

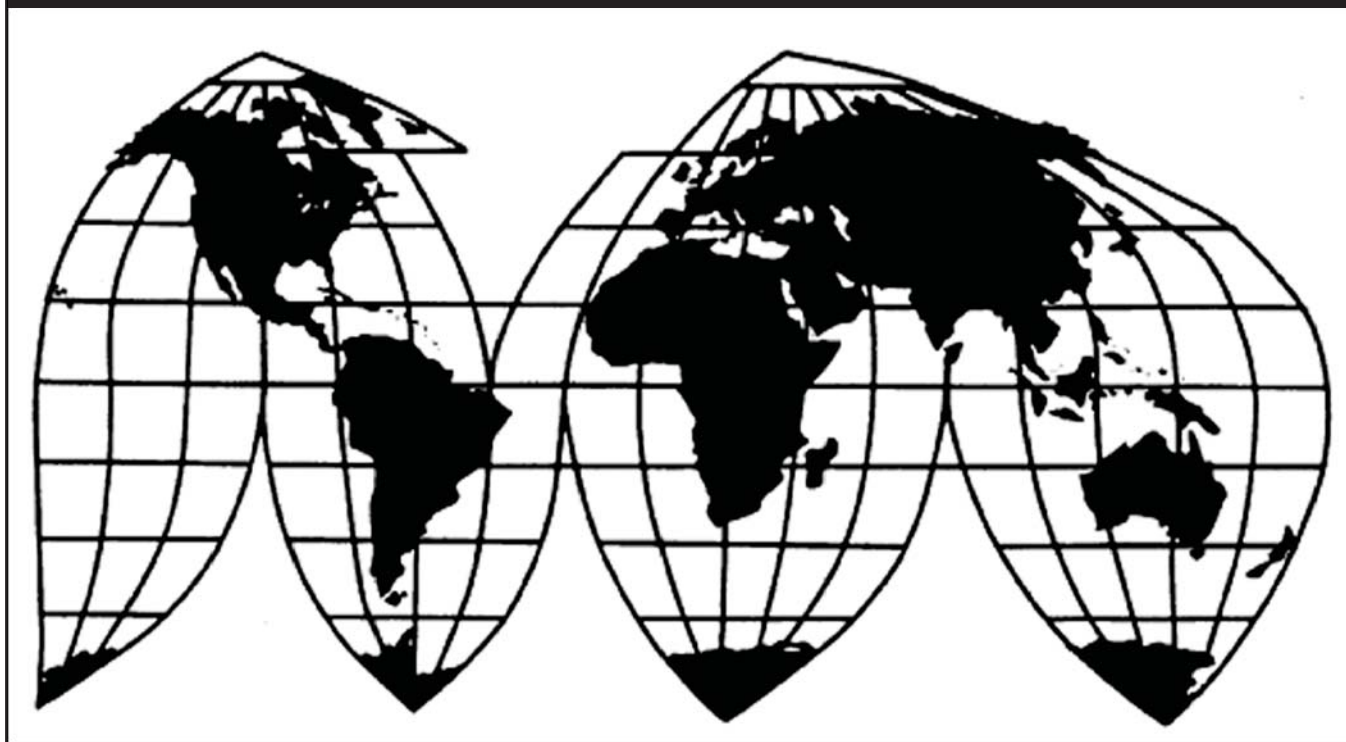
# Drawn Stainless Steel Sinks from China

Investigation Nos. 701-TA-489 and 731-TA-1201 (Review)

Publication 4810

August 2018

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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---

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---

*Staff assigned*

Drew Dushkes, Investigator

Jessica Pugliese, Industry Analyst

Lauren Gamache, Economist

Benjamin Allen, Attorney

Nathanael Comly, Supervisory Investigator

Address all communications to  
Secretary to the Commission  
United States International Trade Commission  
Washington, DC 20436

# U.S. International Trade Commission

Washington, DC 20436  
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## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-489 and 731-TA-1201 (Review)

Drawn Stainless Steel Sinks from China

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the countervailing and antidumping duty orders on drawn stainless steel sinks from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on March 1, 2018 (83 F.R. 8887) and determined on June 4, 2018 that it would conduct expedited reviews (83 F.R. 30193, June 27, 2018).

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).





## Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty and countervailing duty orders on drawn stainless steel sinks (“sinks”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

*The original investigations.* On March 1, 2012, Elkay Manufacturing Company (“Elkay”), a domestic producer of sinks, filed antidumping duty and countervailing duty petitions on imports of sinks from China. On April 4, 2013, the Commission found that an industry in the United States was materially injured by reason of dumped and subsidized imports of sinks from China.<sup>1</sup> The U.S. Department of Commerce (“Commerce”) issued antidumping duty and countervailing duty orders on sinks from China on April 11, 2013.<sup>2</sup>

*The current reviews.* The Commission instituted the current five-year reviews on March 1, 2018.<sup>3</sup> It received a single response to its notice of institution filed on behalf of Elkay.<sup>4</sup> No respondent interested party filed a response. On June 4, 2018, the Commission determined that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate.<sup>5</sup> In the absence of other circumstances warranting full reviews, it determined to conduct expedited reviews.<sup>6</sup>

U.S. industry data are based on information provided by Elkay, which estimates it accounted for \*\*\* percent of domestic production of drawn sinks in 2017.<sup>7</sup> No importer, foreign producer, or exporter participated in these reviews. U.S. import data and related

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<sup>1</sup> *Drawn Stainless Steel Sinks from China*, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final), USITC Pub. 4390 (Apr. 2013) (“USITC Pub. 4390”); *Drawn Stainless Steel Sinks from China*, 78 Fed. Reg. 21417 (Apr. 10, 2013).

<sup>2</sup> *Drawn Stainless Steel Sinks from the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 78 Fed. Reg. 21592 (Apr. 11, 2013); *Drawn Stainless Steel Sinks From the People’s Republic of China: Countervailing Duty Order*, 78 Fed. Reg. 21596 (Apr. 11, 2013).

<sup>3</sup> *Drawn Stainless Steel Sinks From China; Institution of Five-Year Reviews*, 83 Fed. Reg. 8887 (Mar. 1, 2018).

<sup>4</sup> *Response to the Notice of Institution on Behalf of Elkay Manufacturing Company*, EDIS Doc. 640664 (April 2, 2018) (“Response”).

<sup>5</sup> *Drawn Stainless Steel Sinks From China; Scheduling of Expedited Five-Year Reviews*, 83 Fed. Reg. 30193 (June 27, 2018); *Explanation of Commission Determinations on Adequacy*, EDIS Doc. 648023 (June 18, 2018).

<sup>6</sup> *Explanation of Commission Determinations on Adequacy*, EDIS Doc. 648023 (June 18, 2018).

<sup>7</sup> Confidential Report, OINV Memorandum INV-QQ-060 (“CR”), and Public Report (“PR”) at Table I-1.

information are based on Commerce’s official import statistics.<sup>8</sup> Foreign industry data and related information are based on information from the original investigations, Global Trade Atlas (“GTA”) data, and information provided by the domestic interested party.<sup>9</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>10</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>11</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>12</sup>

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

drawn stainless steel sinks with single or multiple drawn bowls, with or without drain boards, whether finished or unfinished, regardless of type of finish, gauge, or grade of stainless steel. Mounting clips, fasteners, seals, and sound-deadening pads are also covered by the scope of this order if they are included within the sales price of the drawn stainless steel sinks. For purposes of this scope definition, the term “drawn” refers to a manufacturing process using metal forming technology to produce a smooth basin with seamless, smooth, and rounded corners. Drawn stainless steel sinks are available in various shapes and configurations and may be described in a number of ways including flush mount, top mount, or undermount (to indicate the attachment relative to the countertop). Stainless steel sinks with multiple drawn bowls that are joined through a welding operation to form one unit are covered by the scope of the order. Drawn stainless steel sinks are covered by the scope of the order whether or not

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<sup>8</sup> CR/PR at Table I-4.

