitive market costs for the purpose of Regulation 43(b)(ii). The commission had regard to those findings but considered this issue afresh for the purpose of this review.

The commission requested, but did not receive, a questionnaire response from the GOC in this review.<sup>63</sup> Limited information was received from interested parties. The commission has considered a range of other relevant information for assessing whether the exporters' records in this review period reasonably reflect competitive market costs under Regulation 43(b)(ii).

The information considered by the commission indicates that the GOC continues to influence the Chinese steel market, such as through its directives, policies, programmes, corporate ownership and influence on corporate decision making.<sup>64</sup>

To further assess whether those recorded costs reflected competitive market costs, the commission conducted an analysis of the conditions in the Chinese stainless steel market in the review period. In particular, the commission's analysis had regard to the following for estimating a cost of production for grade 304 stainless steel cold rolled coil (SS CRC).

1. Stainless steel in the form of cold rolled coil that is processed into flat sheets is the major raw material input used to produce the goods and represents the single highest cost element within the total cost of production for the goods.

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<sup>61</sup> Regulation 43(2)(a).

<sup>62</sup> Verification Reports for Dali, Rhine and Zhuhai Grand, chapter 3.4 at EPR 652 Items 4, 5 and 6.

<sup>63</sup> The commission did not receive a response from the GOC in continuation inquiry 646 nor review 652.

<sup>64</sup> European Commission (2024), Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD(2024)91, pp. 383-416; Anti-Dumping Commission Report No.632 – Continuation Inquiry into Certain Railway Wheels exported from The People's Republic of China and France (**REP 632**).].

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2. Not unlike other steel products, SS CRC is produced from slab feed stock that originates from a furnacing process. The slabs undergo additional production steps to achieve the cold rolled coil form.
3. In the absence of actual cost of production data specific to SS CRC, the commission has estimated a cost for production of grade 304 SS CRC in China based on the information available to it. In summary, this estimate has been determined by calculating the difference between the prices of Chinese steel billet and Chinese 304 SS CRC, and adding this figure to an estimated cost to make and sell associated with the production of grade Q235 steel billet in China.
4. Actual prices for SS CRC in China have not been used as a proxy for cost of production as the commission has found in other anti-dumping investigations that prices of steel products in China do not necessarily reflect a cost of production. The commission has observed in these cases that the GOC influence over the steel sector in China is wide ranging and permeates the various levels of production, including the conversion of raw materials into the intermediary and final product.<sup>65</sup> As such, the commission considers it appropriate to have regard to the costs of manufacturing SS CRC in determining an appropriate cost with which to compare the exporters' recorded cost for the purposes of Regulation 43(2).
5. The commission has also observed for this review that the prices for steel billet in China during the review period were likely below cost of production. Having regard to this particular finding, the commission considers it likely that prices for SS CRC alone may not serve as a reliable basis for identifying a cost of production for SS CRC in China, and by extension, for sinks. Notwithstanding these findings, the commission has used this price data in conjunction with other verified data to develop a cost of production for SS CRC. The following outlines further details concerning the application of this price data.
6. In developing a cost of production estimate for SS CRC, the commission has considered the relevant information that was available. This included using billet cost of production records as a proxy for the production cost of steel slab which is the actual feedstock used to produce SS CRC. The commission considers billet costs are a reasonable substitute on the basis that cost of production for each respective product is likely comparable. The commission has reached this conclusion because it has observed that prices for steel billet and slab in China were comparable. The commission infers that price variations may inform cost variations.
7. The billet production records relied on by the commission were sourced from an entity who cooperated with Continuation Inquiry 632 concerning exports of railway wheels from China. The data sourced from the inquiry relates to costs for production of a billet grade necessary for railway wheels. This grade is different to the Q235 billet grade reflected in pricing data relevant to the current review period. Information obtained during Continuation Inquiry 632 has permitted the commission to adjust the relevant entities production records to omit certain raw material expenses of the railway wheel billet that is not relevant to Q235 grade billet reflected in the commission billet pricing data for China. However, the steel billet production data sourced by the commission falls short of what would be a cost of production for SS CRC as it does not reflect the full cost of raw materials and the additional production processes specific to SS CRC.

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<sup>65</sup> REP 632



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8. To obtain a figure that reasonably reflects a cost for production and raw materials relating to SS CRC, the commission has relied on price information to augment grade Q235 billet production costs. The price differences are assumed to capture the incremental cost of raw materials and production processes that are above the cost base reflected in the billet production records obtained by the commission. Notwithstanding the earlier findings that price does not necessarily equate to cost, the commission has relied on price differences in the absence of other relevant information to inform a cost of production.
9. The specific inputs into the above calculation is based on the following sources.
  - Chinese domestic prices of SS CRC in 304 grade<sup>66</sup>
  - Chinese domestic prices for carbon steel square billet in Q235 grade<sup>67</sup>
  - Chinese domestic prices for slab steel<sup>68</sup>
  - other verified data available to the commission concerning the cost for producing steel billet in China.<sup>69</sup>
10. The commission compared the modelled cost of production for SS CRC to prices the sampled Chinese exporters reported in their records for purchases of grade 304 SS CRC. The analysis indicated potential loss-making in the Chinese stainless steel market during the period analysed.

The commission's analysis is at **Confidential Attachment 3**.

The commission notes the following with respect to the estimated cost of production for SS CRC in China.

1. 304 SS CRC is a materially higher value product than steel billet. The price differences between SS CRC and steel billet are assumed to reflect the incremental cost for the raw materials, manufacturing overheads, SG&A expenses and a profit margin (if any) incurred in converting carbon steel billet to SS CRC. Approximately 70% of the estimated SS CRC cost of production reflects price variations rather than actual costs. Reliance on price data as a proxy for cost therefore has the potential to introduce a degree of inaccuracy. However, in the absence of specific information concerning production of SS CRC in China, the commission considers observations concerning price serve as a reasonable alternative for estimating cost of production.
2. The feedstock used to make SS CRC is a slab steel product rather than a billet product. The information available to the commission identifies the price of billet and slab steel sold in China during the review period was comparable in the period 1 December 2023 to 31 March 2024. The commission considers that the production of both products is likely comparable on the assumption that the price of billet and slab was comparable in this period. In the absence of other available information to test this conclusion, the use of steel billet price and cost of production data in lieu of data for slab steel is considered reasonable.
3. Upstream cost data concerning production of steel billet as the basis for estimating cost of production for SS CRC overlaps the review period in the June 2023 quarter only. To compensate for this issue, the steel billet production costs relevant to the

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<sup>66</sup> As published by MEPS

<sup>67</sup> As published by MEPS

<sup>68</sup> As published by MEPS

<sup>69</sup> REP 632

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June 2023 quarter have been fixed and projected across the review period. This approach was validated by the finding that price trends for Chinese Q235 billet prices during the review period exhibited minimal variation. Accepting that variation in prices reflects variation in costs, the application of billet production cost data from June 2023 is considered reasonable.

4. The verified billet production cost data used to develop SS CRC costs related to records obtained from one Chinese billet producer. As such, this exporter's records may not be representative of the broader market conditions applicable to other entities in China. However, in the absence of other relevant information the commission considers the use of this verified information to be reasonable. As noted above, the commission has used SS CRC price data as part of the cost model but relying on this data as the proxy for total cost was not considered appropriate.

Notwithstanding the stated limitations in the data available, the apparent loss-making price for SS CRC, taken together with the information about the role of the GOC in the China CRC suggests that the exporters' recorded costs do not reflect competitive market costs.

Based on the information available, the Commissioner is not satisfied that the exporters' records reasonably reflect competitive market costs under Regulation 43(2)(b)(ii).<sup>70</sup> Therefore, the Commissioner considers the criterion in Regulation 43(2)(ii) is not satisfied.

### Assessment of cost of production

Where the criteria in Regulation 43(2) are not satisfied, the Minister is neither required to, nor prohibited from, using an exporter's records. The discretion this provides as to the proper approach to be taken is to be exercised in accordance with the requirements of the *Anti-Dumping Agreement*.

This approach was affirmed by the Full Court of the Federal Court of Australia in *Steelforce Trading Pty Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science*:<sup>71</sup>

The methodology in reg 43 does not purport to be an exhaustive statement on the topic of how production costs are to be determined. It deals with just one situation, viz, that obtaining when, compendiously speaking, the producer's records are adequate for task. Outside that situation, reg 43 is otherwise silent and s 269TAC(2)(c)(i) **remains applicable on its own terms.** (emphasis added)<sup>72</sup>

The relevant obligations for the assessment of whether sales are in the ordinary course of trade are set out in Article 2 of the *Anti-Dumping Agreement*. The determination of the cost of production for the assessment of whether sales are in the ordinary course of trade must be made in accordance with Article 2.2.1.1 of the *Anti-Dumping Agreement*. For the

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<sup>70</sup> Regulation 43(2)(b)(ii).

<sup>71</sup> [2018] FCAFC 20; 259 FCR 478.

<sup>72</sup> *Steelforce Trading Pty Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science* [2018] FCAFC 20; 259 FCR 478, [108], Pagone and Bromwich JJ agreeing at [128] and [137] respectively. Cited affirmatively by Griffith J in *Changshu Longte Grinding Ball Co., Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science (No 2)* [2018] FCA 1135, [50].

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purposes of that assessment the Commissioner has considered whether the Chinese exporters' records reasonably reflect the costs associated with the production and sale of the goods in China. As part of this consideration, the Commissioner has assessed the exporters' recorded stainless steel costs.

The Commissioner is satisfied that the exporters records were kept in accordance with the GAAP of China. The Commissioner is also satisfied that the exporters' records reasonably reflect the costs associated with the production of like goods, being that the recorded costs reflect the costs actually incurred by the exporters of the goods.<sup>73</sup>

On the basis of this finding that the exporters' records reasonably reflect the costs associated with the production and sale of the goods in China, the Commissioner has calculated the cost of production of like goods in the review period under section 269TAAD(4)(a) using the exporters' records.

The commission considered the information available for the selected exporters, including verified data related to the exporters' stainless steel purchases during the review period. Stainless steel coil sourced by the selected exporters, either directly, or via an affiliate, was supplied by unrelated party steel traders and/or manufactures.

