



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Australian industry verification report

Verification and case details

Initiation date	6/05/2024	ADN	2024/028 and 2024/039
Case number	646 and 652		
The goods under consideration	Deep Drawn Stainless Steel Sinks		
Case type	Continuation Inquiry		
Australian industry	Oliveri Solutions Pty Ltd		
Location	51 Naweena Road, Regency Park, South Australia		
Verification from	16/07/2024	to	18/07/2024
Inquiry period	1/04/2023	to	31/03/2024

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

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Introduction

Oliveri Solutions Pty Ltd (**Oliveri**) provided data to the Anti-Dumping Commission (**the commission**) in relation to Continuation Inquiry 646 (**case 646**) and Review of Measures 652 into Deep Drawn Stainless Steel Sinks from the People's Republic of China (**China**).

A verification team (**team**) has verified whether the data Oliveri submitted is complete, relevant, and accurate for use in case 646. [Anti-Dumping Notice \(ADN\) 2016/30](#) describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where Oliveri or the team materially revised the submitted data, this report outlines the nature, extent, and outcomes of these revisions.

The team prepared this report to publish on the electronic public record for case 646.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (Cth) (**the Act**).¹

¹ All legal citations in this report are to the Act unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

Oliveri, who is the sole member of the Australian industry, is a private company with its head office and manufacturing facilities at Regency Park, South Australia. Oliveri was formerly known as Tasman Sinkware Pty Ltd prior to December 2018.

Oliveri is owned by Fletcher Building Limited, a publicly listed company on the Australian and New Zealand stock exchanges. It forms part of the Australia Division of Fletcher Building Limited.

1.2 Related parties

The team examined the relationships between the Australian industry and parties involved in the production and sale of the goods.

1.2.1 Related customers

During the inquiry period, Oliveri sold deep drawn stainless steel sinks to a related company within the Fletcher Building group.

2 Like goods manufactured in Australia

2.1 Manufacturing in Australia

The team is satisfied Oliveri is the sole Australian manufacturer of stainless steel sinks produced by the deep drawing process.

In addition to its production of deep drawn stainless steel sinks, the Australian industry sources and distributes a range of sinks, taps, water filter systems and bathroom products.

2.1.1 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.

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 goods.

2.2 Model control codes

Exception 1: MCC data

Description: The sales listing provided with the application did not include MCC data.

Resolution: The Australian industry provided during verification a product code specification data set which included MCC for like goods sold by the Australian industry.

The team is satisfied, with the revision outlined in the exception above, the sales and costs data the Australian industry submitted follows the model control code (**MCC**) structure detailed in ADN 2024/28 and 2024/039.

2.2.1 Amendments to model control codes

After comparing prices of different models of the goods, the team does not recommend amending the MCC structure.

2.3 Verification of model control codes

Table 1 below provides detail on how the MCC sub-categories were determined and verified to source documents.

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Category	Determination of the sub-category
Number of Bowls	The team matched product codes in the sales and costs listings with data in the Product Code Specification Code spreadsheet provided by the Australian industry during verification. The team compared selected product codes against the Australian industry’s online catalogue and confirmed MCC sub-categories matched the physical attributes.
Number of Drainer Boards	
Total Sink Capacity (Litres or "L")	

Table 1: MCC sub-category determination

2.4 Like goods

Like goods are defined under section 269T(1) of the Act 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 team considers that deep drawn stainless steel sinks manufactured by the Australian industry are identical to, or have characteristics closely resembling, the goods exported to Australia, as:

- the primary physical characteristics of the goods and locally produced goods are similar, with both made from stainless steel through a deep drawing process
- the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market
- the goods and locally produced goods are functionally alike with similar end uses
- the goods and locally produced goods are manufactured in a similar manner.

2.5 List of all model control codes

The Australian industry produced and sold like goods with the following MCCs during the inquiry period:

Sales MCC	
1BWL0DBA	2BWL0DBB
1BWL0DBB	2BWL0DBC
1BWL0DBC	2BWL1DBA
1BWL1DBA	2BWL1DBB
1BWL2DBA	2BWL1DBC
1BWLRODBA	2BWL2DBB
2BWL0DBA	2BWL2DBC

Table 2: List of MCCs sold during inquiry period

2.6 Like goods assessment

The team is satisfied that:

- deep drawn stainless steel sinks manufactured by the Australian industry are like to the goods²
- at least one substantial process of manufacture of the deep drawn stainless steel sinks is carried out in Australia³
- the like goods were, therefore, wholly or partly manufactured in Australia by the Australian industry⁴
- there is an Australian industry, consisting of Oliveri, which produces like goods in Australia.⁵

² Section 269T(1) (definition of 'like goods').

³ Section 269T(3).

⁴ Section 269T(2).

⁵ Section 269T(4).

3 Australian market

3.1 Australian market background

Oliveri is the only manufacturer of like goods in Australia. Australian manufactured goods make up a small proportion of the total Australian market for the goods. Chinese imported sinks (both the goods and other stainless steel sinks) imported by companies based in Australia make up the majority of the remainder of the Australian market. Small amounts of stainless steel sink imports originate from Thailand, Germany, Italy, Switzerland, and New Zealand. China is the only country subject to measures in respect of the goods.

3.2 Australian market structure

3.2.1 Marketing segmentation and end uses

The Australian industry confirmed during the verification visit that the end use of the goods has remained consistent with the last inquiry into the goods, *Continuation 517 (CON 517)*, i.e. as fixtures in residential and commercial installations in kitchens, bathrooms, and laundry rooms. The Australian industry explained that market segmentation is also consistent with CON 517, with key market segments divided into:

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

Oliveri-branded sinks and OEM sinks

Australian produced deep drawn stainless steel sinks are broadly divided into 2 types: Oliveri-branded sinks and original equipment manufacturer (**OEM**) sinks (also referred to as retailer-branded sinks). Oliveri-branded sinks are the Australian industry premium range, whereas OEM sinks are positioned at the lower end of the price point range of like goods offered by the Australian industry. OEM products are made exclusively for particular customers which are then marketed as the customer's own brand. This includes sales to the Australian industry's related customer.

3.2.2 Distribution arrangements

Consistent with CON 517, the Australian industry manufactures like goods at its factory in Regency Park, South Australia. The goods are then packaged and sent to distribution centres located across Australia and in Auckland.

3.2.3 Supply

The Australian industry is a wholesale manufacturer that does not sell directly to the public. It has 3 channels through which it supplies the market:

- retail – where customers on-sell the goods to the public or to end users that use sinks in their specific applications (i.e. individual home construction or renovations)
- commercial – where customers place specific orders for the goods in relation to a particular project (i.e. high-rise buildings or residential developments)
- retail exclusive – where customers purchase goods made exclusively for that customer and which are marketed as the customer's own brand, i.e. OEM products.

3.2.4 Demand

The Australian industry confirmed that demand for the goods is driven primarily by residential and non-residential building construction and home renovation in Australia.