<sup>9</sup> CR/PR at Tables I-7-9.

<sup>10</sup> 19 U.S.C. § 1677(4)(A).

<sup>11</sup> 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>12</sup> *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

they are sold in conjunction with non-subject accessories such as faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories.

Excluded from the scope of the order are stainless steel sinks with fabricated bowls. Fabricated bowls do not have seamless corners, but rather are made by notching and bending the stainless steel, and then welding and finishing the vertical corners to form the bowls. Stainless steel sinks with fabricated bowls may sometimes be referred to as “zero radius” or “near zero radius” sinks.<sup>13</sup>

The primary raw material used in the production of sinks is stainless steel coil, which provides a combination of strength, light weight, flexibility, toughness, stain and heat resistance, easy maintenance, and aesthetic appeal.<sup>14</sup> Sinks are available in various grades (steel alloy compositions) and gauges (sheet thicknesses).<sup>15</sup> Individual basins (bowls) in sinks are seamless, with concave bottom surfaces for rapid drainage.<sup>16</sup> Whether consisting of only a single basin or multiple basins joined together, these sinks are available in two different mounting configurations, for either top (drop-in) mounting above the countertop or for bottom (under) mounting beneath the countertop.<sup>17</sup> Sinks are found predominantly in residential kitchens and to a much lesser extent in commercial or institutional applications.<sup>18</sup>

In the original investigations, the Commission defined a single domestic like product, all drawn stainless steel sinks corresponding to Commerce’s scope definition.<sup>19</sup> No party raised domestic like product arguments in the final phase of the original investigations.<sup>20</sup> The Commission found that regardless of type (top mount, undermount, or dual mount) drawn stainless steel sinks were in many cases identically shaped, offered in overlapping sized, gauges, and design, and used for the same purpose in residential kitchens.<sup>21</sup> It found that all styles of drawn stainless steel sinks could be produced in the same manufacturing facility, on the same equipment, and by the same employees and that production processes were very similar for all drawn stainless steel sinks.<sup>22</sup> It found all drawn stainless steel sinks to be interchangeable for use as kitchen sinks.<sup>23</sup> All drawn stainless steel sinks were sold through similar channels of distribution, with virtually all domestically produced drawn stainless steel sinks sold to

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<sup>13</sup> *Drawn Stainless Steel Sinks from the People’s Republic of China: Final Results of the Expedited First Sunset Review of the Antidumping Duty Order*, 83 Fed. Reg. 34544 (July 20, 2018); *Drawn Stainless Steel Sinks from the People’s Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order*, 83 Fed. Reg. 35212 (July 25, 2018).

<sup>14</sup> See CR at I-7, PR at I-5. See also USITC Pub. 4390 at 17.

<sup>15</sup> CR at I-7, PR at I-5.

<sup>16</sup> CR at I-7, PR at I-5.

<sup>17</sup> CR at I-7, PR at I-5-6.

<sup>18</sup> CR at I-7, PR at I-6.

<sup>19</sup> USITC Pub. 4390 at 6.

<sup>20</sup> USITC Pub. 4390 at 6.

<sup>21</sup> USITC Pub. 4390 at 6-7.

<sup>22</sup> USITC Pub. 4390 at 6.

<sup>23</sup> USITC Pub. 4390 at 7.

distributors rather than end users.<sup>24</sup> Although there was mixed evidence regarding customer and producer perceptions and differences in the prices for top mount sinks and undermount sinks, the Commission found that these distinctions were insufficient to establish a clear dividing line between different types of drawn stainless steel sinks.<sup>25</sup>

In these reviews, there is no new information on the record indicating that the characteristics of the product at issue have changed since the prior proceedings and Elkay states that it agrees with the domestic like product definition the Commission adopted in the original investigations.<sup>26</sup> We therefore again define the domestic like product as drawn stainless steel sinks corresponding to Commerce's scope definition.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>27</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original investigations, the Commission defined the domestic industry as all U.S. producers of drawn stainless steel sinks.<sup>28</sup> No party objected to this definition. The Commission found that appropriate circumstances did not exist to exclude any related parties from the domestic industry under 19 U.S.C. § 1677(4)(B).<sup>29</sup>

In these reviews, we must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude

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<sup>24</sup> USITC Pub. 4390 at 7.

<sup>25</sup> USITC Pub. 4390 at 7. In the preliminary phase of the investigations, the Commission considered and rejected the argument that it should define the domestic like product more broadly to include fabricated stainless steel sinks. *Id.* The Commission found that fabricated stainless steel sinks did not share many of the same physical characteristics and end uses as drawn stainless steel sinks, that they were not interchangeable, and that while both types of sinks could be made in the same production facilities, they were produced on separate and distinct production lines by different employees. Although both drawn and fabricated stainless steel sinks were sold almost exclusively through distributors, they were generally sold to different customers. Finally, the prices of fabricated stainless steel sinks were much higher than those of drawn stainless steel sinks. *Drawn Stainless Steel Sinks from China*, Inv. Nos. 701-TA-489 and 731-TA-1201 (Preliminary) (April 2012) at 7-9.

<sup>26</sup> See Response at 20. See generally CR at I-7-9.

<sup>27</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>28</sup> USITC Pub. 4390 at 11.

<sup>29</sup> Four of the domestic producers, including the petitioner, were related parties. USITC Pub. 4390 at 7-11.

from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.<sup>30</sup> Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.<sup>31</sup>

Domestic producer Elkay indicated that it is affiliated with a producer of subject sinks in China, Elkay (China) Kitchen Solutions Co., Ltd.<sup>32</sup> The record of these reviews indicates that Elkay's affiliated subject producer exported \*\*\* sinks to the U.S. market in 2017.<sup>33</sup> The limited information on the record does not indicate the nature of the control that exists between Elkay and the affiliated subject producer. Even assuming *arguendo* that Elkay is a related party, appropriate circumstances do not exist to warrant its exclusion from the domestic industry. This is due to the \*\*\* volume of subject merchandise exported by its affiliated foreign producer,<sup>34</sup> its status as the producer accounting for \*\*\* of domestic production and the sole producer responding to the notice of institution,<sup>35</sup> and its support for continuation of the orders. We therefore define the domestic industry to consist of all domestic producers of drawn stainless steel sinks corresponding to Commerce's scope.

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<sup>30</sup> See *Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

<sup>31</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

<sup>32</sup> See Response at 18. This was also true in the original investigations. See USITC Pub. 4390 at 8-9.

<sup>33</sup> CNIF Import Data, EDIS Doc. 644536 (May 7, 2018).

<sup>34</sup> The affiliated subject producer's exports to the U.S. market as a share of Elkay's domestic production was \*\*\* percent in 2017. Calculated from EDIS Doc. 64536 and Response at Attachment 4.

<sup>35</sup> CR/PR at I-1.

### III. Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

#### A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>36</sup> The Uruguay Round Agreements Act Statement of Administrative Action (SAA) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>37</sup> Thus, the likelihood standard is prospective in nature.<sup>38</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>39</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>40</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

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<sup>36</sup> 19 U.S.C. § 1675a(a).