The commission's verification of the information on the exporters' stainless steel purchases did not identify that the exporters' recorded stainless steel costs were unsuitable to be used to determine the cost of goods under section 269TAAD(4)(a), due to a relationship between the exporters and their customers or the parties involving in producing or selling the goods, or another basis.<sup>74</sup>

As outlined in section 6.3.1 above, the commission did not receive any submissions from interested parties alleging that a market situation existed in the Chinese deep drawn stainless steel sinks market. The commission also did not receive any submissions from interested parties prior to this SEF alleging that the exporters' recorded costs could not be relied on to ascertain the cost of production of like goods in the country of origin, or that other information was relevant to be considered as part of this assessment.

The commission notes that it considers that the Chinese steel billet cost data used in the 'competitive market' analysis referred to above, would not be suitable to use as an alternative to the data reflected in the exporters' records. While the Chinese steel billet data was suitable to use, together with other information about the Chinese stainless steel market, for the purposes of evaluating whether the records reasonably reflect competitive market costs, it is not suitable to use in place of the records themselves to determine the cost of production for each exporter.

Accordingly, in light of the information examined, the Commissioner recommends the Minister determine the cost of production of the goods in China using the cost information in the exporters' records

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<sup>73</sup> See chapters 2.4.5, 3.1, 3.7.2 and 3.9.1 and 3.9.2 of the Dali, Rhine and Zhuhai Grand verification reports at EPR 652, Items 4, 5 and 6.

<sup>74</sup> Verification Reports for Dali, Rhine and Zhuhai Grand, chapter 3.3.2 at EPR 652 Items 4, 5 and 6.

### **6.3.3 Determination of administrative, selling and general costs**

The Commissioner has calculated the administrative, selling and general costs associated with the sale of deep drawn stainless steel sinks in China under section 269TAAD(4)(b).

- The Commissioner is satisfied that Dali, Rhine and Zhuhai Grand kept records in relation to the like goods and that the records are in accordance with the GAAP in China.
- The Commissioner is satisfied that the records of Dali, Rhine and Zhuhai Grand reasonably reflect the administrative, general and selling costs associated with the sale of like goods.

## **6.4 Dali**

### **6.4.1 Export price**

The commission considers Dali is the exporter of the Australian export goods because Dali manufactured the goods in China for export to Australia via related party Primy.

The commission found that:

- Primy is named as the seller on the commercial invoice
- Primy is named as the shipper on the bill of lading
- Dali is the manufacturer of the goods located in the country of export
- Primy is responsible for transportation of the goods to the port of export to Australia
- Dali's staff are involved in the export arrangements and book relevant costs to Primy
- Dali manufactures the goods to Australian customer requirements, knowing that the goods are destined for Australia.

The commission considers Primy's role in the transactions was essentially as a trader or intermediary.

The commission proposes to recommend determining the export price for Dali under section 269TAB(1)(c). Under this section, the export price is set having regard to all the circumstances of the exportation.

Specifically, the commission recommends calculating an export price based on Primy's prices to its Australian customers, minus the following amounts relating to Primy's sales of the goods:

- Primy's SG&A expenses (based on the percentage of indirect SG&A expenses and Primy's Australian unit net invoice value)
- Primy's profit on its Australian sales worked out as follows
  - Primy's net invoice value earned on Australian sales
  - the cost of goods as sourced from Dali
  - direct selling expenses incurred by Primy
  - indirect SG&A expenses (based on Primy's Australian selling price)

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The commission recommends this method because:

- Dali's exports to Australia are made via related party Primy.
- Dali's selling prices to Primy are not arm's length transactions.
- Primy generally sold the goods to unrelated parties in arm's length transactions. Additionally, where Primy sold the goods via related parties, prices were based on an arm's length transaction price, minus an amount for expenses incurred by the related entity.

The commission recommends that it cannot set an export price for Dali under sections 269TAB(1)(a) or 269TAB(1)(b) because the importer did not purchase the goods from the exporter.

### 6.4.2 Normal value

The commission recommends the normal value for Dali be ascertained under section 269TAC(1). The commission found Dali had a sufficient volume of domestic sales of like goods in OCOT during the review period

#### Assessment of costs

At chapter 6.3.2 the commission has assessed the cost records for all selected Chinese exporters and concluded it is appropriate that the cost of production and sale of like goods in the country of export be based on each exporter's own records. Dali's records have been relied on for determining costs under section 269TAAD(4) in order to identify domestic sales of like goods in the ordinary course of trade.

#### Domestic sales in the ordinary course of trade

The following table summarises the figures the commission used to assess if Dali's domestic sales of like goods are in the ordinary course of trade in as per the conditions set out in section 269TAAD.

Component	Details
Extended unprofitability period	The review period
Reasonable recoverability period	The review period
Price	Net invoice price
Cost	Quarterly cost to make and sell the goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the goods over the review period, including direct selling expenses for each transaction.
Date of sale: Australian exports	Invoice date
Date of sale: domestic	Invoice date

**Table 15: Dali Ordinary course of trade assessment details**

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### Arms length assessment

In Dali's verification report<sup>75</sup> the commission details its finding that Dali's domestic sales of like goods to related party Primy are not arms length as defined under section 269TAA.

The commission found that a relationship between a buyer, a seller or their associates appeared to influence the price.

The commission identified the following in relation to Dali's related party sales to Primy:

- Primy directly owned the majority of Dali during the review period.
- Primy purchased the goods/like goods almost exclusively from Dali, subject to Dali's production capabilities.
- Selling prices are based on the cost of production and do not reflect negotiated prices.
- Payment terms are subject to the financing needs of Dali.

As a result of the above findings, the commission considers it appropriate to set aside Dali's sales of like goods to Primy as they would not satisfy the criteria for determining a normal value under section 269TAC(1).

### Volume of relevant domestic sales

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods. The volume of sufficient domestic sales for normal value under 269TAC(1) is set by the criteria in section 269TAC(14).

Assessment of Dali's domestic sales in the ordinary course of trade were found to be sufficient as the total volume was at least 5% of the Australian export sales volume.

After setting aside Dali's sales of like goods to related party customer Primy, the commission found Dali had a sufficient volume of domestic sales of like goods in OCOT during the review period. Dali's normal value can therefore be ascertained under section 269TAC(1).

Table 16 below details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

<b>Export MCC</b>	<b>Is MCC's domestic sales volume 5% or greater the export sales volume?</b>	<b>Treatment of normal value</b>
1BWL-0DB-A	Yes	Sufficient domestic sales volumes available for TAC(1).

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<sup>75</sup> EPR 653, Item No. 6

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Export MCC	Is MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
1BWL-0DB-B	Yes	Domestic sales in OCOT for this model were low when compared to the equivalent export sales volume. The available transactions did not exhibit characteristics that would warrant use of alternative information. The domestic prices of the like goods in this model have been used for a normal value under TAC(1).
1BWL-0DB-C	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
1BWL-1DB-A	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
1BWL-0DB-A	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-0DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-0DB-B-PVD	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-0DB-C	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-1DB-A	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-1DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-2DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.

**Table 16: Dali export models compared to domestic model by volume**

In using domestic sales as a basis for normal value, the commission considers that certain adjustments, in accordance with section 269TAC(8), are necessary to ensure fair comparison of normal values with export prices detailed in chapter 6.4.3 below.

**6.4.3 Normal value adjustments**

The commission proposes that the following adjustments be made under section 269TAC(8) to properly compare the export price of the Australian export goods to the

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corresponding normal value. Further details concerning the application of adjustments to account for differences in product specifications, use of surrogate models and accessories are detailed below.

Adjustment description	Deduction/addition
Domestic credit terms	Deduct
Domestic inland transport	Deduct
Domestic packaging	Deduct
Domestic accessory costs	Deduct
Export packaging	Add
Export inland transport	Add
Export port handling	Add
Export customs declaration expenses	Add
Export port of export charges	Add
Export commission expenses	Add
Export related bank charges	Add
Specification differences (relating to use of surrogate normal values)	<b>Add or deduct</b> an amount for differences in product specifications for normal values based on a surrogate model
Market specific product differences	<b>Add or deduct</b> an amount for market specific product differences between domestic and Australian models of the same MCC.
Export accessory costs	Add
Timing	Either add or deduct
Export credit terms	Either add or deduct

**Table 17: Dali summary of adjustments**

### Use of surrogate normal value information

For the Australian models that had no corresponding domestic sales, the commission found sufficient domestic sales volumes of surrogate models with the closest physical characteristics under the MCC hierarchy structure.

In relying on surrogate models as a basis for the normal value, the commission considers it necessary to apply specification adjustments to the normal value of the surrogate model under section 269TAC(8).

With the exception of two export models, 1BWL-0DB-A and 1BWL-0DB-B, it was necessary to rely on surrogate normal values to determine a normal value for all export models. As a result, specification adjustments to account for the physical differences between the export and surrogate model have been performed. The commission worked out the value of specification adjustments using the following approach.

1. Identifying the difference between the cost to make and sell for the surrogate domestic model and the cost to make and sell for the domestic model that



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corresponds to the exported Australian model. Where there was no domestic cost data corresponding to the Australian model, the cost to make and sell for the Australian model has been used to calculate the specification adjustment. The commission considers this approach a reasonable alternative in the circumstances where there is no domestic cost of production, and the export related data is the most relevant available information.

2. In the case of Dali, costs for domestic production of 2BWL-0DB-B were available. The specification adjustment concerning the normal value for 2BWL-0DB-B was therefore based on the difference in the domestic cost of production for 2BWL-0DB-B and the surrogate model 1BWL-0DB-A. Dali did not report domestic cost data for the other exports models that relied on model 1BWL-0DB-A as their surrogate. The specification adjustment for those models is based on the difference between the cost to make and sell for the relevant Australian model and the domestic costs relevant to the surrogate model 1BWL-0DB-A.
3. The amounts referenced above do not reflect the cost of accessories reported in the exporter's domestic and Australian cost of production listings. These are adjusted via different calculations.
4. Adding Dali's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1. This is intended to represent the market value of the specification differences in the country of origin.

### Market specific product differences

The commission also observed physical differences between export and domestic sales of the same MCC that were of a magnitude that warranted adjustments to the normal value.

In addition to differences in stainless steel costs, the commission identified variances in physical characteristics, such as the number of tap holes, sink mounting flange profiles, drainer board patterns and other requirements such as powder coating, between the goods and like goods sold in each market.