Figure 1 shows a comparison of the total volume of all stainless steel sinks imported and manufactured in Australia with the total value of building construction starts (both residential and non-residential and including renovations) in Australia between April 2019 and March 2024 (**the injury period**). The team considers there is a reasonable correlation between demand in the Australian stainless steel sink market and Australian building construction over the injury period, with sink imports lagging slightly behind construction starts.

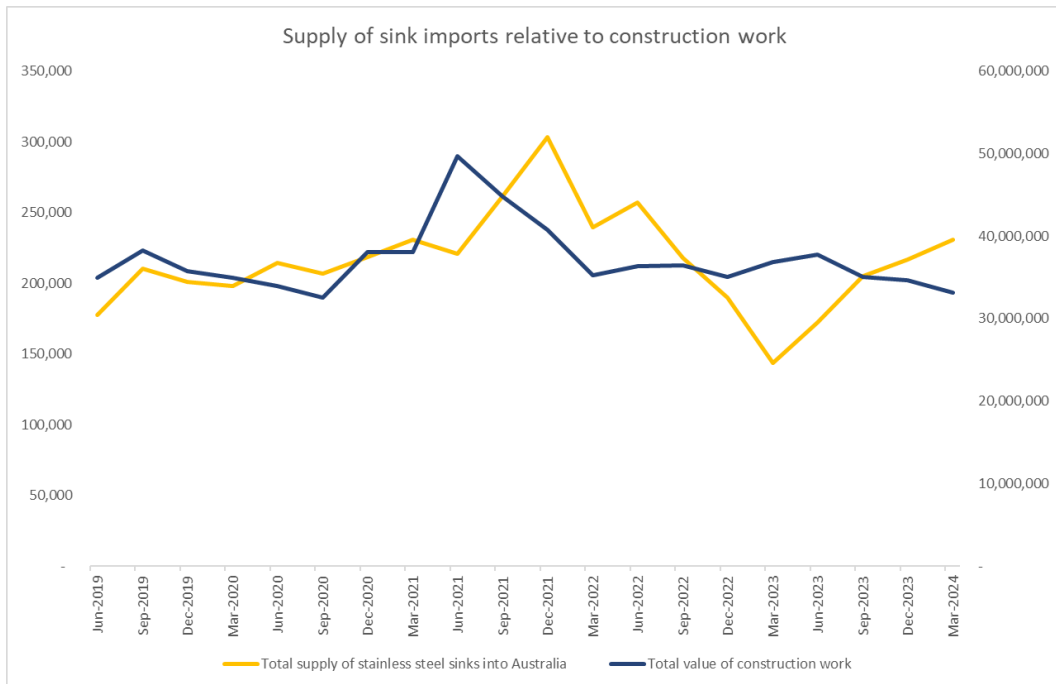


Figure 1: Australian building construction and stainless steel sink market April 2019 to March 2024⁶

Consistent with CON 517, the team 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.

COVID-19 pandemic

During verification, the Australian industry advised the team that its sales increased at the beginning of the pandemic, due to an increase in renovations and rebuilding of existing properties in Australia. The Australian industry also noted during verification that its sales had been affected with the commencement of interest rate rises by the Reserve Bank of Australia, starting in May 2022.

⁶ 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

The Australian industry's views broadly correspond with the change in demand in residential construction depicted in Figure 1, where demand drops significantly starting June 2021 then stabilising a year later, before once again declining as interest rates started to rise.

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

3.4 Australian market size

The Australian industry provided the team its sales data from April 2019 to March 2024. It has 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 Australian market for the goods.

The team notes that the ABS data contained not only imports of the goods, but also imports of all other stainless steel sinks into Australia. The team has therefore used the sales data provided by the applicant and import data from the Australian Border Force (**ABF**) import database instead to determine the size of the Australian market for the goods and like goods. The team notes that the ABF data does not differentiate between the goods and other stainless steel sinks imported into Australia, except for goods coming from China (which are subject to measures). Therefore, the team has examined the market share of goods produced in Australia and goods imported from China with all other imported stainless steel sinks, regardless of the country of export.

Noting the above, Figure 2 below shows the relative size of the Australian market year-on-year from April 2019 to March 2024, as well as the share of sales of like goods manufactured in Australia compared with imported goods from China, other imported stainless steel sinks (which are not the goods but may include deep drawn stainless steel sinks) and stainless steel sinks imported by Australian industry.

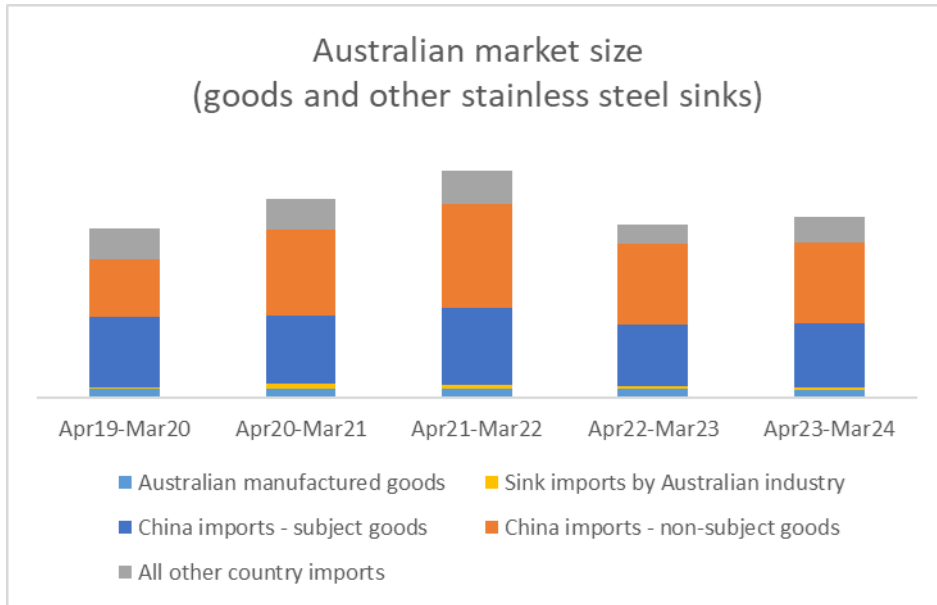


Figure 2: Australian market size April 2019 to March 2024⁷

The Australian market grew across the first three years of the injury period, however declined in the year ending March 2023. There was a small increase in the market during the inquiry period, however the total market size remains below the peak achieved in the year ending March 2022.

⁷ Confidential Attachment 1 – Verification work program – Australian Market

4 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the sales listings the Australian industry submitted are complete and relevant by reconciling them to the audited financial statements for Oliveri's parent company, Fletcher Building Limited, consistent with ADN 2016/30. Oliveri does not produce its own audited reports but reports as part of the Australian division of Fletcher Building.