<sup>37</sup> SAA, H.R. Rep. 103-316, vol. I at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>38</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>39</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>40</sup> 19 U.S.C. § 1675a(a)(5).

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>41</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>42</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>43</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>44</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>45</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>46</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

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<sup>41</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>42</sup> 19 U.S.C. § 1675a(a)(1).

<sup>43</sup> 19 U.S.C. § 1675a(a)(1). Commerce has made no duty absorption findings. CR at I-5, PR at I-3.

<sup>44</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>45</sup> 19 U.S.C. § 1675a(a)(2).

<sup>46</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>47</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>48</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>49</sup>

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the sinks industry in China. There also is limited information on the sinks market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigations and the limited new information on the record in these five-year reviews.

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>50</sup> The following conditions of competition inform our determinations.

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<sup>47</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>48</sup> 19 U.S.C. § 1675a(a)(4).

<sup>49</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>50</sup> 19 U.S.C. § 1675a(a)(4).



## 1. The Original Investigations

In the original investigations, the Commission found that sinks were sold primarily for residential kitchen applications and that U.S. demand for sinks was closely tied to U.S. residential housing construction and remodeling.<sup>51</sup> It found that demand for sinks, which contracted as a result of the collapse of the U.S. housing market, had subsequently recovered slightly.<sup>52</sup> Apparent U.S. consumption of sinks increased from 2009 to 2011 and was higher in January-September (“interim”) 2012 than in interim 2011.<sup>53</sup> The record indicated that the majority of sinks sold in the U.S. market were top mount sinks.<sup>54</sup> Market participants reported mixed perceptions of demand trends over the period of investigation.<sup>55</sup>

The domestic industry’s market share decreased over the period of investigation, while subject imports’ share increased, and nonsubject imports’ share declined irregularly.<sup>56</sup> The Commission observed that both the domestic industry and subject imports supplied top mount and undermount sinks to the U.S. market.<sup>57</sup>

The Commission found that there was a moderate to high degree of substitutability between subject imports and the domestic like product and that price was an important factor in purchasing decisions.<sup>58</sup> It observed that the price of cold-rolled stainless steel coils, the main input used to produce sinks, increased overall for three of the four grades most commonly used to produce sinks.<sup>59</sup> Sinks were commonly sold on a spot basis, with fewer sales being made on a short-term or long-term contract basis.<sup>60</sup> According to the Commission, there were no significant certification requirements for sinks that would affect sales to any particular channel of distribution.<sup>61</sup>

## 2. The Current Reviews

*Demand conditions.* There is no new information on the record that indicates that the drivers of demand for sinks have changed since the original investigations. Reported apparent U.S. consumption was \*\*\* sinks in 2017.<sup>62</sup> One purchaser responding to the questionnaire in

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<sup>51</sup> USITC Pub. 4390 at 14.

<sup>52</sup> USITC Pub. 4390 at 14.

<sup>53</sup> USITC Pub. 4390 at 14.

<sup>54</sup> USITC Pub. 4390 at 14.

<sup>55</sup> USITC Pub. 4390 at 15.

<sup>56</sup> USITC Pub. 4390 at 15–16.

<sup>57</sup> USITC Pub. 4390 at 16.

<sup>58</sup> USITC Pub. 4390 at 16-17.

<sup>59</sup> USITC Pub. 4390 at 17.

<sup>60</sup> USITC Pub. 4390 at 17.

<sup>61</sup> USITC Pub. 4390 at 17.

<sup>62</sup> CR/PR at Table I-5. Reported apparent U.S. consumption in 2017 was lower than in any year of the original period of investigation. However, the apparent U.S. consumption data from these

the adequacy phase reported that demand for subject merchandise remains strong in the U.S. market.<sup>63</sup>

*Supply conditions.* Domestic producers were the second largest source of supply in the U.S. market in 2017.<sup>64</sup> Their share of 2017 apparent U.S. consumption was \*\*\* percent.<sup>65</sup> Subject imports were the smallest source of supply in 2017.<sup>66</sup> Their share of 2017 apparent U.S. consumption was 18.7 percent. Nonsubject imports were the largest source of supply in 2017.<sup>67</sup> Their share of 2017 apparent U.S. consumption was \*\*\* percent.<sup>68</sup> One purchaser responded to the questionnaire in the adequacy phase, but did not identify any changes in technology and production methods that affected the availability of sinks or changes in the ability to increase production of this product.<sup>69</sup>

*Substitutability and other considerations.* There is no indication that the substitutability between subject imports and the domestic like product has changed since the original investigations. Accordingly, we continue to find a moderate-to-high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.

Elkay asserts that stainless steel coil is the main raw material input used to produce sinks.<sup>70</sup>

### **C. Likely Volume of Subject Imports**

*The original investigations.* In the original investigations, the Commission found that the volume of subject imports and the increase in that volume were significant both in absolute

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reviews may not be entirely comparable with data from the original investigations due to differences in domestic industry coverage.

<sup>63</sup> CR at D-3, PR at D-3.

<sup>64</sup> CR/PR at Table I-6. In the original investigations, the domestic industry was the largest source of supply in 2011 and the second largest source of supply in 2012 and 2013. *Id.*

<sup>65</sup> CR/PR at Table I-6. The domestic industry's market share, which is lower than during the original investigations, is likely understated due to incomplete U.S. producer coverage in this review. The domestic industry's market share in the original investigations ranged between \*\*\* percent and \*\*\* percent. *Id.*

<sup>66</sup> CR /PR at Table I-6. In the original investigations, subject imports were the second largest source of supply in 2011 and the largest source of supply in 2012 and 2013. *Id.*

<sup>67</sup> Revision to the Staff Report, OINV Memorandum INV-QQ-063 (May 31, 2018) at Table I-5. Nonsubject imports were the smallest source of supply in the original investigations. *Id.*

<sup>68</sup> Revision to the Staff Report, OINV Memorandum INV-QQ-063 (May 31, 2018) at Table I-5.

<sup>69</sup> CR at D-3.

<sup>70</sup> Elkay further asserts that the prices for stainless steel coil are likely to increase in the near term as a result of the President's executive order imposing additional tariffs on imports of certain steel products, including stainless steel coil. Response at 17; Final Comments at 10. The limited nature of the record in these expedited reviews does not indicate to what extent overall prices for stainless steel coil have or are likely to increase as a result of any such tariffs.

terms and relative to consumption and production in the United States.<sup>71</sup> It found that subject imports steadily increased their share of the U.S. market during the period of investigation and that the bulk of the increase in subject import market penetration during the period came at the expense of the domestic industry.<sup>72</sup> The Commission rejected respondents' argument that domestic producers did not serve certain channels of distribution on the basis that the domestic industry had the capacity to supply all or the overwhelming majority of U.S. demand, produced significant volumes of all types of sinks, and sold sinks through all channels of distribution to varying degrees during the period of investigation.<sup>73</sup> It further observed that even if it were to accept respondents' argument that domestic producers' undermount sinks were less competitive in the fabricator market, a significant quantity of subject imports consisted of sinks that competed directly with the domestic like product and whose increasing volumes displaced market share held by the domestic industry.<sup>74</sup>

*The current reviews.* During the original investigations, the quantity of U.S. shipments of subject imports peaked in 2011, the last year of the period of investigation, at 3.2 million sinks.<sup>75</sup> Since the orders were imposed, subject imports have declined, but have remained in the U.S. market in substantial quantities. Since 2013, the volume of subject imports has ranged from 911,126 sinks in 2017 to 1.6 million sinks in 2013.<sup>76</sup> Subject imports' share of apparent U.S. consumption was 18.7 percent in 2017.<sup>77</sup>

The record in these expedited reviews contains limited current information on the industry producing sinks in China. The information available indicates that producers of subject merchandise had the capacity to produce 9.3 million sinks in 2017, substantially larger than the capacity reported in the original investigations.<sup>78</sup> The record of the original investigations indicated that unused capacity of the reporting subject producers exceeded 400,000 sinks in 2011, and was anticipated to increase in 2012 and 2013.<sup>79</sup> There is no information in the current record suggesting any declines in subject producers' unused capacity since the original investigations. Consequently, on the basis of the facts available, we find that subject producers continue to have substantial capacity to produce sinks.