The differences are not necessarily captured in the broader MCC structure but were distinguishable through an examination of production cost data and other technical documents. Australian sinks exports did not generally possess such features and thus had an overall lower cost of production.

As production cost is one of the key price determinants for the sale of sinks, the commission considers an adjustment for factors not captured by the MCC structure is warranted.

Adjustments to account for market specific product differences were applied to remove the effect on price where the domestic normal values, or production costs (where used), and export prices related to identical models and product differences were not accounted for in the specification adjustments discussed above.

In Dali's case, the market specific adjustment involved models 1BWL-0DB-A, 1BWL-0DB-B and 2BWL-0DB-B.

The commission worked out the value of market specific product differences using the following approach.

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1. Identifying the difference between the cost to make and sell for the domestic model and the cost to make and sell for the exported Australian model.
2. The amounts referenced above do not reflect the cost of accessories reported in the exporter's domestic and Australian cost of production listings. These are adjusted via different calculations.
3. Adding Dali's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1. This is intended to represent the market value of the specification differences in the country of origin.

### Accessory costs

The commission observed that the value and composition of accessories sold with Dali's sinks for the domestic market in China were materially different to the accessories for the sinks exported to Australia.

As the price of the goods and like goods is also representative of the value of accessories, it is necessary to adjust the normal value to achieve fair comparison.

In Dali's case it reported the cost value of accessories in its domestic and Australian sales listings at the transaction level for each sink product code. These amounts were subject to examination at verification.

The adjustment to the normal value for accessories reflects the following method.

1. Deduct the value of accessories for domestic sales at the transaction level.
2. Add the value of accessories for export sales based on the weighted average unit accessory cost identified for each Australian MCC.
3. Adding Dali's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1 and 2. This is considered appropriate because accessories form part of the price for the goods and like goods, and thus the adjustment should represent the market value of the accessories in the country of origin.

### **6.4.4 Dumping margin**

The preliminary dumping margin for the goods exported to Australia by Dali for the review period is **negative 1.6%**.

The commission's dumping margin calculations for Dali are in **Confidential Attachments 4 to 7**.

## **6.5 Rhine**

### **6.5.1 Export price**

The commission considers Rhine is the exporter of the Australian export goods because this company:

- produced the Australian export goods
- is named as the supplier on commercial invoices
- is named as consignor on bills of lading
- arranged and paid for inland transport to the port of export

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- arranged and paid for port handling charges at the port of export

The commission proposes to recommend determining the export price for Rhine under section 269TAB(1)(a).

Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

To calculate an export price using a consistent delivery term for all sales, the commission adjusted one transaction that was sold at Ex-Works by adding an amount for export inland transport and export port handling. All other export sales were sold on free on board (**FOB**) terms.

### 6.5.2 Normal value

The commission recommends the normal value for Rhine be ascertained under section 269TAC(1). The commission found Rhine had a sufficient volume of domestic sales of like goods in OCOT during the review period.

#### Assessment of costs

At chapter 6.3.2 the commission has assessed the cost records for all selected Chinese exporters and concluded it is appropriate that the cost of production and sale of like goods in the country of export be based on each exporter's own records. Rhine's records have been relied on for determining costs under section 269TAAD(4) in order to identify domestic sales of like goods in the ordinary course of trade.

#### Domestic sales in the ordinary course of trade

The following table summarises the figures the commission used to assess if Rhine's domestic of like goods sales are in the ordinary course of trade in as per the conditions set out in section 269TAAD.

Component	Details
Extended unprofitability period	The review period
Reasonable recoverability period	The review period
Price	Net invoice price
Cost	Quarterly cost to make and sell the goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the goods over the review period, including direct selling expenses for each transaction.
Date of sale: Australian exports	Invoice date
Date of sale: Domestic	Invoice date

**Table 18: Rhine ordinary course of trade assessment details**

#### Volume of relevant domestic sales?

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods. The volume of sufficient domestic sales for normal value under 269TAC(1) is set by the criteria in section 269TAC(14).

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Assessment of Rhine's domestic sales in the ordinary course of trade were found to be sufficient as the total volume was at least 5% of the Australian export sales volume.

Table 19 below details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Is MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
1BWL-0DB-A	Yes	Sufficient sales volumes available for TAC(1).
1BWL-0DB-A-PVD	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
1BWL-0DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
1BWL-1DB-A	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-0DB-A and adjusted for specification differences.
2BWL-1DB-A	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 2BWL-0DB-B and adjusted for specification differences.
2BWL-1DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 2BWL-0DB-B and adjusted for specification differences.

**Table 19: Rhine export models compared to domestic model by volume**

In using domestic sales as a basis for the normal value, the commission considers that certain adjustments, in accordance with section 269TAC(8), are necessary to ensure fair comparison of normal values with export prices detailed in section 6.5.3.

### 6.5.3 Normal value adjustments

The commission proposes that the following adjustments be made under section 269TAC(8) to properly compare the export price of the Australian export goods to the corresponding normal value. Further details concerning the application of adjustments to account for differences in product specifications, use of surrogate models and accessories are detailed below.

Adjustment description	Deduction/addition
Domestic credit terms	Deduct
Domestic packaging	Deduct
Export packaging	Add
Export inland transport	Add

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Adjustment description	Deduction/addition
Export port handling	Add
Export customs declaration expenses	Add
Export related bank charges	Add
Specification differences (relating to use of surrogate normal values)	<b>Add or deduct</b> an amount for differences in product specifications [inclusive of differences relating to accessories] for normal values based on a surrogate model
Export accessory costs	Add
Timing	Either add or deduct
Export credit terms	Either add or deduct

**Table 20: Rhine summary of adjustments**

### Use of surrogate normal value information

For the Australian models that had no corresponding domestic sales, the commission found sufficient domestic sales volumes of surrogate models with the closest physical characteristics under the MCC hierarchy structure.

In relying on surrogate models as a basis for the normal value, the commission considers it necessary to apply specification adjustments to the normal value of the surrogate model under section 269TAC(8).

With the exception of one export model, 1BWL-0DB-A, it was necessary to rely on surrogate normal values to determine a normal value for all exports. As a result, specification adjustments to account for the physical differences between the export and surrogate model have been performed. The commission worked out the value of specification adjustments using the following approach.

1. Identifying the difference between the cost to make and sell for the surrogate domestic model and the cost to make and sell for the domestic model that corresponds to the exported Australian model. Where there was no domestic cost data corresponding to the Australian model, the cost to make and sell for the Australian model has been used. The commission considers this approach a reasonable alternative in the circumstances where there is no domestic cost of production, and the export related data is the most relevant available information.
2. In the case of Rhine, it did not report domestic cost data for export models that relied on the models 1BWL-0DB-A or 2BWL-0DB-B as their surrogate. The cost to make and sell for the relevant Australian models has therefore been used for comparison to the domestic costs relevant to 1BWL-0DB-A or 2BWL-0DB-B.
3. The amounts referenced above do not reflect the cost of accessories reported in the exporter's domestic and Australian cost of production listings. These are adjusted via different calculations.
4. Adding Rhine's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1. This is intended to represent the market value of the specification differences in the country of origin.

### Accessory costs

The commission observed that the price of Rhine's exports to Australia was inclusive of accessories sold with the goods. Rhine's sales of like goods in the domestic market were not sold with accessories. As the price of the goods reflects the value of accessories, it is necessary to adjust the normal value to achieve fair comparison. The amounts relevant to the adjustment are as follows.

1. The weighted average value of accessories reported in Rhine's Australian sales listing, or the amount included in the figures for the cost to make and sell of the goods exported to Australia.
2. Adding Rhine's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item. This is considered appropriate because accessories form part of the price for the goods and like goods, and thus the adjustment should represent the market value of the accessories in the country of origin.

#### **6.5.4 Dumping margin**

The preliminary dumping margin for the goods exported to Australia by Rhine for the review period is **negative 11.8%**.

The commission's dumping margin calculations for Rhine are in **Confidential Attachments 8 to 11**.

### **6.6 Zhuhai Grand**

#### **6.6.1 Export price**

The commission found that Zhuhai Grand sold goods directly to Australian customers and indirectly via a trader.

For all direct sales to the Australian customers, the commission considers Zhuhai Grand is the exporter of the Australian export goods because this company:

- produced the Australian export goods
- is named as the supplier on commercial invoices
- is named as consignor on bills of lading
- arranged and paid for inland transport to the port of export
- arranged and paid for port handling charges at the port of export

For all indirect sales that Zhuhai Grand made to the Australian customers via a trader, the commission considers Zhuhai Grand is the exporter of the Australian export goods because this company:

- produced the Australian export goods
- considered the relevant goods it sold to the trader as destined for export to Australia.

The commission proposes to recommend determining the export price for Zhuhai Grand under section 269TAB(1)(a) for sales made directly to Australian customers and under

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section 269TAB(1)(c) for sales made to a trader based in China, who then sold to Australian customers.

Under section 269TAB(1)(a), an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation. Under section 269TAB(1)(c), the export price is set having regard to all the circumstances of the exportation.

To calculate an export price using a consistent delivery term for all sales, the commission adjusted some transactions using inland transport and port handling expense adjustments.

### 6.6.2 Normal value

The commission recommends the normal value for Zhuhai Grand be ascertained under section 269TAC(1). The commission found Zhuhai Grand had a sufficient volume of domestic sales of like goods in OCOT during the review period.

#### Assessment of costs

At chapter 6.3.2 the commission has assessed the cost records for all selected Chinese exporters and concluded it is appropriate that the cost of production and sale of like goods in the country of export be based on each exporter's own records. Zhuhai Grand's records have been relied on for determining costs under section 269TAAD(4) in order to identify domestic sales of like goods in the ordinary course of trade.

#### Domestic sales in the ordinary course of trade

The following table summarises the figures the commission used to assess if Zhuhai Grand's domestic of like goods sales are in the ordinary course of trade in as per the conditions set out in section 269TAAD.