The team verified the relevance and completeness of the sales data as follows:

1. The team reconciled the reported revenue in the 2022-2023 Fletcher Building Limited audited report for the Australian division to the Profit and Loss (**P&L**) for Oliveri after deducting the reported revenue for other businesses in the Australian division.
2. The team reconciled revenue for 2022-23 financial year to revenue for the inquiry period reported in the profit and loss statement by excluding sales for the period not relating to the inquiry (July 2022 to March 2023) and including sales after the financial year that completes the inquiry period (July 2023 to March 2024)
3. The team compared revenue for the inquiry period to sales transaction listing, which included all sales by Oliveri. There was a small variance which the team considered immaterial.
4. The team examined the allocation of like goods and other products in Oliveri's sales transaction listing. The team compared subtotals for each category in the listing to subtotals provided in the accounting system and was satisfied with the allocation.

The team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1 Sales completeness and relevance exceptions

Exception 2: Data for the full inquiry period

Description: The Australian industry's application included data for the period December 2022 to November 2023. The inquiry period for Case 646 is April 2023 to March 2024.

Resolution: The Australian industry provided additional data for the December to March 2024 period.

Exception 3: Audited accounts

Description: As the Australian industry does not prepare its own audited accounts, the Australian industry provided data to reconcile its sales for the inquiry period up to its profit and loss statement.

Resolution: The team obtained additional data from the Australian division of the Australian industry's parent company, Fletcher Building Limited, regarding revenue from other business units within the Australian division. This enabled the team to reconcile the Australian industry's sales revenue up to the audited financial statements of Fletcher Building Limited.

4.2 Import sales by company

The Australian industry reported sales of imported goods for both its domestic and export sales. This information was verified as part of the upwards verification. The Australian industry does not import the sinks which are the subject of anti-dumping measures.

4.3 Export sales by company

The Australian industry provided a separate sales listing for all of its export sales. This information was verified as part of the upwards verification.

4.4 Sales completeness and relevance finding

The team is satisfied that the sales data the Australian industry submitted is complete and relevant, including any revision outlined in the exceptions above.

5 Verification of sales accuracy

The commission typically verifies sales as accurate by reconciling a selection of volume, revenue, and other key data in the sales listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the export and domestic sales listings the Australian industry submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team did not identify any issues. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

5.1 Related party customers

The team observed that the Australian industry sold deep drawn stainless steel sinks to related customers.

The team analysed the prices for unrelated and related customers and did not find evidence of price discrimination between related and unrelated customers and consider the sales to related customers to be arms length.

The team is satisfied that the Australian industry's selling prices for deep drawn stainless steel sinks to related customers can be relied upon in the assessment of the economic condition of the Australian industry.

5.2 Sales accuracy finding

The team is satisfied that the sales data the Australian industry submitted is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Accordingly, the team considers the Australian industry's sales data suitable for analysing the economic performance of its deep drawn stainless steel sink operations for the inquiry period.

6 Verification of CTMS completeness and relevance

The commission typically verifies cost to make and sell (**CTMS**) as complete and relevant by reconciling the total cost to make (**CTM**) and selling, general and administrative (**SG&A**) expenses in cost listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the CTM and SG&A listings the Australian industry submitted are complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

The team verified the relevance and completeness of the cost data as follows:

1. Reconciled the gross margin in Oliveri's 2023 P&L statement to the reported Australian division gross margin specified in the audited financial statements of Oliveri's parent company, Fletcher Building Limited.
2. Using internal management reports generated from Oliveri's accounting system, adjusted for the timing difference between the cost of goods sold reported in Oliveri's 2023 P&L statement and the inquiry period.
3. Adjusted for reported opening and closing inventories to determine the CTM during the inquiry period.
4. Allocated CTM between the goods subject of the inquiry and other products based on internal management reports generated from Oliveri's accounting system.

The team verified the relevance and completeness of the SG&A data as follows:

1. Reviewed the basis of and tested the calculations used to apportion SG&A costs between the goods subject of the inquiry and other goods sold by Oliveri.
2. Reconciled the SG&A costs to the accounting system management report generated by Oliveri to calculate the listed SG&A costs.
3. Reconciled the accounting system management report to the relevant costs reported in the Oliveri P&L statement for a quarter of the inquiry period.

The team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

6.1 Exceptions during verification of completeness and relevance of CTMS data

Exception 4: Exception prior to verification of CTM data

Description: Prior to the verification, the team requested the Australian industry to submit a revised CTM listing to provide additional data.

Resolution: The Australian industry provided a revised CTM listing prior to commencing the verification.

Exception 5: Exception during verification of completeness and relevance of CTM data

Description: The team could not reconcile the upwards verification data provided by the Australian industry prior to verification to audited financial statements.

Resolution: The Australian industry provided a revised reconciliation and further internal management reports to enable the team to complete the upwards reconciliation.

Exception 6: Exception during verification of completeness and relevance of SG&A data

Description: The team identified some errors in the allocation of SG&A costs to the dates specified in the management report used to calculate SG&A costs.

Resolution: The Australian industry provided revised SG&A costs with correct dates.

6.2 CTMS completeness and relevance finding

While noting there was a small discrepancy identified during the upwards reconciliation, the team is satisfied that the CTMS data provided in the application by the Australian industry, including any required amendments as outlined above, is sufficiently complete and relevant for assessing the economic performance of Australian industry.

7 Verification of CTMS accuracy

The commission typically verifies CTMS as accurate by reconciling a selection of volume, cost and other key data in the CTM and SG&A listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the CTM and SG&A listings the Australian industry submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team identified the issues outlined below. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**

7.1 CTMS accuracy exceptions

Exception 7: Raw material costs

Description: Raw material costs were recorded at standard costs.

Resolution: The Australian industry provided a revised CTM listing which included an adjustment for the difference between the standard cost of raw materials and the actual cost of raw materials used.

Exception 8: Scrap sales offset

Description: Sales of scrap metal from production were not offset against raw material costs.

Resolution: The Australian industry provided a revised CTM listing which included an offset for revenue derived from scrap metal sales.

Exception 9: Allocation of manufacturing labour and overhead costs

Description: Manufacturing labour costs and overhead costs were fully allocated to the manufacture of the goods.

Resolution: The Australian industry submitted a new CTM listing which included a revised allocation of manufacturing labour costs and overhead costs.

7.2 Cost allocation method

Table 3 outlines how the team allocated each cost component.

Cost component	Method applied
Raw materials	Allocated based on the actual cost of raw materials consumed in the relevant period to produce the goods. This calculation included an adjustment based on the difference between the standard cost of raw materials consumed and the actual cost of raw materials consumed to ensure that raw material costs reflected actual costs.
Scrap offset	Allocated based on the actual net scrap revenue received during the relevant period.
Direct labour	Allocated based on the proportion of actual labour costs in the manufacturing cost centre relevant to the manufacture of the goods during the relevant period.

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Manufacturing overhead	Allocated based on the proportion of actual overhead costs in the manufacturing cost centre relevant to the manufacture of the goods during the relevant period.
Depreciation	Allocated based on depreciation expense incurred in the manufacturing cost centre for the relevant period.
Variance	See raw materials above.
Unit cost of manufacture	The per unit cost to manufacture was derived based on production volumes during the relevant period.