The information available indicates that the industry in China producing sinks is export oriented.<sup>80</sup> GTA data indicate that China was the world's largest exporter of sinks in 2017,

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<sup>71</sup> USITC Pub. 4390 at 20.

<sup>72</sup> USITC Pub. 4390 at 18.

<sup>73</sup> USITC Pub. 4390 at 18-19.

<sup>74</sup> USITC Pub. 4390 at 19-20.

<sup>75</sup> CR/PR at Table I-5.

<sup>76</sup> CR/PR at Table I-5.

<sup>77</sup> CR/PR at Table I-6.

<sup>78</sup> CR/PR at Table I-7. Reporting producers of subject merchandise in China had the capacity to produce 1.3 million sinks in 2011, the last year of the original investigations. *Id.*

<sup>79</sup> Original Investigations Confidential Report INV-LL-020 at Table VII-2 (March 11, 2013) (EDIS Doc. 644542).

<sup>80</sup> CR/PR at Table I-9, CR at I-25, PR at I-19.

accounting for 49.9 percent of global exports of sinks.<sup>81</sup> Moreover, as observed above, subject imports have maintained a substantial presence in the U.S. market since the imposition of the orders, indicating the continued interest of subject producers in the U.S. market.<sup>82</sup> Trade barriers to imports of sinks in other markets provide a further incentive for subject producers to ship subject merchandise to the United States, as there are trade remedy measures in effect against imports of sinks from China in Canada, South Africa, and Australia.<sup>83</sup> Accordingly, based on the behavior of subject imports during the original investigations, as well as subject producers' substantial production capacity, excess capacity, and export orientation, we find that the likely volume of subject imports would increase from the current levels absent the discipline of the orders. Should the orders be revoked, the volume of subject imports would likely be significant both in absolute terms and relative to consumption in the United States.<sup>84</sup>

#### **D. Likely Price Effects**

*The original investigations.* In the original investigations, the Commission found that subject imports significantly undersold the domestic like product, placing particular emphasis on the importance of price in purchasing decisions and the high margins of subject import underselling.<sup>85</sup> It found that the observed underselling allowed subject imports to gain significant sales volume and market share at the expense of the domestic industry.<sup>86</sup> The Commission also referenced the confirmed lost sales and lost revenue allegations in the record, which it found provided further evidence that subject imports gained market share at the expense of the domestic industry through aggressive pricing.<sup>87</sup> The Commission disagreed with respondents' contention that differences in the channels of distribution and market segmentation accounted for the subject import underselling on the basis that the pricing data represented transactions at the same level of trade and significant quantities of both subject imports and the domestic like product.<sup>88</sup> It also found that subject imports undersold the domestic like product by significant margins for all comparisons of undermount sinks.<sup>89</sup>

The Commission concluded that there was insufficient evidence of significant price depression by subject imports during the period of investigation as there was no clear trend in the reported prices for the domestic like product despite decreased prices for subject imports.<sup>90</sup>

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<sup>81</sup> CR/PR at Table I-9, CR at I-25, PR at I-19. GTA data may be overstated as they include out-of-scope merchandise.

<sup>82</sup> CR/PR at Table I-5.

<sup>83</sup> CR at I-23-25, PR at I-17-19; Final Comments at I-12-13.

<sup>84</sup> Because of the expedited nature of these reviews, the record does not contain any information about inventories of the subject merchandise or the likelihood of product shifting.

<sup>85</sup> USITC Pub. 4390 at 21.

<sup>86</sup> USITC Pub. 4390 at 21.

<sup>87</sup> USITC Pub. 4390 at 22.

<sup>88</sup> USITC Pub. 4390 at 22.

<sup>89</sup> USITC Pub. 4390 at 22.

<sup>90</sup> USITC Pub. 4390 at 22.

The Commission similarly determined that subject import volumes did not cause significant price suppression as domestic producers' cost of goods sold ("COGS") to net sales ratio increased only in the last year of the period of investigation and to a level marginally higher than that in the first year of the period.<sup>91</sup>

*The current reviews.* The record in these expedited reviews does not contain current price comparisons. As observed earlier, subject import volume would likely increase and be at significant levels upon revocation. Subject producers would likely resume the behavior observed in the original investigations, exporting subject merchandise at low prices to gain market share. Accordingly, subject imports would likely undersell domestically produced sinks, as they did during the original investigations.

As discussed above, we continue to find a moderate to high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions. The likely significant volume of subject imports, which would likely undersell the domestic like product, would likely force the domestic industry to either lower prices or lose sales. In light of these considerations, we conclude that, absent the disciplining effect of the orders, subject imports would likely increase market share at the expense of the domestic industry or have significant depressing or suppressing effects on prices for the domestic like product.

#### **E. Likely Impact**

*The original investigations.* In the original investigations, the Commission found that subject imports from China had a significant impact on the domestic industry.<sup>92</sup> It found that nearly all of the domestic industry's indicia of performance declined from 2009 to 2011 despite an increase in apparent U.S. consumption.<sup>93</sup> It found that Kohler, which had been a major domestic producer of sinks, ceased production of that product in 2009 primarily due to its inability to compete with low-priced subject imports.<sup>94</sup> According to the Commission, improvement in the domestic industry's net income and operating income in interim 2012 did not outweigh the deterioration of the domestic industry's other performance indicia from 2009 to 2011.<sup>95</sup> It likewise found that injury to the domestic industry could not be attributed to generally depressed economic conditions, given increased demand over the period of investigation, or market segmentation, as domestic producers sold undermount sinks to all channels of distribution and lost significant market share to subject imports with respect to both top mount and undermount sinks.<sup>96</sup>

*The current reviews.* Information on the record of these expedited reviews concerning the recent performance of the domestic industry producing sinks is limited. The limited record

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<sup>91</sup> USITC Pub. 4390 at 22–23.

<sup>92</sup> USITC Pub. 4390 at 23.

<sup>93</sup> USITC Pub. 4390 at 23.

<sup>94</sup> USITC Pub. 4390 at 23.

<sup>95</sup> USITC Pub. 4390 at 25.

<sup>96</sup> USITC Pub. 4390 at 26.

is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.

The information on the record indicates that in 2017 the domestic industry's capacity was \*\*\* sinks, its production was \*\*\* sinks, and its capacity utilization was \*\*\* percent.<sup>97</sup> U.S. shipments were \*\*\* sinks in 2017.<sup>98</sup> The industry reported an operating income of \$\*\*\*, resulting in a ratio of operating income to net sales of \*\*\* percent.<sup>99</sup>

As previously discussed, revocation of the orders on sinks from China would likely lead to a significant volume of subject imports that would undersell the domestic like product and have significant price effects on the domestic industry. Consequently, given the degree of substitutability of the product, the likely significant volume of subject imports would place pricing pressure on domestic producers, forcing them to cut prices or cede market share to subject imports. The likely significant volume of subject imports and their price effects would negatively affect the domestic industry's capacity, production, capacity utilization, shipments, net sales values and quantities, employment levels, operating income, operating income margins, and capital investments.