Component	Details
Extended unprofitability period	The review period
Reasonable recoverability period	The review period
Price	Net invoice price
Cost	Quarterly cost to make and sell the goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the goods over the review period including direct selling expenses for each transaction.
Date of sale: Australian exports	Inventory stock-out notice date
Date of sale: Domestic sales	Inventory stock-out notice date

**Table 21: Zhuhai Grand Ordinary course of trade assessment details**

#### Volume of relevant domestic sales?

Under section 269TAC(1), the commission must set the normal value using a sufficient volume of domestic like goods. The volume of sufficient domestic sales for normal value under 269TAC(1) is set by the criteria in section 269TAC(14).

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Assessment of Zhuhai Grand's domestic sales in the ordinary course of trade were found to be sufficient as the total volume was at least 5% of the Australian export sales volume.

Table 22 below details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

<b>Export MCC</b>	<b>Is MCC's domestic sales volume 5% or greater the export sales volume?</b>	<b>Treatment of normal value</b>
1BWL-0DB-A	Yes	Sufficient domestic sales volumes available for TAC(1).
1BWLR-0DB-A	Yes	Sufficient domestic sales volumes available for TAC(1).
1BWL-0DB-B	Yes	Sufficient domestic sales volumes available for TAC(1).
1BWL-1DB-A	Yes	Sufficient domestic sales volumes available for TAC(1).
1BWLR-1DB-A	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWLR-0DB-A and adjusted for specification differences.
1BWL-1DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 1BWL-1DB-A and adjusted for specification differences.
1BWL-2DB-A	Yes	Sufficient domestic sales volumes available for TAC(1).
2BWL-0DB-B	No	Domestic sales in OCOT for this model were low when compared to the equivalent export sales volume. The available transactions did not exhibit characteristics that would warrant use of alternative information. The domestic prices of the like goods in this model have been used for a normal value under TAC(1).
2BWL-0DB-C	No	Domestic sales in OCOT for this model were low when compared to the equivalent export sales volume. The available transactions did not exhibit characteristics that would warrant use of alternative information. The domestic prices of the like goods in this model have been used for a normal value under TAC(1).
2BWL-1DB-A	No	Domestic sales in OCOT for this model were low when compared to the equivalent export sales volume. The available transactions did not exhibit characteristics that would warrant use of alternative information. The domestic prices of the like goods in this model have been used for a normal value under TAC(1).
2BWL-1DB-B	No	Domestic sales in OCOT for this model were low when compared to the equivalent export sales volume. The available transactions did not exhibit characteristics that would warrant use of alternative information. The domestic prices of the like goods in this model have been used for a normal value under TAC(1).
2BWL-1DB-C	Yes	Sufficient domestic sales volumes available for TAC(1).



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Export MCC	Is MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
2BWL-2DB-B	No	No domestic sales of this model. Normal values determined under TAC(1) based on TAC(1) normal values for 2BWL-1DB-B and adjusted for specification differences.

**Table 22: Zhuhai Grand export models compared to domestic model by volume**

In using domestic sales as a basis for the normal value, the commission considers that certain adjustments, in accordance with section 269TAC(8), are necessary to ensure fair comparison of normal values with export prices detailed in section 6.4.3.

**6.6.3 Normal value adjustments**

The commission proposes that the following adjustments be made under section 269TAC(8) to properly compare the export price of the Australian export goods to the corresponding normal value. Further details concerning the application of adjustments to account for differences in product specifications, use of surrogate models and accessories are detailed below.

Adjustment description	Deduction/addition
Domestic inland transport	Deduct
Domestic packaging costs	Deduct
Domestic accessory costs	Deduct
Export accessory costs	Add
Export packaging costs	Add
Export inland transport	Add
Export port handling	Add
Export credit terms	Either add or deduct
Specification differences (relating to use of surrogate normal values)	<b>Add or deduct</b> an amount for differences in product specifications for normal values based on a surrogate model
Timing	Either add or deduct

**Table 23: Zhuhai Grand summary of adjustments**

*Use of surrogate normal value information*

For the Australian models that had no corresponding domestic sales, the commission found sufficient domestic sales volumes of surrogate models with the closest physical characteristics under the MCC hierarchy structure.

In relying on surrogate models as a basis for the normal value, the commission considers it necessary to apply specification adjustments to the normal value of the surrogate model under section 269TAC(8).

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It was necessary to rely on surrogate normal values to determine a normal value for export models 1BWL-1DB-B, 1BWLR-1DB-A and 2BWL-2DB-B. As a result, specification adjustments to account for the physical differences between the export and surrogate model have been performed. The commission worked out the value of specification adjustments using the following approach.

1. Identifying the difference between the cost to make and sell for the surrogate domestic model and the cost to make and sell for the domestic model that corresponds to the exported Australian model. Where there was no domestic cost data corresponding to the Australian model, the cost to make and sell for the Australian model has been used. The commission considers this approach a reasonable alternative in the circumstances where there is no domestic cost of production, and the export related data is the most relevant available information.
2. In the case of Zhuhai Grand, costs for domestic production of 1BWLR-1DB-A were available. The specification adjustment concerning the normal value for 1BWLR-1DB-A was therefore based on the difference in the domestic cost of production for 1BWLR-1DB-A and the surrogate model 1BWLR-0DB-A. Zhuhai Grand did not report domestic cost data for the other exports models that relied on models 1BWL-1DB-A or 2BWL-1DB-B as their surrogate. The cost to make and sell for the relevant Australian models has therefore been used for comparison to the domestic costs relevant to 1BWL-1DB-A or 2BWL-1DB-B.
3. The amounts referenced above do not reflect the cost of accessories reported in the exporter's domestic and Australian cost of production listings. These are adjusted via different calculations.
4. Adding Zhuhai Grand's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1. This is intended to represent the market value of the specification differences in the country of origin.

### Market specific product differences

The commission also observed physical differences between export and domestic sales of the same MCC that were of a magnitude that warranted adjustments to the normal value.

In addition to differences in stainless steel costs, the commission identified variances in physical characteristics, such as the number of tap holes, sink mounting flange profiles, drainer board patterns and other requirements such as powder coating, between the goods and like goods sold in each market.

The differences are not necessarily captured in the broader MCC structure but were distinguishable through an examination of production cost data. Australian sinks exports did not generally possess such features and thus had an overall lower cost of production.

As production cost is one of the key price determinants for the sale of sinks, the commission considers an adjustment for factors not captured by the MCC structure is warranted.

Adjustments to account for market specific product differences were applied to remove the effect on price where the domestic normal values, or production costs (where used), and export prices related to identical models and product differences were not accounted for in the specification adjustments discussed above.

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In Zhuhai Grand's case, the market specific adjustment involved the normal value for model 1BWLR-1DB-A.

The commission worked out the value of market specific product differences using the following approach.

1. Identifying the difference between the cost to make and sell for the domestic model and the cost to make and sell for the exported Australian model.
2. The amounts referenced above do not reflect the cost of accessories reported in the exporter's domestic and Australian cost of production listings. These are adjusted via different calculations.
3. Adding Zhuhai Grand's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1. This is intended to represent the market value of the specification differences in the country of origin.

### Accessory costs

The commission observed that the value and composition of accessories sold with Zhuhai Grand's sinks for the domestic market in China were materially different to the accessories for the sinks exported to Australia.

As the price of the goods and like goods is representative of the value for accessories, it is necessary to adjust the normal value to achieve fair comparison.

The adjustment to the normal value for accessories reflects the following method.

1. Deduct the value of accessories for domestic sales at the transaction level.
2. Add the value of accessories for export sales based on the weighted average unit accessory cost for Australian sales.
3. Adding Zhuhai Grand's profit for like goods sales made in the ordinary course of trade to the difference in the amounts identified in Item 1 and 2. This is considered appropriate because accessories form part of the price for the goods and like goods, and thus the adjustment should represent the market value of the accessories in the country of origin.

### Timing adjustment for exports sold before the review period

Verification of Zhuhai Grand's exports of the goods to Australia during the review period revealed a small quantity had a date of sale that preceded the review period by between 1 and 3 quarters. The affected models include 1BWL-0DB-A, 1BWL-0DB-B, 1BWLR-0DB-A, 2BWL-1DB-A, 2BWL-0DB-C. Timing adjustments concerning sale dates that occurred within the review period were performed by relying on the movement in prices observed for other closely resembling models. The method outlined below therefore relates to dates of sale outside of the review period.

In order to appropriately compare the date of sale for the relevant exports to a domestic selling price in the corresponding period, the commission performed a timing adjustment. The adjustment references changes in the price for stainless steel CRC in China and indexes normal values determined in the July 2023 quarter. This method was selected for the following reasons.

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- the exporter was unable to provide the relevant cost and sales data in the timeframe required by the commission.
- the value of stainless steel reflects approximately 40% to 50% of total sinks production cost and is the single largest cost element.
- as it is likely that the prices of sinks are sensitive to movements in the price of stainless steel, changes in stainless steel prices are a reasonable alternative in the absence of actual price data for like goods.
- using stainless steel costs were considered the next best available and relevant alternative for indexing normal values from the review period.

The commission calculated the timing adjustments as follows.

- Identifying the rate of change in stainless steel prices between the quarter relevant to the export date of sale and the first quarter of the review period, i.e. the July 2023 quarter.
- Identifying the change in production costs resulting from the change in stainless steel prices.
- Adding or deducting the value of the change in production costs to the normal values for July 2023 quarter.
- A profit margin was not applied to the change in production costs as the information available concerning the exporter's profitability in the period relevant to the export date of sale was not available. However, the normal value in the base quarter did nonetheless reflect a profit for domestic sales made in the ordinary course of trade. In the absence of other reliable information, this is considered a reasonable alternative.

### 6.6.4 Dumping margin

The preliminary dumping margin for the goods exported to Australia by Zhuhai Grand for the review period is **negative 10.9%**.

The commission's dumping margin calculations for Zhuhai Grand are in **Confidential Attachments 12 to 15**.

## 6.7 Residual exporters

### 6.7.1 Export price

The export price for residual exporters has been calculated in accordance with section 269TACAB(2)(c), which provides that the export price for residual exporters must not be less than the weighted average export price for like goods of cooperative exporters from China. Chapter 2.6.4 lists all residual exporters.

### 6.7.2 Normal value

The normal value for residual exporters has been calculated in accordance with section 269TACAB(2)(d), which provides that the normal value must not exceed the weighted average normal value for like goods of the selected exporters.

### **6.7.3 Dumping margin**

The preliminary dumping margin for the goods exported to Australia by residual exporters for the review period is **negative 5.5%**.