Table 3: Cost allocation method

7.3 Related party suppliers

Apart from shared services provided by the parent company, there were no purchases from related parties. The team verified that the Australian industry paid intercompany recharges for these shared services and that these recharges were reflected in the CTMS listing. The shared services were not material in nature or value.

7.4 CTMS accuracy finding

The team is satisfied that the CTMS data the Australian industry submitted is accurate and reasonably reflects the costs associated with the manufacture and sale of the goods, including any revision outlined in an exception above.

8 Economic condition

8.1 Background

Dumping and countervailing measures were first applied to deep drawn stainless steel sinks exported to Australia from China on 25 March 2015 (ADN 2015/41 refers) and were then amended on 28 February 2020 as a result of CON 517.

An assessment as to whether the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the anti-dumping measure is intended to prevent involves a consideration of future outcomes based on an evaluation of the present position. To assist with that assessment, this chapter considers the economic condition of the Australian industry from April 2019, which is the first full quarter following the previous continuation of the measures, using data provided by the Australian industry. The team has compiled the figures presented on an annual basis for years ending March. This preliminary assessment is at **Confidential Appendix 1**.

8.2 Applicant's injury claims

In its application, the Australian industry submits that if the measures are not continued, the lower price of exports from China would lead to an increase in Chinese export volumes to Australia, resulting in a recurrence or continuation of material injury in terms of lost production volumes, lower revenue, and lower profitability for Australian industry.

The Australian industry further submits that Australian industry is already under pressure to reduce prices to maintain market share, directly contributing to injury in the form of price suppression and/or price depression.

In addition to the above, the Australian industry claims it has suffered injury in the form of:

- reduced revenue
- reduced capacity utilisation
- reduced employment.

8.3 Approach to injury analysis

The injury analysis detailed in this chapter is based on:

- The Australian industry's verified sales data
- The Australian industry's verified CTMS data
- The Australian industry's other injury factors data
- data from ABF import database.

In the previous continuation inquiry, CON 517, the commission found that the Australian industry's sales of its OEM sink ranges were materially relevant to the economic condition of the Australian industry. During the inquiry period, the Australian industry confirmed production of its OEM sink range represents a significant proportion of the total volume of like goods manufactured by the applicant, which has been increasing each year. In its application, the Australian industry stated that should its OEM customers shift away from Australian production to Chinese imports, it would prompt the Australian industry to review the viability of continued production within Australia.

The average selling price for OEM sinks is driven by the Australian industry’s customers, who base their purchasing decisions on price and compare the Australian industry price against that available from Chinese exporters.

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

8.4 Volume effects

8.4.1 Injury claims relating to volume

The Australian industry claims it has maintained market share over the last 7 years but has to limit price rises in order to compete with Chinese imports, which have increased over this time. The Australian industry submits that if the measures are not continued, the resulting lower price of exports from China would lead to an increase in Chinese export volumes to Australia. The Australian industry would have to reduce prices to maintain market share or otherwise suffer a decrease in sales volume.

8.4.2 Sales volume and market share

Table 4 below depicts an index of the Australian industry’s 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
Volume	100	107	107	97	92
Market share	100	96	82	94	88

Table 4: Index of the Australian industry’s sales of the goods, compared to YE Mar 2020

Consistent with the Australian industry’s claims, the team found that the sales volume of Australian manufactured like goods has declined compared to the year ending March 2020.

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 inquiry period.

If the Australian industry’s sales are separated into OEM and Oliveri-branded sales, as depicted in Table 5 below, the sales volume of Oliveri-branded sinks has declined, particularly since April 2022. Sales of OEM sinks increased until the year ending March 2022 but have declined since.

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

Table 5: Index of the Australian industry’s sales of the goods, by range type

Figure 3 below shows the sales volume trends for 4 selected ranges sold by the Australian industry since April 2019. The team consider these sinks are representative of the 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 over an extended period of time.

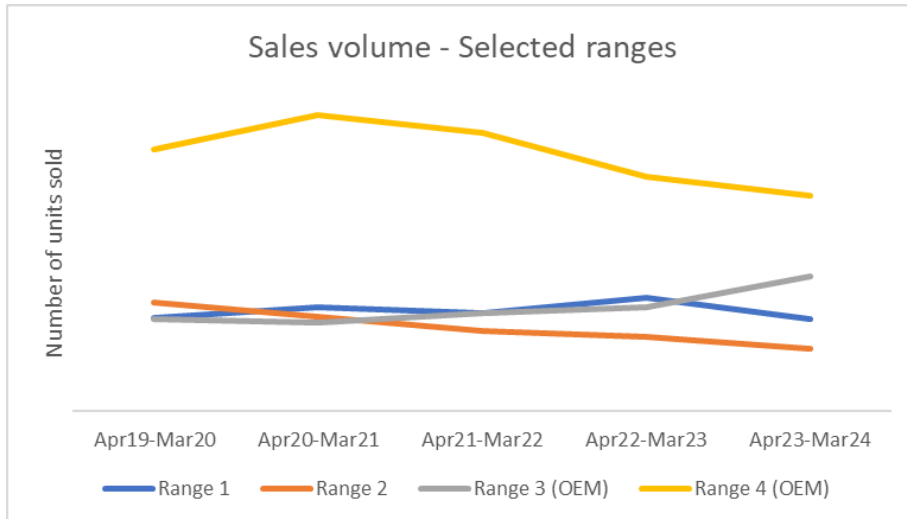


Figure 3: Sales volume of the Australian industry manufactured like goods – selected ranges

The volumes of most ranges have decreased over the period, with the exception of Range 3, which is an OEM brand.

Based on this analysis, the team considers that the Australian industry has experienced injury in the form of lost sales volume and market share over the period of analysis. This loss of volume has been most pronounced in relation to Oliveri-branded products, however, there has been a decline in OEM products in recent years. Despite the overall increase in sales of OEM products since the measures were last continued, the increase in OEM sales has not made up for the decline in sales volume of Oliveri-branded products.

8.5 Price effects

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

8.5.1 Injury claims relating to price

The Australian industry claims that Australian industry is under pressure to reduce prices to maintain sales volumes and market share, and that this contributes to injury in the form of price suppression and/or price depression. The Australian industry claimed in its application that it has lowered the average selling price of its like goods since 2015 to stay competitive.

8.5.2 Price depression

The Australian industry provided evidence in its application that the average selling price of its like goods has decreased since 2015. Figure 4 below sets out the Australian industry's average unit net selling price over the last 10 years, using data from the previous continuation inquiry (it should be noted that the previous inquiry examined data based on financial year rather than year-ending March).