We have also considered the role of factors other than subject imports, including nonsubject imports, so as not to attribute injury from other factors to subject imports. We observe that nonsubject imports accounted for a sizeable share of apparent U.S. consumption in 2017 and that their market penetration has increased since the original investigations.<sup>100</sup> Nevertheless, the domestic industry's operating income and ratio of operating income to net sales were both better in 2017 than in any year during the original period of investigation.<sup>101</sup> As a result, the adverse effects that the subject imports will likely cause to the domestic industry are distinguishable from those of nonsubject imports.

Accordingly, we conclude that, if the orders on sinks were revoked, subject imports would likely have a significant adverse impact on domestic producers of sinks within a reasonably foreseeable time.

#### **IV. Conclusion**

For the above reasons, we determine that revocation of the antidumping duty and countervailing duty orders on sinks from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>97</sup> CR/PR at Table I-3.

<sup>98</sup> CR/PR at Table I-3.

<sup>99</sup> CR/PR at Table I-3. Domestic industry data in these reviews are not fully comparable with those from the original investigations due to differences in coverage. *Id.*

<sup>100</sup> Revision to the Staff Report, INV-QQ-063 (May 31, 2018) at Table I-6.

<sup>101</sup> CR/PR at Table I-3.

## INFORMATION OBTAINED IN THESE REVIEWS

### BACKGROUND

On March 1, 2018, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of antidumping and countervailing duty orders on drawn stainless steel sinks from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
March 1, 2018	Notice of institution by the Commission
March 5, 2018	Notice of initiation by the Department of Commerce
June 4, 2018	Commission’s vote on adequacy
July 20, 2018	Commerce’s results of its expedited antidumping duty review
July 25, 2018	Commerce’s results of its expedited countervailing duty review
August 14, 2018	Commission’s determinations and views

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Drawn Stainless Steel Sinks from China; Institution of Five-Year Reviews*, 83 FR 8887, March 1, 2018. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping and countervailing duty orders. *Initiation of Five-Year (Sunset) Reviews*, 83 FR 9279, March 5, 2018. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of these reviews.

## RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

### Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of the following entity:

1. Elkay Manufacturing Company (“Elkay”), domestic producer of drawn stainless steel sinks (referred to herein as “domestic interested party”).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

**Table I-1**

**Drawn stainless steel sinks: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% <sup>1</sup>

<sup>1</sup> In their response to the notice of institution, the domestic interested party estimated that it accounts for this share of total U.S. production of drawn stainless steel sinks during 2017. Domestic interested party’s response to the notice of institution, April 2, 2018, p. 17.

### Party comments on adequacy

The Commission received one submission from a party commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. This submission was filed on behalf of the domestic interested party.<sup>5</sup>

The domestic interested party argued that the Commission should find the respondent interested parties’ group response to be inadequate since there was no complete submission by any respondent interested party. Therefore, because of the inadequate response by the respondent interested parties and the fact that there have been no major changes in the conditions of competition in the market since the Commission’s original investigations, they request that the Commission conduct expedited reviews of the antidumping and countervailing duty orders on drawn stainless steel sinks.

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<sup>5</sup> Domestic interested party’s comments on adequacy, May 14, 2018, pp. 1, 6.



## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

### The original investigations

The original investigations resulted from petitions filed on March 1, 2012 with Commerce and the Commission by Elkay Manufacturing Co., Oak Brook, Illinois. On February 26, 2013, Commerce determined that imports of drawn stainless steel sinks from China were being sold at less than fair value (“LTFV”).<sup>6</sup> On February 26, 2013, the Department published its final determination in the countervailing duty investigation of drawn stainless steel sinks from the China.<sup>7</sup> The Commission determined on April 4, 2013 that the domestic industry was materially injured by reason of LTFV imports of drawn stainless steel sinks from China.<sup>8</sup> On April 11, 2013, Commerce issued its antidumping duty order and countervailing duty order, with the final weighted-average dumping margins ranging from 27.14 to 76.53 percent and the net countervailable subsidy rates ranging from 4.80 to 12.26 percent.<sup>9</sup>

### PREVIOUS AND RELATED INVESTIGATIONS

Drawn stainless steel sinks have not been the subject of a prior or related antidumping or countervailing duty investigation in the United States.

### ACTIONS AT COMMERCE

Commerce has not conducted any critical circumstances reviews or made any anti-circumvention findings since the completion of the original investigations. In addition, Commerce has not made any duty absorption findings or issued any company revocations or scope rulings since the imposition of the order.

### Changed circumstances reviews

On February 12, 2016, Commerce initiated and issued a preliminary determination of successor-in-interest. The final results were published on March 25, 2016, in which Commerce determined that Ningbo Afa Kitchen and Bath Co., Ltd. (“Ningbo”) is the successor-in-interest to

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<sup>6</sup> *Drawn Stainless Steel Sinks From the People's Republic of China: Investigation, Final Determination*, 78 FR 13019, February 26, 2013.

<sup>7</sup> *Drawn Stainless Steel Sinks From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 13017, February 26, 2013.

<sup>8</sup> *Drawn Stainless Steel Sinks From China*, 78 FR 21417, April 10, 2013.

<sup>9</sup> *Drawn Stainless Steel Sinks from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 78 FR 21592, April 11, 2013, and *Drawn Stainless Steel Sinks From the People's Republic of China: Countervailing Duty Order*, 78 FR 21596, April 11, 2013.

Yuyao Afa Kitchenware Co., Ltd. (“Yuyao”) for purposes of determining antidumping duty cash deposits and liabilities.<sup>10</sup>

### **Current five-year review**

Commerce is conducting expedited sunset reviews with respect to drawn stainless steel sinks and intends to issue the final results of these reviews based on the facts available not later than 120 days after the date of publication of the *Federal Register* notice of initiation.<sup>11</sup>

## **THE PRODUCT**

### **Commerce’s scope**

In the current proceeding, Commerce has defined the scope as follows:

The products covered by the scope of this order are drawn stainless steel sinks with or without drain boards, whether finished or unfinished, regardless of type of finish, gauge, or grade of stainless steel. Mounting clips, fasteners, seals, and sound-deadening pads are also covered by the scope of this order if they are included within the sales price of the drawn stainless steel sinks. For purposes of this scope definition, the term “drawn” refers to a manufacturing process using metal forming technology to produce a smooth basin with seamless, smooth, and rounded corners. Drawn stainless steel sinks are available in various shapes and configurations and may be described in a number of ways including flush mount, top mount, or undermount (to indicate the attachment relative to the countertop). Stainless steel sinks with multiple drawn bowls that are joined through a welding operation to form one unit are covered by the scope of the order. Drawn stainless steel sinks are covered by the scope of the order whether or not they are sold in conjunction with non-subject accessories such as faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories.