The commission's dumping margin calculations are at **Confidential Attachment 16**

## **6.8 Uncooperative and all other exporters**

### **6.8.1 Export price**

The export price for uncooperative and all other exporters from China was determined having regard to all relevant information under section 269TAB(3).

In the present circumstances, relevant information available to the commission includes the verified export price data for the selected exporters and the FOB export prices and volumes for Chinese exporters who exported to Australia, as reported in the ABF import database.

The commission has examined the ascertained export prices for the selected exporters. The commission observed a large variance between the upper and lower ranges of export prices between these exporters, indicating significant variance in the range of models and the product mix sold by each exporter.

As uncooperative exporters did not provide data to the commission during the course of this review, the commission has had regard to FOB export prices for uncooperative exporter prices as reported in the ABF import database. The commission has observed that these prices (on a weighted average basis) are similar to Dali's ascertained export price and the FOB export price reported in relation to Dali's exports in the ABF import data.

The commission considered whether data relating to Rhine and Zhuhai Grand should be used in the determination of the export price of uncooperative exporters. While Rhine's FOB export price as reported in the ABF import database is also similar to that of uncooperative exporters, its export price as ascertained by the commission using verified data indicate a greater discrepancy to Dali's export price. Zhuhai Grand's export price, from both the ABF import data and verified data, indicates a product mix significantly different to that likely exported by uncooperative exporters.

After considering the above, the commission considers that the most relevant information to use to determine an export price for uncooperative exporters is the verified ascertained export price for Dali. The commission observes that Dali's exports to Australia comprise the largest volume of exports from a single exporter and is satisfied that Dali's verified ascertain export price demonstrates a price at which an uncooperative exporter may export like goods to Australia, considering the possible variations in model prices and product mixes, and the likely similarity of that mix to that exported by Dali, based on the information before the commission.

### **6.8.2 Normal value**

The normal value for uncooperative and all other exporters from China was determined having regard to all relevant information under section 269TAC(6).

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For the reasons provided above in chapter 6.8.1 concerning the determination of the export price, in the absence of specific information relating to uncooperative exporters, the commission considers that the most relevant information to use to determine the normal value for uncooperative exporters is the verified normal value for Dali, with appropriate adjustments.

The commission had regard to Dali's selling prices of domestic sales in the ordinary course of trade, and adjustments for differences in domestic and export accessory costs, export port handling, export customs declaration expenses, export port of export charges, export related bank charges, specification differences (relating to the use of surrogate normal values), market specific product differences and timing differences.<sup>76</sup>

The commission considers Dali's domestic selling prices of like goods in the ordinary course of trade are the most relevant basis to ascertain the selling prices of uncooperative exporters' sales of like goods in the domestic Chinese market, based on the information before the commission. In the absence of specific information relating to uncooperative exporters, the commission has not applied other adjustments (besides those listed above), as it was not demonstrated that these amounts would be equally applicable to the uncooperative exporters.

### 6.8.3 Dumping margin

The preliminary dumping margin for the goods exported to Australia by uncooperative exporters for the review period is **7.5%**.

The commission's analysis of the most relevant data for calculating the uncooperative exporter rate is at **Confidential Attachment 17**.

The commission's dumping margin calculations are at **Confidential Attachments 18 and 19**.

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<sup>76</sup> See chapter 6.4.3 for further details of these adjustments.

## 7 REVOCATION REVIEW

### 7.1 Preliminary finding

Based on the evidence considered in the course of this review, the Commissioner **is not** satisfied that revoking the dumping duty notice applying to the goods exported to Australia from China would lead, or be likely to lead, to a continuation of, or recurrence of dumping and the material injury that the measures are intended to prevent.

Specifically, while the Commissioner is satisfied that, in the absence of measures, the Australian industry will suffer injury, material injury will not be caused by dumped exports of the goods. In reaching this satisfaction, the Commissioner has considered the following:

#### Are exports of the goods likely to continue or recur?

The Commissioner considers that if measures were revoked, exports of the goods from China would likely continue. This is because:

- Chinese exporters of the goods have continued to supply the goods to the Australian market in significant quantities since the measures were last continued (chapter 7.5.1)
- Chinese exporters have maintained their distribution channels to Australia (chapter 7.5.2)
- Chinese exporters likely have excess production capacity to manufacture the goods (chapter 7.5.3)
- the presence of trade measures by other jurisdictions on Chinese exports of deep drawn stainless steel sinks makes the Australian market a comparatively more attractive and accessible market for exports from China (chapter 7.5.4).

#### Is dumping likely to continue or recur?

The Commissioner is satisfied, with respect to *selected and residual exporters*, that the revocation of the measures would not lead, or would not be likely to lead, to a continuation or a recurrence of dumping. This is because:

- no selected or residual exporters dumped the goods during the review period (chapter 7.6.1)
- the Commissioner does not consider it likely that selected or residual exporters will reduce their export prices to levels where they might be dumped (chapter 7.6.3)

The Commissioner is satisfied, with respect to *uncooperative exporters*, that the revocation of the measures would lead to a continuation of dumping. Uncooperative exporters dumped the goods during the review period and are likely to continue being exported at dumped levels in the absence of measures (chapter 7.6).

#### Is material injury likely to continue or recur?

The Commissioner is not satisfied that, if the measures were revoked, material injury is likely to continue or recur in relation to exports at dumped prices (from uncooperative exporters).

The Commissioner has reached this finding based on the following:

- the Australian industry will predominantly compete with volumes of goods exported from China at undumped prices (chapter 7.7.4)
- although this competition from goods exported from China at undumped prices may lead to price injury and loss of sales volume and market share (where the Australian industry is unable to effectively compete on price), this injury is not attributable to imports at dumped prices (chapter 7.7.3)
- imports from uncooperative exporters (which were found to be dumped) represented just 5% of the total import volume from China during the review period, and the commission has not identified evidence to indicate this volume of goods is likely to cause material injury to the Australian industry (chapter 7.7.3).

## **7.2 Legislative framework**

Under section 269ZDA(1A) the Commissioner must not recommend that the Minister revokes measures unless they are satisfied as a result of the review that revoking the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping (or subsidisation) and the material injury that the measure is intended to prevent.

The commission notes that its assessment of the likelihood of certain events occurring and their anticipated effect, as is required in review considering a revocation of measures, necessarily requires an assessment of a hypothetical situation. The commission must consider what will happen (or what would be likely to happen) in the future should a certain event, being the revocation of the measures, occur. However, the Commissioner must nevertheless base their conclusions and recommendations on facts.<sup>77</sup>

## **7.3 The commission's approach**

The commission considered a number of relevant factors to assess the likelihood that dumping and material injury will continue or recur, as outlined in the Manual.<sup>78</sup> The commission's view is that the relevance of each factor varies depending on the nature of the goods and the market into which the goods are sold. In this instance, no one factor can provide decisive guidance. The following analysis therefore examines a range of factors that the commission considers relevant to this review.

The commission's analysis for this chapter is in **Confidential Attachments 20 to 22**.

## **7.4 Australian industry claims**

On the basis that this review was initiated by Commissioner in response to a request from the Minister, there is no specific application from the Australian industry to consider. However, the Minister's request did specify that the Commissioner examine if the anti-dumping measures, in the form of a dumping duty notice, may no longer be warranted.

Notwithstanding that this review is the result of a Ministerial request to the Commissioner, the commission has conducted CON 646 into the goods from China concurrently with this

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<sup>77</sup> [ADRP Report No. 44](#) (Clear Float Glass)

<sup>78</sup> The Manual, pages 130 and 137.



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review. This review and the inquiry have examined the variable factors and levels of dumping in the same period (1 April 2024 to 31 March 2024) and considers essentially the same issues concerning whether measures are warranted. The legislative tests relating to a continuation inquiry and revocation of measures are also similar.

The commission therefore considers it appropriate to consider the matters and claims the Australian industry outlined in its application for CON 646 to inform whether revoking the dumping duty notice is justified. These following summarises the Australian industry's claims regarding the continuation or recurrence of injury of goods exported to Australia from China.

- If the measures are revoked, exports from China at dumped prices will continue or recur and will cause material injury in the form of:
  - reduced sales volume of high profit ranges
  - price depression
  - price suppression
  - reduced profit and profitability
  - reduced revenue
  - reduced ROI
  - reduced capacity utilisation
- Exporters from China have maintained their distribution channels to Australia and have continued to export the goods to Australia
- Steel exporters are affected by global overcapacity and trade distortions from several steel trade defence actions abroad
- Australia remains an attractive and accessible market for exports from China given trade barriers against them in other developed markets
- The Australian industry has had to reduce its prices substantially to maintain market share.

The commission has considered the Australian industry's claims in the analysis below.

### **7.5 Are exports likely to continue or recur?**

The commission considers that, should the dumping duty notice be revoked, exports of the goods from China are likely to continue.

This finding is based on the following significant factors:

- Chinese exporters of the goods have continued to supply the goods to the Australian market in significant quantities since the measures were last continued
- Chinese exporters have maintained their distribution channels to Australia
- Chinese exporters likely have excess production capacity to manufacture the goods
- the presence of trade measures by other jurisdictions on Chinese exports of deep drawn stainless steel sinks makes the Australian market a comparatively more attractive and accessible market for exports of the goods from China.

To form this view the commission has assessed Chinese import volumes, maintenance of distribution links, production capacity and trade measures imposed by other jurisdictions on deep drawn stainless steel sinks, as outlined in the chapters below.

### **7.5.1 Import volumes**

The Manual provides that in assessing the likelihood of continuing or recurring dumping, the review may gather facts relevant to whether exports are likely to continue or resume, such as the volume of exports before and after measures were imposed and/or exporters' supply chains.<sup>79</sup>

As detailed in chapter 4.5 above, during the review period, the Australian market for the goods and non-subject sinks peaked in the year ending March 2022 before returning to levels similar to the beginning of the injury period in the year ending March 2024. The market share for the goods exported from China has remained relatively stable over that time but has declined since the measures were last continued. Non-subject sinks from China have exhibited an increased market share since the measures were last continued. The goods exported from China account for around 35% of the Australian market stainless steel sink market, with non-subject sinks from China accounting for around a further 45%. This gives Chinese exports a total of approximately 80% of the Australia stainless steel sink market.