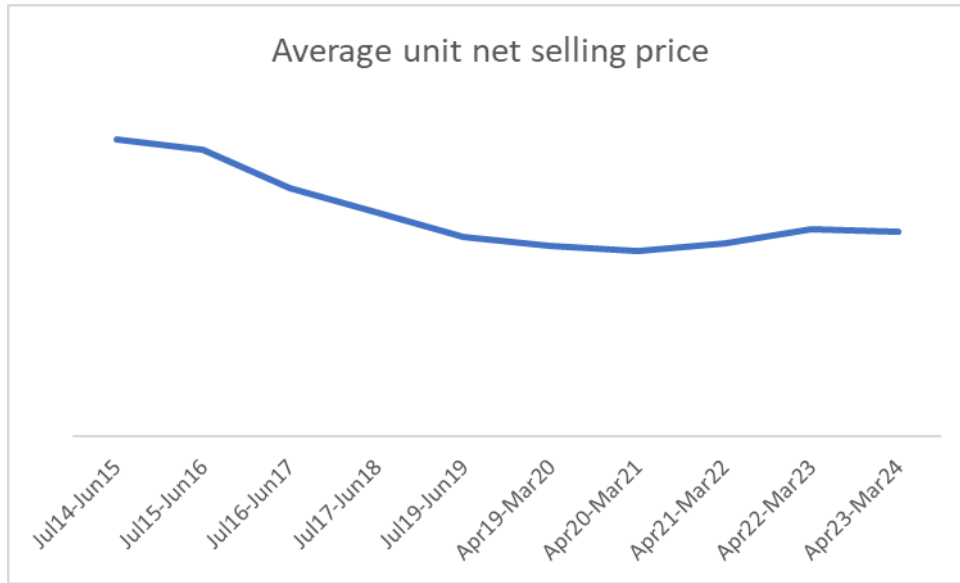


Figure 4: Average unit net selling price – 10-year period

This analysis indicates that over the last 10 years prices have fallen but have been comparatively stable in the last 5 years.

The team examined the net selling price on a per-unit basis for the period April 2019 to March 2024 for Oliveri-branded and OEM sinks, as well as the weighted average unit selling prices for all sales. The team’s analysis is shown in Figure 5 below.

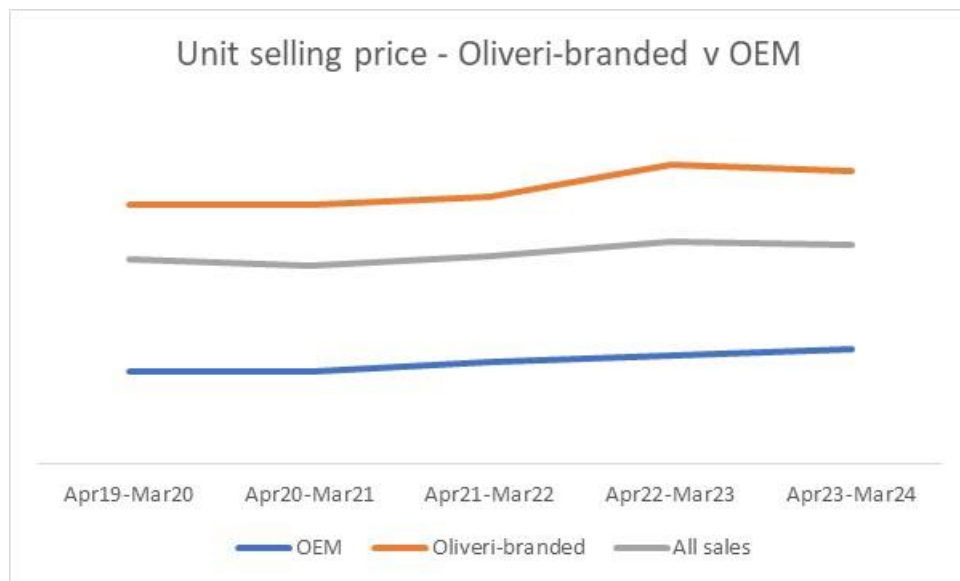


Figure 5: Unit net selling prices – the Oliveri-branded sinks vs OEM sinks

Figure 5 shows that:

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

The decline in the unit selling price across the entire range during the inquiry period can be attributed to both the fall in prices of Oliveri-branded sinks, as well as the increase in the proportional volume of sales of lower priced OEM sinks (as detailed in Table 5). The Australian industry’s trend toward the sale of a greater proportion of OEM sinks impacts on its profitability through reduced revenue at the same rate of production output.

While noting a small increase in price in relation to OEM sinks during the inquiry period, the team considers that the Australian industry has experienced injury in the form of price depression in relation to its branded ranges as well as when all sales are aggregated.

8.5.3 Price suppression

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

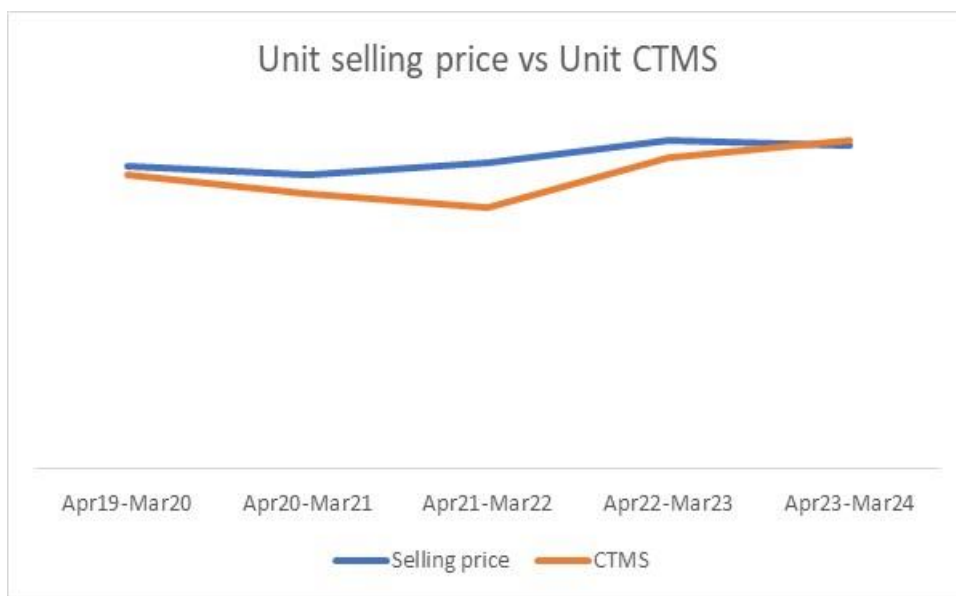


Figure 6: Unit net selling prices and Unit CTMS

Figure 6 shows that the Australian industry enjoyed an increasing margin between unit selling prices and unit CTMS until March 2022, however after that time the Australian industry was unable to increase selling prices in line with increasing costs. During the inquiry period the Australian industry’s selling prices declined despite ongoing costs increases, such that on a weighted average unit basis for all sales the Australian industry began selling at prices below its CTMS.

The team analysed movements in the various components of the Australian industry’s cost profile. This analysis is presented in Figure 7 below.