Excluded from the scope of the order are stainless steel sinks with fabricated bowls. Fabricated bowls do not have seamless corners, but rather are made by notching and bending the stainless steel, and then welding and finishing the vertical corners to form the bowls. Stainless steel sinks with fabricated bowls may sometimes be referred to as “zero radius” or “near zero radius” sinks.<sup>12</sup>

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<sup>10</sup> *Notice of Final Results of Antidumping Duty Changed Circumstances Review: Drawn Stainless Steel Sinks From the People's Republic of China*, 81 FR 16138, March 25, 2016.

<sup>11</sup> *Letter from Jim Doyle, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson*, April 10, 2018.

<sup>12</sup> *Drawn Stainless Steel Sinks from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 78 FR 21592, April 11, 2013.

## U.S. tariff treatment

Drawn stainless steel sink imports are currently provided for in HTS subheading 7324.10.00, and imported under HTS statistical reporting number 7324.10.0010.<sup>13 14</sup> Drawn stainless steel sinks imported from China enter the U.S. market at a column 1-general duty rate of 3.4 percent. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

## Description and uses<sup>15</sup>

The product subject to these reviews is drawn stainless steel sinks. Stainless steel provides a combination of strength, lightweight, flexibility, toughness, stain and heat resistance, easy maintenance, and aesthetic appeal. Drawn sinks are available in various grades (steel alloy compositions)<sup>16</sup> and gauges (sheet thicknesses).<sup>17</sup> Individual basins (bowls) in drawn sinks are seamless, with concave bottom surfaces for rapid drainage. Whether consisting of only a single

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<sup>13</sup> Effective since July 1, 2012. Change Record to Supplement 1 of the HTS (2012), p. 4.

<sup>14</sup> Any mounting brackets, fasteners, or other installation hardware are only classifiable with drawn stainless steel sinks if they are imported together in appropriate numbers for the number of such sinks. Separate import shipments of such items not accompanying those of drawn stainless steel sinks are not classified in the affected subheading and are not included in the data reported by the Commission. Some mounting brackets, fasteners, or other installation hardware may be classifiable under HTS subheading 7324.90.00, but could be classified as fasteners, bolts, or other parts of more general use.

<sup>15</sup> Unless otherwise noted, this information is based on *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, pp. I-10 through I-12.

<sup>16</sup> Stainless steel for drawn sinks worldwide is most commonly of 300 series chromium-nickel alloy steels. Among the two most common 300 series alloys, grade 304 is most commonly used worldwide for higher priced drawn sinks, whereas grade 301 is more typical for lower priced drawn sinks. Grade 316 is used in food service and laboratories applications that require high resistance to acids and chlorides. Drawn sinks produced with 200 series chromium-nickel-manganese alloy steels are more susceptible to rust due the low nickel content. The 400 series chromium alloy ferritic steels are used in some parts of the world, particularly in Brazil, as grades 440 and 430 are easier to draw than other 400 series alloys. For more information about the metallurgical and physical properties of these alloys, see: Stainless Steel Information Center, "Stainless Steel Overview Alloy Classifications <http://www.ssina.com/overview/alloy.html> (accessed May 5, 2018);" Nickel Development Institute, Design Guidelines for the Selection and use of Stainless Steel, pp. 2–5 [https://www.nickelinstitute.org/~Media/Files/TechnicalLiterature/DesignGuidelinesfortheSelectionandUseofStainlessSteels\\_9014\\_.pdf](https://www.nickelinstitute.org/~Media/Files/TechnicalLiterature/DesignGuidelinesfortheSelectionandUseofStainlessSteels_9014_.pdf) (accessed May 5, 2018).

<sup>17</sup> Standard industry gauges for stainless steel sheet (and corresponding nominal thickness in fractions of an inch) are 22 gauge (0.0312"), 20 gauge (0.0375"), 18 gauge (0.0500"), and 16 gauge (0.0625"). Note that the higher the numerical gauge designation, the thinner the walls of the sink basin.; and CustomPartNet, "Sheet Metal Gauge Size Chart, Stainless Steel." <http://www.custompartnet.com/sheet-metal-gauge> (accessed May 9, 2018)

basin or multiple basins joined together, these sinks are available in several different mounting configurations, for either top (drop-in) mounting above the countertop or for bottom (under) mounting beneath the countertop.<sup>18</sup> Drawn stainless steel sinks are found predominantly in residential kitchens, and only to a much lesser extent in commercial or institutional applications. Both domestically produced and imported drawn stainless steel sinks are sold through wholesale plumbing-supply distributors, countertop fabricators, residential and commercial builders, manufactured-home builders, kitchen and bath show rooms, countertop fabricators, big-box retail home-improvement stores, and Internet websites.

### **Manufacturing process<sup>19</sup>**

The manufacturing process for drawn stainless steel sinks, although highly capital intensive, is well established worldwide, consisting of multiple steps (each with its own dedicated hydraulic presses, tooling, and other equipment) to form steel blanks into the finished sink. The starting material is cold-rolled, stainless steel sheet in coils of the desired gauge, from which rectangular blanks are cut on a forming line to the proper size, based on the final basin geometry, for the subsequent forming operations. The blanks are then fitted between dies to form the steel, by a combination of drawing and stretching steps, into the initial rim and basin shape. Depending on the basin's intended dimensions, subsequent annealing (heat-treating)<sup>20</sup> and forming stages may be necessary to attain the final shape. Next, the drain hole is counter punched at the bottom of the basin. To assemble sinks with two (or more) basins, the side rims of adjoining individual basins are welded together. Afterwards, the welded joints are flattened under a planisher (roll smoother) and machine sanded to produce flush joint surfaces. Subsequent stamping operations, with suitably shaped dies and punches in hydraulic presses, form the deck (raised platform) and pierce any holes necessary for eventual mounting of the faucet(s) and any accessories, and form a raised lip around the outer rim of sinks designed for top mounting in the countertop to prevent water from spilling over the sink rim. By contrast, these two steps are not necessary for the flat rims of sinks designed for under mounting, because the faucet and accessory holes are drilled into the countertop beyond the outer edge of the sink. Rims on both types of sinks are trimmed to final geometry. Rims for dual mount sinks also undergo a forming operation but is flattened and wider than that for a top mount sink to enable under mount installation. Interior basin surfaces (and rim surfaces for top mount sinks) are ground and buffed to remove irregularities and to impart the finish. Finally, sound-dampening materials (pads, sprays, or both) are applied to the exterior undersurface(s)

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<sup>18</sup> The petitioner also offered a "dualmount" sink, with a shallow shaped rim, designed to be suitable for either top mounting or undermounting.

<sup>19</sup> Unless otherwise noted, this information is based on *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, pp. I-10 through I-12.

<sup>20</sup> Because stainless steels tend to work harden during the forming process, annealing is required to release the accumulated strains and restore formability to the steel prior to the subsequent forming step.

of the basin(s) both to avoid collection of surface condensation and to minimize vibrations from objects (i.e., cookware, tableware, or other kitchen utensils) being dropped into the sink.

## **THE INDUSTRY IN THE UNITED STATES**

### **U.S. producers**

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from five firms, which accounted for approximately 98 percent of production of drawn stainless steel sinks in the United States during 2011.<sup>21</sup>

In response to the Commission's notice of institution in the current reviews, the domestic interested party provided a list of six known and currently operating U.S. producers of drawn stainless steel sinks.<sup>22</sup>

### **Recent developments**

Table I-2 presents events in the U.S. industry since the original investigations, including those that may affect the main raw material input, cold-rolled stainless steel coils.

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<sup>21</sup> *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, p. III-1. Kohler ceased operations at the end of 2009. *Ibid*, p. VI-3.