The commission identified around 100 unique exporters of the goods to Australia during the review period, with most of these exporters being in the category of 'all other exporters' subject to the highest rate of dumping and countervailing duties. These exporters accounted for approximately 14% of imports of the goods during the review period.

Irrespective of the movements in the size of the Australian market, the commission is satisfied from its analysis of ABF import data that exporters of the goods from China have supplied the goods to the Australian market in significant quantities since the measures were last continued in 2020.

### **7.5.2 Maintenance of distribution links**

The commission identified from analysis of ABF import data that exporters from China have maintained their distribution channels to Australia and have continued to export the goods to Australia. Comparing the supplier and importer relationships that existed in the inquiry period specified for CON 517 and this review period, the commission has found that the same parties continue to trade the goods in substantial quantities.<sup>80</sup>

The commission also identified that during the review period, sinks were imported into Australia using the dumping and countervailing duty rates attached to Dumping Specification Number (**DSN**) 94. DSN 94 specifies the rates for imports sourced from exporters in the 'all other exporters' category. The commission counted imports declared using DSN 94 related to supply from 85 unique entities.<sup>81</sup>

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<sup>79</sup> The Manual, page 137 refers.

<sup>80</sup> See Confidential Attachment 22

<sup>81</sup> See Confidential Attachment 1

### 7.5.3 Excess production capacity

The Manual provides that in assessing the likelihood of continuing or recurring dumping, the review may gather facts relevant to whether exports are likely to continue or resume, such as exporters' production capacity.<sup>82</sup>

In its application Oliveri referred to the Canada Border Services Agency (CBSA) decision report concerning the certain Stainless Steel Sinks case determined in April 2023, which stated:

*Chinese exporters have substantial production capacity and are struggling with factory capacity under-utilization; Chinese producers are export-oriented and have a propensity to dump stainless steel sinks; Chinese producers face weak market conditions and demand for stainless steel sinks in China; and Chinese exporters, including exporters with established normal values, have continued to export subject goods to Canada at dumped prices while the order was in effect<sup>83</sup>*

Verified information from the selected exporters confirms excess capacity ranging from 26% to 60% during the review period.<sup>84</sup> Based on the information that the selected exporters have excess capacity, the commission considers it is reasonable to assume that other Chinese exporters of the goods have similar excess capacity. The commission considers that this excess capacity in China could result in increased export volumes to Australia should the measures be revoked.

### 7.5.4 Trade measures in other jurisdictions

In its application, Oliveri referred to trade measures in the USA, Canada, Mexico, South Africa, and Colombia. These actions are discussed briefly below:

*United States – Drawn Stainless Steel Sinks from the People's Republic of China – Continuation of Antidumping and Countervailing Duty Orders<sup>85</sup>*

On 7 February 2024, the U.S. Department of Commerce found that revocation of the anti-dumping duty and countervailing duty orders on drawn stainless steel sinks from China would likely lead to the continuation or recurrence of dumping and countervailable subsidies, and material injury to an industry in the United States. It therefore continued the measures.

*Canada – Certain steel sinks originating in or exported from the People's Republic of China – Concerning an expiry review determination<sup>86</sup>*

On 12 May 2023, the CBSA found that the rescission of the measures in place on stainless steel sinks was likely to result in the continuation or resumption of dumping and subsidisation of the goods from China. On 4 October 2023, the Canadian International

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<sup>82</sup> The Manual, page 137 refers

<sup>83</sup> Canada Border Services Agency, [Statement of Reasons - Certain Stainless Steel Sinks originating in or exported From the People's Republic of China](#), May 12, 2023

<sup>84</sup> Dali, Rhine and Zhuhai Grand exporter verification reports, EPR 646, Items 12, 13 and 14.

<sup>85</sup> US Department of Commerce, '[Drawn Stainless Steel Sinks From the People's Republic of China: Continuation of Antidumping and Countervailing Duty Orders](#)', 7 February 2024.

<sup>86</sup> CBSA, '[Certain steel sinks originating in or exported from the People's Republic of China – Concerning an expiry review determination – Statement of Reasons](#)', 12 May 2023

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Trade Tribunal then found that the dumped and subsidised goods would likely cause material injury to the Canadian domestic industry.<sup>87</sup> Accordingly the CBSA continued its anti-dumping and countervailing measures.

### *Mexico – Stainless steel sinks exported from China*<sup>88</sup>

In June 2021, the Mexican Ministry of Economic Affairs announced it was maintaining anti-dumping duty on Chinese stainless steel sinks, until May 2025.

### *South Africa – Sunset review – anti-dumping duties on stainless steel sinks originating in or imported from the People's Republic of China and Malaysia*<sup>89</sup>

On 9 December 2020, the International Trade Administration Commission of South Africa recommended that anti-dumping duties on stainless steel sinks from China be continued.

### *Colombia – Stainless steel sinks exported from China*<sup>90</sup>

Colombia recently extended its anti-dumping duties on Chinese stainless steel sinks on 20 December 2023.

## Analysis

The commission considers that the application of trade remedies in other jurisdictions is a factor that influences global trade by altering comparative access to markets. Steel market intelligence obtained by the commission supports that trade defence measures in the USA have exposed other foreign markets to Chinese exports.<sup>91</sup> There is no indication that these trade measures will ease in the future.<sup>92</sup> The commission considers that the revocation of the measures in Australia may make Australia a comparatively more attractive and accessible market for exports from China given the prevalence of trade measures against China by other jurisdictions, and the geographic proximity of China to Australia.

## **7.6 Will dumping continue or recur?**

The commission considers that revoking the dumping duty notice would:

- not be likely to result in the selected and residual exporters exporting the goods to Australia at dumped prices
- be likely to result in uncooperative exporters continuing to export the goods to Australia at dumped prices.

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<sup>87</sup> Canadian International Trade Tribunal, '[Expiry review RR-2022-002, Stainless Steel Sinks](#)', 4 October 2023

<sup>88</sup> <https://trade-remedies.wto.org/en/antidumping/investigations/measures/mex-2113-chn-1>

<sup>89</sup> International Trade Administration Commission of South Africa, '[South Africa – Sunset review – anti-dumping duties on stainless steel sinks originating in or imported from the People's Republic of China and Malaysia](#)', 9 December 2020

<sup>90</sup> <https://trade-remedies.wto.org/en/antidumping/investigations/investigation/col-d215-40-92stainless-steel-1>

<sup>91</sup> D Lawder, '[US will not accept Chinese imports decimating new industries](#)', *Reuters*, 9 April 2024

<sup>92</sup> T Hunnicutt, S Holland and D Lawder, '[Biden calls for higher tariffs on Chinese steel](#)', *Reuters*, 18 April 2024.

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Chapter 7.6.1 sets out the commission's dumping margin findings for the review period.

Chapter 7.6.2 sets out the commission's discussion on previous dumping findings.

Chapter 7.6.3 sets out the commission's analysis of whether the revocation of the measures might result in future dumping of the goods by selected and residual exporters.

Chapter 7.6.4 sets out the commission's analysis of whether the revocation of the measures might result in future dumping of the goods by uncooperative exporters.

### 7.6.1 Dumping margin analysis

The Commissioner's preliminary finding is that only exporters within the 'uncooperative and all other exporters' category were dumping during the review period.

Table 24 summarises the commission's assessment of dumping during the review period relating to exports from China.

Exporter	Dumping margin
Dali	Negative 1.6%
Zhuhai Grand	Negative 10.9%
Rhine	Negative 11.8%
Residual exporters	Negative 5.5%
Uncooperative exporters	7.5%

**Table 24: Assessment of dumping in the review period**

As outlined in chapter 2.6.4, the commission received REQs from Primy (which included information on its related manufacturer, Dali), Zhuhai Grand and Rhine. As discussed in chapter 6.4, following on-site verification of Primy and Dali, the commission determined that Dali is the exporter, rather than Primy, and calculated a dumping margin for Dali.

The commission was able to use the exporters' data to assess whether exports from China were dumped during the review period.

### 7.6.2 Previous dumping assessments

Prior to this review and CON 646, the most recent assessment of whether the goods exported from China have been dumped was REP 517. REP 517 was the subject of findings by the Panel in DS603. The commission has not relied on the findings in REP 517, or the reports that preceded it, as a basis for determining whether dumping is likely to continue or recur.

Since the publication of REP 517, there have been no reviews or duty assessments where the commission has considered whether the goods exported from China are dumped.

### 7.6.3 Likelihood of future dumping – selected and residual exporters

The Commissioner found that the selected and residual exporters did not dump the goods during the review period. The Commissioner does not consider it likely that the revocation

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of the measures will lead, or be likely to lead, to the selected or residual exporters reducing their export prices to levels where they are dumping.

### Selected exporters

#### *Dali*

Noting Dali's dumping margin of negative 1.6% during the review period, the commission has considered whether, in the absence of measures, it is likely that Dali would export the goods at dumped prices. The commission notes the following factors:

- Historically Dali has been the highest volume exporter of the goods from China (including in every quarter since the measures were last continued)
- On a quarterly, duty-inclusive landed price assessment, Dali has been the lowest priced exporter in the Australian market more often than not since the measures were last continued
- Dali has maintained a stable customer base since the measures were last continued with more than 80% of sales to the same customer groupings
- The commission identified one importer who imported goods from both Dali and an uncooperative exporter, however the volume imported from both sources was immaterial
- The commission did not identify evidence to indicate that Dali's prices are significantly influenced by the behaviour of other exporters or the Australian industry
- While the aggregate quarterly FOB export prices of uncooperative exporters are lower than Dali, the price information for uncooperative exporters is limited and does not allow the commission to identify particular products for direct comparison purposes
- Irrespective of the limitations of ABF price data for price comparison purposes, the commission does not consider that the volume of exports from uncooperative exporters is sufficient to impact Dali's prices.

Based on these factors the commission does not consider that the revocation of the measures will lead, or be likely to lead, to Dali to reduce export prices to levels where they are dumped.

#### *Zhuhai Grand and Rhine*

The commission notes the negative dumping margins established for exports of the goods from these 2 exporters during the review period. Given the size of the negative dumping margins, in order for these 2 exporters to be dumping, a significant reduction in the export price is necessary. If this occurred, it would mean these 2 exporters had accepted a reduction in profits and consequently a detrimental impact on economic performance. The commission has not identified evidence to indicate this is likely to occur if the measures were to be revoked. Therefore, the commission is not satisfied that the revocation of the measures will lead, or is likely to lead, to dumping of the goods by these exporters.