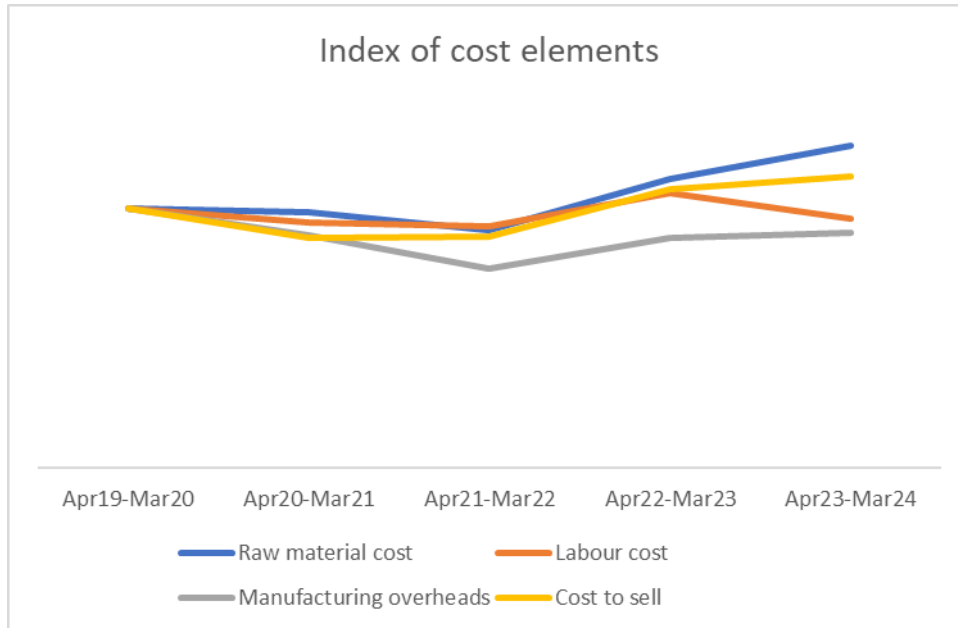


Figure 7: Changes in cost elements

while the Australian industry has brought its labour and overheads down over the injury period, raw material costs and selling costs both increased significantly from April 2021 onward.

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

8.6 Profit and profitability

The Australian industry claims that the reduction in its prices in order to remain competitive has affected its profitability.

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

The team 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 inquiry period.

The team considers this decline is a function of the reduced sales volumes detailed in chapter 8.4 and the price depression and price suppression detailed in chapter 8.5.

Based on this analysis, the team considers that the Australian industry has experienced injury in the form of loss of profits and reduced profitability during the inquiry period.

8.7 Other economic factors

As part of its application, 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)

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- revenue
- return on investment (**ROI**)
- capacity
- capacity utilisation
- employment
- productivity
- stocks
- cash flow measures
- wages.

The team notes that while data was provided in respect of each of the factors above, the Australian industry is not necessarily claiming injury under each factor.

Upon examining the data provided by the Australian industry, the team has 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 significant increase in the year ending March 2022, and a significant decrease in the inquiry period
- capacity utilisation, particularly for Oliveri-branded goods, has fallen
- employment and wages have fallen, with an accordingly slight increase in productivity.

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

8.7.1 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.

Exception 10: Exceptions during verification of other economic factors

Description: The Australian industry has used an average margin in its calculation of its ROI.

Resolution: The team has used the margin for each relevant period to calculate ROI.

Table 6 below shows that from the year ending March 2020, compared to the year ending March 2024, revenue has stayed relatively stable. However, as a result of asset values rising, ROI has accordingly decreased. This is consistent with the Australian industry's claims that revenue has reduced per rate of production.

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

Table 6: Index of Assets, Revenue and ROI from April 2019 to March 2024

8.7.2 Capacity and Capacity utilisation

The Australian industry has the capacity to increase production 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 the applicant, the team is satisfied that its capacity utilisation would be significantly impacted should the Australian industry stop making OEM sinks.

This is supported by Table 7 below, which is an index of the Australian industry’s capacity utilisation from April 2019 to March 2024, compared against capacity utilisation without OEM production.

	YE Mar 2020	YE Mar 2021	YE Mar 2022	YE Mar 2023	YE Mar 2024
Capacity Utilisation (all goods)	100	99	101	104	91
Capacity Utilisation (Ex. OEM)	100	90	92	98	81

Table 7: Index of capacity utilisation from April 2019 to March 2024

The Australian industry’s capacity has remained unchanged since the previous inquiry.

8.7.3 Employment, productivity, and wages

Table 8 shows the change in the Australian industry’s employment, productivity, and wages over the injury period. All 3 factors were 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.

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

Table 8: Index employment, productivity, and wages from April 2019 to March 2024

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 team 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.

8.8 Conclusion

Based on an analysis of the information contained in the application and obtained and verified during our visit, the team considers that the Australian industry has experienced injury in the form of:

- lost sales volume
- reduced market share
- price depression

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- price suppression
- lower profit and profitability
- reduced revenue
- reduced capacity utilisation.

9 Impact of expiry of measures

9.1 Background and approach to analysis

Under the terms of section 269ZHF(2), in order to recommend that the Minister take steps to secure the continuation of the anti-dumping measures, the Commissioner must be satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of:

- dumping and/or subsidisation and
- the material injury

that the anti-dumping measure is intended to prevent.

Accordingly the team sought the Australian industry's views on these matters and collected evidence to support those claims. The commission will consider this evidence further during the course of the inquiry.

The Australian industry submits that if the measures on the goods exported from China expire, there exists a strong likelihood that Chinese exporters will lower prices and increase export volumes to Australia. This would result in a recurrence or continuation of material injury for Australian industry, primarily in terms of lost revenue, volume, and profitability.

The Australian industry further submits it is under pressure from customers to reduce prices to compete with Chinese exports to maintain their current market share, contributing to injury in the form of price suppression and depression.

As discussed in chapter 8, data examined by the team supports the claim that the Australian industry has suffered price suppression while continuing to lose volume and market share.⁸

The Australian industry advised the team that its production and sales of like OEM sinks are priced in competition with the goods imported from China.

Due to the importance of OEM production to the Australian industry, the team's analysis has had regard to the Australian industry's sales of OEM sinks.

9.2 Continuation or recurrence of material injury

9.2.1 Volume injury

As discussed in chapter 3.2.4, the team considers there is a correlation between building construction in Australia and sales of deep drawn stainless steel sinks. It considers that demand for the goods is relatively inelastic, with sale volumes dependent on building construction, and to a lesser extent, building renovations. The team considers that the size of the market for the goods cannot be easily influenced by Australian industry or importers. Any change in market share by one market participant will consequently impact the market share of all other participants.

The team analysed the composition of the Australian market for sinks since June 2019 against the total value of construction work in the Australian economy over that time. The team's analysis is shown in Figure 8 below.