<sup>22</sup> Domestic interested party's response to the notice of institution, April 2, 2018, pp. 17-18.

**Table I-2**

**Drawn stainless steel sinks: Recent developments in the U.S. industry**

Period	Firm/Agency	Description of Event
September 2016	Fortune Brands Home & Security, Inc. (Moen Incorporated)	<b>Acquisition:</b> Fortune Brands Home & Security, Inc., the owner of the Moen Incorporated brand acquired California-based ROHL, a luxury plumbing company that sells stainless steel sinks. ROHL sinks are manufactured in Italy. <sup>1</sup>
February 2018	Moen Incorporated	<b>New Firm Leadership:</b> Moen Incorporated announced that Cheri Phyfer is the new President of Moen U.S. businesses, which is part of Fortune Brands Home & Security, Inc.’s Global Plumbing Group division. <sup>2</sup>
March 2018	White House	<b>Tariffs on Cold-Rolled Steel Coils (raw material input to drawn stainless steel sinks):</b> The President issued a proclamation that announced a “25 percent ad valorem tariff on steel articles” at the global level, which includes cold-rolled stainless steel coils. <sup>3</sup>

<sup>1</sup> It is unclear whether or not ROHL’s imported sinks are subject product. U.S. Securities and Exchange Commission, Form 10-K Annual Report, Fortune Brands Home & Security, Inc., Commission file number 1-35166, December 31, 2017, <http://ir.fbhs.com/secfiling.cfm?filingID=1193125-18-63999&CIK=1519751> (accessed May 11, 2018).

<sup>2</sup> Moen Incorporated, “Moen Names Cheri Phyfer as New President, U.S. Businesses,” February 6, 2018. <https://www.moen.com/press-room/press-releases/phyfer-new-hire-release> (accessed May 11, 2018).

<sup>3</sup> The White House, Presidential Proclamation on Adjusting Imports of Steel into the United States, March 8, 2018. <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/> (accessed May 10, 2018)

Source: Cited sources.

On April 20, 2017, the President issued a memorandum to the Secretary of Commerce instructing him to initiate an investigation under Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. §1862) into whether steel imports threaten to impair U.S. national security. Commerce delivered its report to the President on January 11, 2018, but did not reveal its findings or remedy recommendations at that time. On February 16, 2018, Commerce released a redacted (public) version of its report.<sup>23</sup>

On March 8, 2018, the President issued a proclamation that announced a “25 percent ad valorem tariff on steel articles” at the global level, with the exceptions of Canada and Mexico.<sup>24</sup> The scope of the President’s proclamation covers products defined “steel articles”

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<sup>23</sup> U.S. Department of Commerce website, *Section 232 Investigation on the Effect of Imports of Steel on U.S. National Security*, <https://www.commerce.gov/page/section-232-investigation-effect-imports-steel-us-national-security> (accessed May 9, 2018)

<sup>24</sup> The president also announced an additional 25 percent ad valorem duty rate on imports of steel articles imported under Chapter 99 of the Harmonized Tariff Schedule of the United States except from Canada and Mexico. The White House, Presidential Proclamation on Adjusting Imports of Steel into the United States, March 8, 2018. <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/> (accessed May 10, 2018)

under HTS subheadings 7206.10 through 7216.50, 7216.99 through 7301.10, 7302.10, 7302.40 through 7302.90, and 7304.10 through 7306.90, which includes cold-rolled stainless steel coils that fall under HS 4-digit headings 7219 or 7220.<sup>25</sup> The President announced, on March 22, his decision to temporarily suspend the tariffs through April 30 on U.S. steel imports from Argentina, Australia, Brazil, the European Union (“EU”) member states, and South Korea.<sup>26</sup> On April 30, 2018, the President then announced in a proclamation the following exceptions: South Korea is permanently exempted from the tariffs on all steel articles in exchange for product-specific quotas equivalent to 70 percent of average annual import volumes during 2015–17; Argentina, Australia, and Brazil are exempt from tariffs pending finalization of their respective agreements for specific long-term alternatives to import threats to U.S. national security; and Canada, the EU member states, and Mexico have temporary suspensions of tariffs on all steel articles that expire June 1, 2018, if satisfactory alternatives are not finalized by then.<sup>27</sup>

### **U.S. producers’ trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>28</sup> Table I-3 presents a compilation of the data submitted by Elkay, the only responding U.S. producer, as well as trade and financial data submitted by U.S. producers in the original investigations.

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<sup>25</sup> Ibid.

<sup>26</sup> The White House, “Presidential Proclamation on Adjusting Imports of Steel Into the United States,” March 22, 2018. <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states-2/> (accessed May 11, 2018).

<sup>27</sup> The White House, Presidential Proclamation Adjusting Imports of Steel into the United States, April 30, 2018. <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states-3/> (accessed May 10); See also ThompsonReuters Practical Law, “Updated: Trump Extends Temporary Exemptions from Section 232 Tariffs for the EU, Canada, and Mexico and Announces Agreements to Permanently Exempt Several Other Countries,” May 1, 2018. [https://content.next.westlaw.com/Document/I30efc78a461411e798dc8b09b4f043e0/View/FullText.html?contextData=\(sc.Default\)&transitionType=Default&firstPage=true&bhcp=1](https://content.next.westlaw.com/Document/I30efc78a461411e798dc8b09b4f043e0/View/FullText.html?contextData=(sc.Default)&transitionType=Default&firstPage=true&bhcp=1) (accessed May 11, 2018).

<sup>28</sup> Individual company trade and financial data are presented in app. B.

**Table I-3**

**Drawn stainless steel sinks: Trade and financial data submitted by U.S. producers, 2009-11, and 2017**

\* \* \* \* \*

### **DEFINITIONS OF THE DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY**

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if “appropriate circumstances” exist.<sup>29</sup>

In its original determinations, the Commission defined the domestic like product as coextensive with the scope: drawn stainless steel sinks. In terms of physical characteristics and end uses, top mount, undermount, and dual-mount sinks, which are all within the scope of these investigations, all have drawn stainless steel bowls, which are identically shaped in many cases. Regardless of type, most drawn sinks are used in residential kitchens where they serve the same purpose.<sup>30 31</sup> The Commission also defined the domestic industry as all U.S. producers of the domestic like product.<sup>32</sup>

In the original investigations, the Commission considered whether four domestic producers are subject to possible exclusion under the related parties provision. Three of the domestic producers (\*\*\*) are related to an importer, exporter, and/or foreign producer of the subject merchandise, while domestic producers \*\*\* are related parties by virtue of the fact that each company imported subject merchandise. The Commission found that appropriate circumstances did not exist to exclude any of the related party producers from the domestic industry.<sup>33</sup>

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<sup>29</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>30</sup> *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, pp. 7-8.

<sup>31</sup> In the final phase investigations, Petitioner and Kohler argued for a single domestic like product coextensive with the scope. Respondents stated they were no longer arguing that top mount and undermount sinks should be treated as separate like products (as they did in the preliminary phase of these investigations), but rather viewed all drawn stainless steel sinks as a commodity product. *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, p. 6.

<sup>32</sup> *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, pp. 11.

<sup>33</sup> *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, pp. 10-15.