### Residual exporters

Noting the significant variance in models of the goods and the respective price points, the commission undertook analysis of the 4 largest residual exporters, representing over 70%

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of the volume of exports by residual exporters. This analysis highlighted that these exporters had FOB prices ranging between 15% and 80% above the highest priced selected exporter.

The commission considers this analysis indicates that residual exporters are operating at a higher price point than other exports from China. For these goods to be dumped, there must be a significant reduction in the export price (without a corresponding reduction in their domestic selling price). The commission has not identified evidence to indicate that residual exporters are likely to reduce their export prices to such a degree as to accept a significant reduction in profits and consequently a detrimental impact on economic performance.

Based on the above, the commission is not satisfied that the revocation of measures will lead, or be likely to lead, to dumping of the goods by residual exporters.

### **7.6.4 Likelihood of future dumping – uncooperative exporters**

The commission's analysis of the available information relevant to exports of the goods by uncooperative exporters concludes it is likely that dumping in relation to these exports will continue.

The commission has preliminarily found that:

- uncooperative exporters have historically been the cheapest in the market at an FOB level
- because of the high effective rate of duty applying to uncooperative exporters, they are significantly more expensive than other exporters from China at a duty inclusive landed price
- uncooperative exporters have only been able to maintain low FOB prices relative to other exporters from China by dumping the goods.

Noting that only uncooperative exporters were found to be dumping during the review period, the commission has undertaken an analysis of prices in the Australian market to assist in its consideration about the likelihood of future dumping by uncooperative exporters.

In chapter 4.5 above, the commission analysed the composition of the Australian market for all imports of stainless steel sinks. That analysis indicated that the Australian market is dominated by imports from China, accounting for 80% of all stainless steel sinks sold (including the goods and non-subject sinks). Thailand accounted for around 11% and Australian industry 5%. Imports from a further 25 countries accounted for just 4% of the market.

Noting the dominance of imports from China, the commission has considered the likely effects of competition between Chinese exporters on export prices.

#### FOB price analysis

The commission considers that, in the absence of measures, uncooperative exporters will likely seek to maintain exporting at the lowest FOB export price and will continue dumping to do so.

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The commission used ABF import data to identify other countries of export other than China during the review period. Only Thailand, Italy and Germany exported statistically meaningful volumes of the goods, accounting for approximately 15% of imports of stainless steel sinks. The commission noted that the FOB prices for goods exported from Italy and Germany have been historically much higher than those from China, indicating that those goods are likely premium products sold into a less price sensitive segment of the market.

The commission compared quarterly FOB export pricing since 2019 for each of the 3 selected exporters against uncooperative exporters from China subject to the 'all other exporter' rate as well as against exports from Thailand, noting Thailand has maintained a reasonably stable market share over that time. The commission notes that the use of ABF import data has some limitations with respect to a product such as stainless steel sinks where there are a wide range of different product specifications with associated price differences. The commission considers however that the volume of exports for each exporter and exporter category is sufficiently large to rely on weighted average FOB prices for comparability purposes.

Since the first quarter of 2019, uncooperative exporters were the lowest priced exporters in the market approximately two thirds of the time. In aggregate terms over this period, uncooperative exporters were the lowest priced exporters when compared to all other Chinese exporters and exports from all other countries. Uncooperative exporters were on average 8% cheaper than the lowest priced selected exporter from China over that time, and around 23% cheaper than exports from Thailand.

Noting the pricing effect of duties on Chinese exporters, particularly as it relates to uncooperative exporters who are currently subject to 60.2% effective rate of duty (inclusive of both IDD and ICD), the commission also considered landed duty paid prices over the same period.

In aggregate terms over this period uncooperative exporters become less cost competitive due to the relatively high effective rate of duty – there are no quarters where uncooperative exporters are the lowest priced, and in aggregate terms uncooperative exporters are around 20% more expensive than exports from Thailand and the 2 cheapest selected Chinese exporters.

The commission's analysis clearly demonstrates that exports of the goods from uncooperative exporters are the cheapest in the Australian market when considered at an FOB level. The commission considers that uncooperative exporters have maintained the lowest FOB export pricing by dumping the goods. The commission therefore considers that in the absence of measures uncooperative exporters would likely continue to export at dumped prices.

### **7.7 Will material injury continue or recur?**

The Commissioner is not satisfied that the revocation of the measures would lead, or be likely to lead, to a continuation or recurrence of material injury that the measures were intended to prevent.

As noted in chapter 5, the commission has preliminarily found the Australian industry has experienced injury. As discussed in this chapter, the commission considers that this injury was caused by undumped imports of the goods from China and future undumped imports



of the goods from China would likely lead to injury continuing. There is not sufficient evidence to attribute this injury to dumping.

The commission notes that, in respect of dumped exports by uncooperative exporters (chapter 7.7.3):

- exports from uncooperative exporters accounted for only 5% of imports of the goods from China during the review period
- imports of goods from uncooperative exporters are predominantly between related parties who are in long standing commercial arrangements and
- the dynamics of the Australian market as observed during the review period would likely continue, with importers expected to continue sourcing from selected and residual exporters in significant volumes.

In reaching this view, the commission has assessed the likely price and volume effects in the absence of measures, as well as other factors likely causing injury to the Australian industry. These issues are discussed below.

The commission notes again that as noted in 7.6.2 above, the commission has not relied on the findings in REP 517, or the reports that preceded it, as a basis for determining whether dumping is likely to continue or recur. Accordingly the assessment in relation to injury caused by any dumping is based on findings of dumping in this review.

### **7.7.1 Pricing analysis**

The commission considers that exports from China are the price leaders for the goods in the Australian market. Chinese exports set prices for the goods, against which competitors, including the Australian industry, must compete.

As detailed in chapter 4.3 and 5.5, the Australian industry's deep drawn stainless steel sinks compete in 2 distinct market segments:

- The Australian industry competes with exporters at the OEM level of trade.<sup>93</sup> OEM sinks are produced by sink manufactures on behalf of importers who market their sinks in Australia under their own brand names.
- Secondly, the Australian industry is in direct competition with exporters of sinks from overseas in its sales of its own branded sinks to the retail / re-seller / distribution level of trade.<sup>94</sup> Through that particular level of trade it also competes for sales to end users such as the plumbing and commercial / construction sector and over the counter sales for sinks sold by retailers in the hardware store or show room floor settings.

The commission has undertaken a pricing analysis of undercutting in relation to each segment below.

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<sup>93</sup> Chapter 4.3

<sup>94</sup> Ibid

### OEM price undercutting

Chapter 5.4.2 details that the Australian industry's sales to OEM customers have increased since the measures were last continued and accounted for a significant proportion of the Australian industry's total sink sales by volume during the review period.

The commission identified 5 key MCCs relevant to the Australian industry's sales in the OEM segment. These 5 MCCs accounted for 97% of Australian industry's sales and around 87% of the verified exports of the 3 selected exporters, i.e. Dali, Rhine and Zhuhai Grand.

To assess the impact of the subject exports on the price of the Australian industry's OEM sinks, the commission compared (for the 5 MCCs) the prices of the Australian industry's OEM sinks to the duty inclusive FIS price paid by Australian importers who sourced the goods from the selected exporters.<sup>95</sup>

The commission observed that each of the selected exporters undercut the Australian industry for all MCCs across the review period. FIS prices of OEM sinks exported to Australia undercut the Australian industry's prices of sinks in the same MCC and to the same level of trade by between 10% and 51%, with an average weighted average rate of undercutting of 47% across all 5 MCCs. The commission notes that the level of price undercutting found in the review period relates to exports by the selected and residual exporters. Exports by these exporters were not dumped during the review. The assessment of material injury concerning undumped exports is discussed further below in chapter 7.7.4.

### Other market segments price undercutting

In addition to the OEM market segment, the commission examined the level of price undercutting in relation to the Australian industry's branded sink sales to the retail / re-seller / distribution level of trade.

To assess the likely impact of the subject exports on the Australian industry's prices in this segment the commission compared the prices of the Australian industry's branded sinks to the duty inclusive FIS price estimated paid by Australian importers who sourced the goods from the selected exporters.

The commission observed that the price paid by importers undercut the Australian industry's selling prices for their branded sinks in the range of between 30% and 70% during the review period. The commission notes that the level of price undercutting found in the review period relates to exports by the selected and residual exporters. The commission reiterates that the selected exporters were not found to have dumped during the review period. The assessment of material injury concerning undumped exports is discussed further below in chapter 7.7.4.

## **7.7.2 Sales analysis**

The commission considers that the revocation of the dumping duty notice will further enhance the competitive advantage of Chinese exporters over other participants in the

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<sup>95</sup> Chapter 7.6 describes the commission's construction of the FIS price.

market. This will likely place even greater price pressure on the Australian industry. Where the Australian industry is unable to compete on price it is likely that it will suffer lost sales volume and market share.

As detailed in chapter 5.4, the Australian industry's sales volume and market share declined during the review period, as well as more broadly since the measures were last continued. During the review period, subject goods imported from China made up around 36% of the total Australian stainless steel sinks market (including non-subject sinks).<sup>96</sup>

The commission notes that the market share for the goods within the total Australian stainless steel sinks market has also reduced since the measures were last continued. The reduction in market share has been taken up by imports of non-subject sinks from China, which during the review period accounted for around 43% of the Australian market. In total terms, sinks exported from China account for around 80% of the Australian market for stainless steel sinks.

The commission considers that the growth in market share for exports from China observed over the last 10 years, which has cemented Chinese exporters as the dominant suppliers to the Australian market, is a consequence of the price advantage enjoyed by Chinese exporters. As detailed in chapter 7.7.17.7.1, the commission observed significant levels of price undercutting by Chinese sinks subject to measures in both the OEM and branded segments of the Australian market. The commission notes that the observed levels of undercutting were inclusive of dumping duties (and countervailing duties where applicable).