⁸ See Table 4 and Figure 6

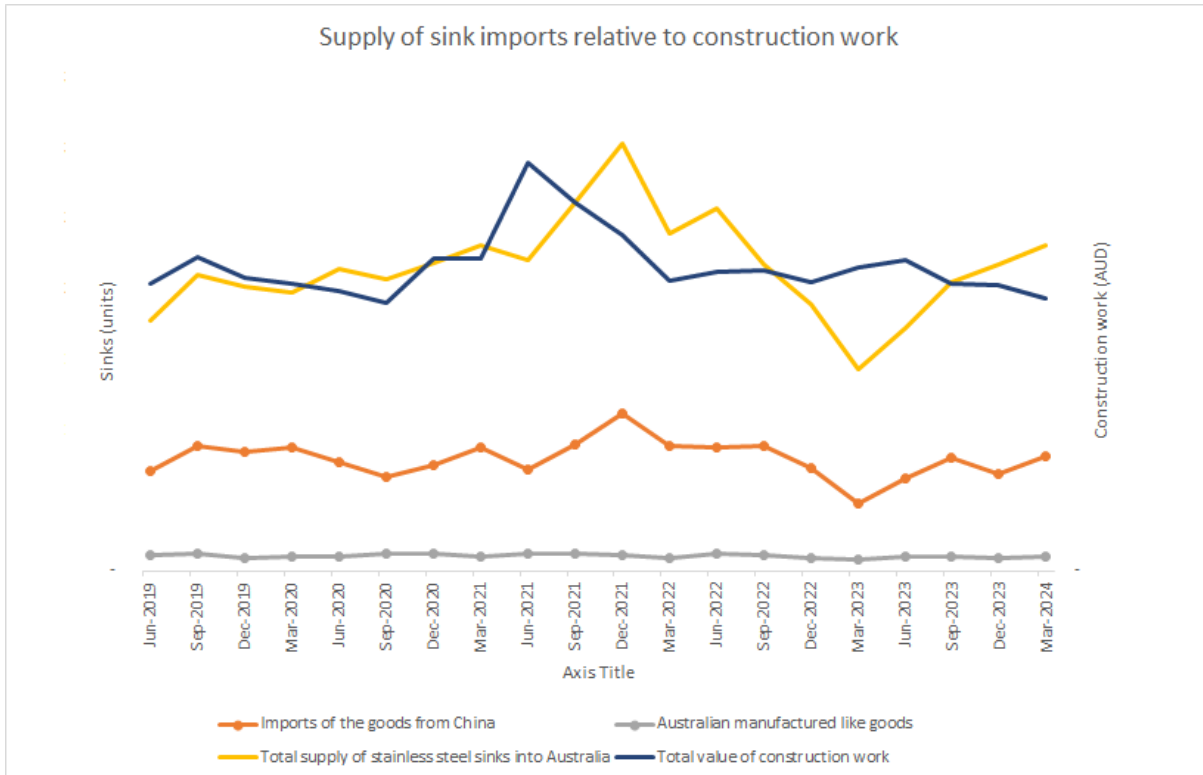


Figure 8: Supply of sinks relative to value of construction work

Figure 8 shows that the volume of sinks sold in the Australian market broadly follows the value of construction work, and that China is the dominant supplier to the Australian market.

The team noted an increase in the value of construction work in 2021, corresponding to the stimulus the Australian government applied to the economy in response to the COVID-19 pandemic. This increased level of demand has moderated in subsequent years, coincident with the tightening of monetary policy implemented by the Reserve Bank of Australia to control inflation that had accelerated due to the unusual supply and demand factors that emerged during the pandemic.

Figure 9 below shows the change in market share for the sinks over the injury period.

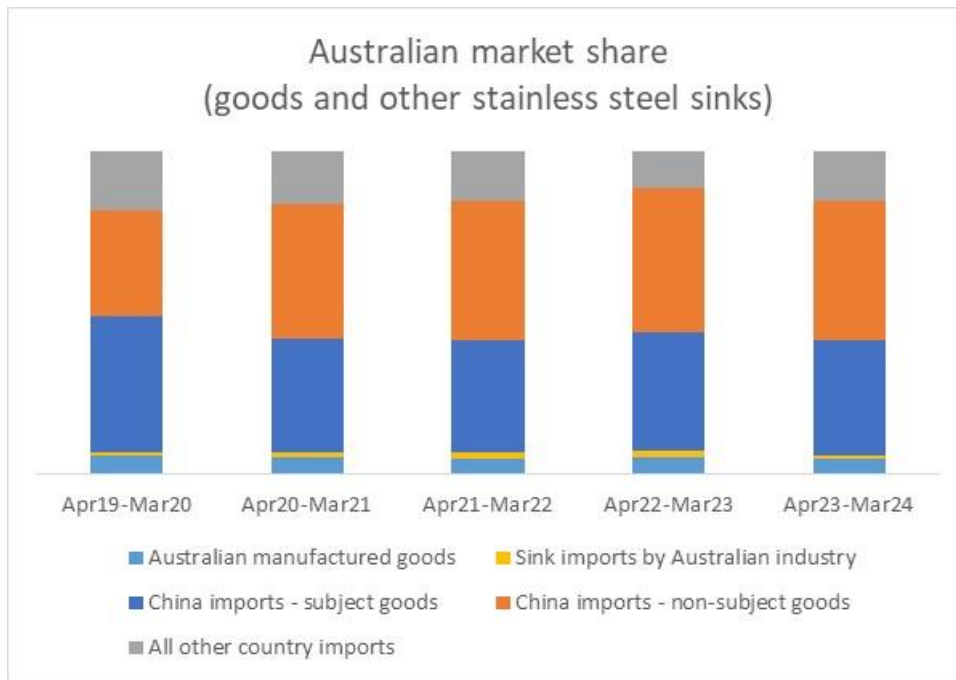


Figure 9: Australian market share – goods and other stainless steel sinks

Figure 9 indicates that over the injury period:

- Australian industry has maintained a slender but reasonably stable share of the market (noting however that its share of the market has decreased over the injury period, as detailed in chapter 8.4 above)
- Importers of sinks from China remain the dominant suppliers to the Australian market, and have increased market share
- Within the subset of sinks exported from China, the market share for sinks subject to measures has decreased while the market share for sinks not subject to measures has increased
- Sinks from other sources have a declining share of the market until the inquiry period, where market share grew, though not to the peaks seen in earlier years.

Based on the analysis detailed above, the team considers that there is evidence to support Australian industry’s claim that an increase in volume of imported goods from China would lead or be likely to lead to injury to the Australian industry by way of lost sales volumes and market share.

OEM sinks

The Australian industry has increased its volume of OEM sinks since April 2019, but at the cost of its Oliveri-brand sinks (see Table 5 in chapter 8.4.2 above).

The Australian industry informed the team that its lower priced OEM sinks compete with Chinese imports. Its OEM products and Chinese imports are at a lower price point than Oliveri’s branded sinks. This was supported by the team’s undercutting analysis, with Oliveri-branded sinks priced well above Chinese imports and its own OEM products.

Examples of sale negotiations provided by the Australian industry in its application further illustrated competition between its OEM products and Chinese imports.