### **7.7.3 Exports by uncooperative exporters**

The commission considers that the revocation of the measures is not likely to lead to the continuation or recurrence of material injury in relation to dumped goods exported by uncooperative exporters. This conclusion considers the following factors

- the volume of goods exported by uncooperative exporters
- the pattern of trade for the goods within the uncooperative exporter category
- market behaviour in circumstances where particular exporters' goods are subject to effective rates of duty that are significantly lower than other exporters.

#### Uncooperative exporter volumes

During the review period, imports of the goods from uncooperative exporters in China represented approximately 5% of the total imports of the goods from China.

As noted at 7.7.1, the primary competition for the Australian industry is with selected exporters. The commission has not identified evidence to suggest that the volume of imports from uncooperative exporters is likely to cause material injury to the Australian industry.

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<sup>96</sup> Confidential Attachment 1 – Australian Market 'Volume Analysis'.

Pattern of trade

To assess the potential impact of imports from uncooperative exporters, the commission considered the pattern of trade for imports from these exporters spanning a 5 year period.<sup>97</sup> The commission found imports of goods from uncooperative exporters are predominantly between related parties who are in long standing commercial arrangements.<sup>98</sup> The sum of the unit FOB prices and import duties paid by the importers were comparable to the price the Australian industry offers its goods for sale, or higher than other exporters who have lower anti-dumping tariffs.<sup>99</sup> Despite the presence of cheaper alternatives, the importers had not changed supplier. Nor had the supplier exported the goods to any other Australian importer.

In conclusion, price does not appear to be a factor in the arrangements between related parties within the uncooperative exporter category. It is reasonable to infer that other factors are driving the long term commercial arrangements that appear to be in place. If it was likely that price was the predominant factor in purchasing decisions, such that the importer would switch to an unrelated party supplier whose goods were cheaper, the commission would expect to observe a change in the patterns of trade. This was not the case.

The commission has not identified evidence to indicate that trading of the goods between related parties in the uncooperative exporter category has caused material injury to the Australian industry or would be likely to lead to material injury to the Australian industry should the trading continue.

In relation to imports from other suppliers in the uncooperative exporter category who do not appear to have such long standing arrangements, the commission found a proportion of these import volume had prices that were below Australian industry prices. The volume relevant with this observation represents less than 0.5% of all imports of the goods from China during the review period.<sup>100</sup> The commission has not identified evidence to indicate these volumes would be likely to lead to material injury to the Australian industry.

Effective rates of duty

The commission has also examined exports by certain residual exporters in this inquiry who, since CON 517, have been subject to measures in the form of a floor price.<sup>101</sup>

The commission has observed in relation to these exporters that, since CON 517:

- these exporters continued to export to the same importer customers
- export volumes for these exporters have remained broadly consistent
- the effective rate of dumping duty paid on imports from these exporters was 3%, which is significantly less than the effective rate of duty on all other subject goods

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<sup>97</sup> See Tables 1, 2 and 3 in Confidential attachment 1 – Australian market ‘7.8 DSN 94 analysis’

<sup>98</sup> This equates to about 80% of imports within uncooperative category or about 3% of all imports of the subject goods from China during the inquiry period. See Confidential Attachment 1 – Australian market

<sup>99</sup> Australian industry prices were adjusted to offset the cost of ocean freight, marine insurance and importation expenses.

<sup>100</sup> See Table 4 in Confidential attachment 1 – Australian market ‘7.8 DSN 94 analysis’

<sup>101</sup> The exports are not subject to a fixed rate of duty and dumping duty is only payable if the export price of goods is below the floor price.

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- these exporters could have reduced their export price without attracting further dumping duty but chose not to.<sup>102</sup>

The observations detailed in the above points demonstrate that in the 4 years since CON 517, exporters that were subject to a significantly lower rate of duty compared to all other exporters had a competitive advantage in the Australian market. Despite holding this competitive advantage, exporters with a floor price form of measure did not increase their export volume and market share. The commission considers the observation concerning exporters who currently have the floor price form of measure further supports the conclusion that removal of measures on uncooperative exporters is not likely to lead to material injury to the Australian industry.

### 7.7.4 Undumped goods from China

The commission finds that Australian industry will likely continue to experience material injury, however that injury would be attributed to the likely continuation of significant volumes of undumped goods into the Australian market.

The commission notes that 95% of the goods exported to Australia from China during the review period were not dumped. Additionally, and in terms of the total size of the Australian market for stainless steel sinks, exports from uncooperative exports accounted for only 5% of the market. In this context the commission is not satisfied that the price injury experienced by Australian industry during the review period can be attributed to this volume of dumped goods.

If the measures were to be revoked in relation to uncooperative exporters, the commission considers the dynamics of the Australian market as observed during the review period would likely continue. That is, the overwhelming majority of imports into the Australian market will continue to be sourced from the selected and residual exporters (at undumped prices) who currently account for around 95% of exports of the goods from China. It is the undumped imports from these exporters that will be the primary point of competition for the Australian industry and the likely cause of any material injury experienced by the Australian industry.

### 7.7.5 Other injury factors

#### Imports from other sources

As detailed in chapter 7.7.1, the commission identified countries other than China exporting stainless sinks during the review period. The commission identified Thailand as the only country exporting significant volumes of low priced sinks. The commission established that Thailand has maintained a market share of around 11% since the measures were last continued on exports from China. Further, the landed price of exports from Thailand over that time have closely aligned with 2 of the selected exporters, including the largest exporter by volume.

While the commission cannot calculate MCC-based price undercutting for exports from Thailand due to limitations in ABF import data, the commission considers that it is reasonable to extrapolate the likely levels of price undercutting by using the largest

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<sup>102</sup> Confidential attachment 1 – Australian market ‘7.8 DSN 88 and 89 analysis’

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Chinese exporter by volume as a proxy for Thai exporters (noting that landed pricing for this exporter and the aggregate for all Thai exporters is closely aligned since measures were last continued). The levels of undercutting for this exporter ranged between 26% and 51% at an MCC level. The commission considers it likely that the Australian industry is being undercut by exports from Thailand in this range. The commission considers such levels of undercutting would place further downward pressure on the Australian industry's prices and expose the Australian industry to the prospect of lost sales volumes and reduced market share.

The commission considers that low priced exports from Thailand may be an additional source of injury to the Australian industry.

### Imports of other stainless steel sinks/change in consumer preferences

At chapter 4.5 the commission identified that the largest market share in the Australian stainless steel sink market is held by exporters of sinks from China that are not subject to measures. The market share for these other Chinese sinks has risen from around 33% when measures were last continued to around 43% during the review period. Coincident with this increase in market share is a fall in market share for the Australian industry, subject goods from China and stainless steel sinks from countries other than China.

The commission considers it likely that purchasers of stainless steel sinks have increasingly favoured non-subject sinks over the goods subject to measures and like goods produced by the Australian industry, and this has contributed to the reduced sales volume and market share experienced by the Australian industry.

Further to this is the commission's observation that the Australian industry's sales volumes of branded sinks in the last 2 years have declined at a significantly greater rate than its sales volumes of lower priced OEM sinks. OEM sinks sales have grown as a proportion of the Australian industry's sales from when measures were last continued. The commission considers that with the cost-of-living pressures that emerged following the pandemic, more consumers may be opting for a lower priced option rather than the more expensive branded offering.

## 8 PROPOSED RECOMMENDATIONS

The Commissioner proposes to recommend that the Minister revokes the dumping duty notice applying to deep drawn stainless steel sinks exported to Australia from China. The Commissioner proposes to recommend under section 269ZDA(1)(a)(ii) that the dumping duty notice on the goods from China be revoked generally.

The Commissioner's proposed recommendation, in accordance with subsection 269ZDA(1A)(b), is on the basis that the Commissioner **is not** satisfied as a result of the review that revoking the dumping duty notice on deep drawn stainless steel sinks exported to Australia from China would lead, or be likely to lead to a continuation of, or a recurrence of, dumping and the material injury that the measures are intended to prevent.

The Commissioner proposes to recommend that the Minister **declare** in accordance with subsection 269ZDB(1)(a)(ii), that the dumping duty notice is taken to have been revoked in relation to exporters generally.

The Commissioner further proposes to recommend that, if the Minister accepts the recommendation to revoke the dumping duty notice, the Minister's decision take effect from 25 June 2024, being no earlier than the date of publication of the notice under section 269ZC of the Act indicating the Commissioner's proposal to undertake the revocation review.<sup>103</sup>

The effect of the proposed recommendations would be that the dumping duty notice would not apply to the goods entered for home consumption on and after 25 June 2024. If this recommendation is accepted by the Minister, importers that have paid interim or final duties in relation to the dumping duty notice on and after 25 June 2024 would be eligible for a refund.

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<sup>103</sup> All legislative references in this report are to the *Customs Act 1901*, unless otherwise specified.

**9 APPENDICES AND ATTACHMENTS**

<b>Confidential Attachment 1</b>	Australian market
<b>Confidential Attachment 2</b>	Economic condition
<b>Confidential Attachment 3</b>	Stainless Steel Price Assessment
<b>Confidential Attachment 4</b>	Dali – Export Price
<b>Confidential Attachment 5</b>	Dali – CTMS
<b>Confidential Attachment 6</b>	Dali – Normal Value
<b>Confidential Attachment 7</b>	Dali – Dumping Margin
<b>Confidential Attachment 8</b>	Rhine – Export Price
<b>Confidential Attachment 9</b>	Rhine – CTMS
<b>Confidential Attachment 10</b>	Rhine – Normal Value
<b>Confidential Attachment 11</b>	Rhine – Dumping Margin
<b>Confidential Attachment 12</b>	Zhuhai Grand – Export Price
<b>Confidential Attachment 13</b>	Zhuhai Grand – CTMS
<b>Confidential Attachment 14</b>	Zhuhai Grand – Normal Value
<b>Confidential Attachment 15</b>	Zhuhai Grand – Dumping Margin
<b>Confidential Attachment 16</b>	Residual exporters – Dumping Margin
<b>Confidential Attachment 17</b>	Uncooperative rate analysis
<b>Confidential Attachment 18</b>	Uncooperative exporters – Normal Value
<b>Confidential Attachment 19</b>	Uncooperative exporters – Dumping Margin
<b>Confidential Attachment 20</b>	Price undercutting analysis
<b>Confidential Attachment 21</b>	Future dumping analysis
<b>Confidential Attachment 22</b>	Common customer analysis