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The Australian industry stated in its application that should it lose demand for its OEM products it would prompt the Australian industry to review the viability of continued production within Australia.

From examining the Australian industry's production data, the team is satisfied that OEM production makes up a significant proportion of the Australian industry's production volume.

After considering the above, the team is satisfied that any injury likely caused by an increase in Chinese imports of the goods would likely fall predominantly on the volume of its sales of OEM sinks. As OEM production is a significant proportion of production, a fall in OEM demand may have a disproportionate impact to production volumes and capacity utilisation.

Chinese manufacturing capacity

The Australian industry submitted in its application that Chinese manufacturers have significant excess production capacity. In support of this claim, it refers to⁹:

- a drop in global demand following the COVID-19 pandemic
- recent trade remedy investigations by the United States¹⁰ and Canadian¹¹ governments into deep drawn stainless steel sinks
- the commission's TRINDEX platform, indicating that current volumes out of China are at 67% of 2017 volumes.

An analysis of Chinese manufacturing capacity will be undertaken in the Statement of Essential Facts following exporter verification.

Importer supply chains

As part of its consideration of the application, the team examined information obtained from the ABF import database and found that exporters from China have continued to export the goods to Australia since the imposition of the measures. The team observed that China continues to be a major source of the goods compared to other countries.

The team has also observed that, based on ABF data, certain exporters of the goods from China have continued trading with the same Australian importers since measures were imposed.

To further highlight the continued trade flow of the goods from China, the team notes that two suppliers of the goods have been added to the anti-dumping and countervailing duty notice in respect of Chinese exports since May 2023.¹²

Further analysis of importer supply chains will form part of the Statement of Essential Facts.

⁹ EPR 646, Item 1 – Application, p.12

¹⁰ United States International Trade Administration Drawn Stainless Steel Sinks From the People's Republic of China: [Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review; 2021-2022](#)

¹¹ Canada Border Services Agency, Statement of reasons—expiry review determination: Stainless steel sinks ([SSS 2022 ER](#))

¹² [Dumping Commodity Register](#)

9.2.2 Price injury

As discussed in chapter 8.5, the team considers that although selling prices have remained relatively steady or increased, the Australian industry has suffered price suppression.

The Australian industry submits it has been unable to increase its prices further to cover increased costs in order to compete with dumped Chinese imports of the goods.

During the verification visit, the Australian industry explained that the price of the goods is the major driver of customer choice.

The Australian industry provided several examples in its application and during the verification of customers referring to lower priced Chinese imports in its negotiations with the Australian industry. In some of those examples, the Australian industry lowered its prices in order to compete, but for others, the Australian industry could not match the lower price without incurring a loss.

The Australian industry has an existing relationship with some of its customers to provide OEM sinks under the customer's own brand. The Australian industry explained during verification these customers are not under any long-term obligation to buy minimum levels of product from the Australian industry. One customer has indicated it intends to review the Australian industry as its OEM supplier pending the outcome of the inquiry.

The team is satisfied that customers are price sensitive in their purchases of the goods and are not contractually obligated to purchase the goods from the Australian industry. If lower prices are offered by importers compared to Australian industry (for example, as a result of the removal of measures), existing customers of Australian industry are not restricted from taking their business elsewhere.

9.2.3 Profit and profitability injury

The Australian industry provided the team profit and profitability data relating to the Australian industry's manufacture and sale of like goods from April 2019 to March 2024. As discussed in chapter 8.6, the Australian industry's profit and profitability peaked in 2022 and has subsequently been in decline. During the inquiry period, the Australian industry was unable to achieve the per unit selling price for a number of models of like goods above the cost to make and sell.

The team considers that this is a function of declining sales volumes, an increasing proportion of sales of lower value OEM sinks, and an inability to raise its selling price in response to increasing costs (as depicted in Figure 6).

9.2.4 Capacity utilisation and employee count injury

From the data provided to team, it is not clear the Australian industry has suffered material injury in respect of its employment numbers outside what may have been experienced in the normal ebb and flow of business. However, the team notes that were the Australian industry to increase production volumes, it would likely result in an increase in its capacity utilisation rate, with a corresponding increase in employee count.

9.2.5 Injury caused by factors other than dumping and/or subsidisation

The team identified the following factors other than dumping and subsidisation as possibly having an impact on the economic condition of the Australian market for the goods:

- distribution costs
- stainless steel manufacturing
- Australian building construction
- substitutability for other products
- the OEM product range.

Distribution costs

The Australian industry advised that its cost for distribution is increasing due to local market conditions.

Raw material (stainless steel)

Stainless steel is not manufactured in Australia, with the Australian industry having to rely on imports for its supply used in the manufacturer of like goods. Overseas producers of the goods have a more readily available source of stainless steel supply.

Australian building construction

The team is satisfied that demand for the goods depends on Australian building and renovation demand. Changes in the building sector could affect demand for like goods produced by Australian industry.

The team examined ABS building and renovation data for the injury period. The data shows that between the June 2019 quarter and the March 2024 quarter (i.e. the injury period), building construction has fallen 2.6%, while renovation has increased 2.5% (both on an annualised basis). The team considers it representative of the overall trend in construction, and therefore its effect on demand for the goods.

In comparison, over this same period, the market for stainless steel sinks (including sinks not subject to the measures) has increased on an annualised basis by 4.9%. However, Australian industry sales fell 8.2% and Chinese imports of the goods fell 10.9%.

Substitutability and product trends

The Australian industry submitted during verification that like goods are substitutable for other stainless steel sinks, primarily fabricated stainless steel sinks. To a lesser extent, moulded granite sinks are also a substitute for like goods. The team considers this reasonable, after having consideration of the end use of these products.

Noting that sales of the goods and like goods have fallen over the injury period, the team examined sales of stainless steel sinks not covered by anti-dumping measures, as reported in the ABF import database. The team considers that stainless steel sinks imported from China which are not covered by the measures are likely fabricated sinks. Stainless steel sinks from other countries would be a mixture of both deep drawn and fabricated sinks.

The ABF import database indicated that between the year ending March 2020 and the inquiry period, imports of stainless steel sinks from China which are not the goods increased. Imports of all stainless steel sinks from countries other than China decreased. This supports the Australian industry's submission that fabricated sink sales are increasing and appear to be satisfying the increase in demand driven by the building sector which is not being met by the goods and like goods.

OEM sinks

As noted in chapter 8.3, the team considers that sales of OEM sinks have been a factor which have impacted on the applicant's economic condition, profit in particular, due to the lower price point and significant sales volumes associated with OEM sinks.

9.3 Conclusion

The team considers that there is evidence to support the Australian industry's claim that, if there is a further decrease in the price at which Australian industry sells the goods, or a fall in production volume, this would lead, or be likely to lead, to injury to the Australian industry, in the form of:

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

The commission will further examine whether material injury is likely to continue or recur should the measures expire during the course of the inquiry.

10 Appendices and attachments

Confidential attachment 1	Verification work program
Confidential appendix 1	Economic condition of the Australian industry