In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definitions of the domestic like product and domestic industry and inquired as to whether any related parties issues existed. According to their response to the notice of institution, the domestic interested party agreed with the Commission's definition of the domestic like product as stated in the original investigations.<sup>34</sup> The domestic interested party did not cite any potential related parties issues and agreed with the Commission's prior definition of the domestic industry.<sup>35</sup>

## **U.S. IMPORTS AND APPARENT U.S. CONSUMPTION**

### **U.S. importers**

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 24 firms, which accounted for approximately 32.0 percent of total U.S. imports of drawn stainless steel sinks from China during 2011.<sup>36</sup>

Although the Commission did not receive responses from any respondent interested parties in the current reviews, in its response to the Commission's notice of institution the domestic interested party provided a list of 268 potential U.S. importers of drawn stainless steel sinks.<sup>37</sup>

### **U.S. imports**

Table I-4 presents the quantity, value, and unit value for imports from China as well as the other top sources of U.S. imports (shown in descending order of 2017 imports by quantity). Imports from China declined in each year from 2013 through 2017, with imports decreasing by 114,584 sinks from 2016 to 2017. Since 2015, Vietnam, Malaysia, and Mexico have been the top three nonsubject sources of imports of drawn stainless steel sinks.

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<sup>34</sup> Domestic interested party's response to the notice of institution, April 2, 2018, p. 20.

<sup>35</sup> Domestic interested party's response to the notice of institution, April 2, 2018, p. 20.

<sup>36</sup> *Investigation Nos. 701-TA-489 and 731-TA-1201 (Final): Drawn Stainless Steel Sinks from China—Staff Report*, INV-LL-020, March 11, 2013, p. IV-1.

<sup>37</sup> Domestic interested party's response to the notice of institution, April 2, 2018, Attachment 5.

**Table I-4**  
**Drawn stainless steel sinks: U.S. imports, 2013-17**

Item	2013	2014	2015	2016	2017
	<b>Quantity (number of sinks)</b>				
China (subject)	1,583,764	1,447,056	1,124,728	1,025,710	911,126
Vietnam	28,646	158,826	424,229	779,351	826,184
Malaysia	448,254	338,365	540,629	803,735	663,686
Mexico	656,642	593,732	596,482	720,491	592,343
Thailand	65,438	230,489	274,853	225,851	290,163
Korea	126,745	54,680	78,149	39,910	37,151
Taiwan	29,994	162,278	192,450	36,629	36,255
Canada	13,679	16,987	18,778	14,430	10,148
All other imports (nonsubject)	137,127	183,063	162,920	188,454	267,433
Subtotal, nonsubject	1,506,525	1,738,420	2,288,490	2,808,851	2,723,363
Total imports	3,090,289	3,185,476	3,413,218	3,834,561	3,634,489
	<b>Landed, duty-paid value (\$1,000)</b>				
China (subject)	60,403	48,286	37,491	35,863	30,283
Vietnam	937	6,317	17,420	37,119	34,499
Malaysia	11,173	14,134	20,553	20,973	15,354
Mexico	38,402	35,828	38,511	41,702	41,795
Thailand	3,983	14,403	11,948	7,824	8,722
Korea	4,637	2,914	3,512	1,494	1,878
Taiwan	1,270	5,325	6,334	1,031	926
Canada	4,736	5,908	6,241	3,695	4,041
All other imports (nonsubject)	10,975	15,532	11,900	11,541	12,267
Subtotal, nonsubject	76,113	100,360	116,418	125,378	119,482
Total imports	136,515	148,647	153,909	161,241	149,765

Table continued on next page.

**Table I-4--Continued****Drawn stainless steel sinks: U.S. imports, 2013-17**

Item	2013	2014	2015	2016	2017
	<b>Unit value (dollars per sink)</b>				
China (subject)	38	33	33	35	33
Vietnam	33	40	41	48	42
Malaysia	25	42	38	26	23
Mexico	58	60	65	58	71
Thailand	61	62	43	35	30
Korea	37	53	45	37	51
Taiwan	42	33	33	28	26
Canada	346	348	332	256	398
All other imports (nonsubject)	80	85	73	61	46
Subtotal, nonsubject	51	58	51	45	44
Total imports	44	47	45	42	41

Note.--Because of rounding, figure may not add to total shown.

Source: Official statistics of Commerce for HTS statistical reporting number 7324.10.0010.

### **Apparent U.S. consumption and market shares**

Table I-5 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-6 presents data on U.S. market shares of U.S. apparent consumption.

**Table I-5**

**Drawn stainless steel sinks: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2009-11, and 2017**

Item	2009	2010	2011	2017
	<b>Quantity (sinks)</b>			
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports from—				
China	2,025,125	2,686,397	3,179,282	911,126
Mexico (nonsubject)	***	***	***	592,343
All other imports (nonsubject)	***	***	***	2,131,020
Subtotal (nonsubject)	***	***	***	2,723,363
Total imports	***	***	***	3,634,489
Apparent U.S. consumption	***	***	***	***
	<b>Value (1,000 dollars)</b>			
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports from—				
China	73,160	101,721	119,071	30,283
Mexico (nonsubject)	***	***	***	41,795
All other imports (nonsubject)	***	***	***	77,688
Subtotal (nonsubject)	***	***	***	119,482
Total imports	***	***	***	149,765
Apparent U.S. consumption	***	***	***	***

Source: For the years 2009-11, data are compiled using data submitted in the Commission's original investigations. *See app. C.* For the year 2017, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting number 7324.10.0010.

Table I-6

## Drawn stainless steel sinks: Apparent U.S. consumption and U.S. market shares, 2009-11, and 2017

Item	2009	2010	2011	2017
	<b>Quantity (sinks)</b>			
Apparent U.S. consumption	5,052,835	5,423,422	5,453,786	4,863,683
	<b>Value (1,000 dollars)</b>			
Apparent U.S. consumption	297,767	295,909	301,408	248,908
	<b>Share of consumption based on quantity (percent)</b>			
U.S. producer's share	***	***	***	***
U.S. imports from--				
China	40.1	49.5	58.3	18.7
Mexico (nonsubject)	***	***	***	***
All other imports (nonsubject)	***	***	***	***
Subtotal (nonsubject)	***	***	***	***
Total imports	***	***	***	***
	<b>Share of consumption based on value (percent)</b>			
U.S. producer's share	***	***	***	***
U.S. imports from--				
China	24.6	34.4	39.5	12.2
Mexico (nonsubject)	***	***	***	***
All other imports (nonsubject)	***	***	***	***
Subtotal (nonsubject)	***	***	***	***
Total imports	***	***	***	***

Source: For the years 2009-11, data are compiled using data submitted in the Commission's original investigations. See *app. C*. For the year 2013, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting number 7324.10.0010.

### THE INDUSTRY IN CHINA

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from five firms, which accounted for approximately \*\*\* percent of imports of drawn stainless steel sinks from China during 2011.<sup>38</sup>

Relevant information on the drawn stainless steel sinks industry is not readily available for the period since the Commission's original investigations. However, a Canadian Broadcasting Company News article dated July 26, 2016 noted that Yingao Kitchen Utensils Co., Ltd. added 9 robotic arms to its facility in Foshan, China, Guangdong province that will replace

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<sup>38</sup> Investigation Nos. 701-TA-489 and 731-TA-1201 (Final): Drawn Stainless Steel Sinks from China—Staff Report, INV-LL-020, March 11, 2013, p. II-6.

256 workers.<sup>39</sup> No Chinese producers responded to the notice of institution for these current reviews. Table I-7 presents the Chinese production, capacity, and exports to the United States of drawn stainless steel sinks during 2017, as well as data compiled in the original investigations.

**Table I-7**  
**Drawn stainless steel sinks: China producers' reported production, capacity, and exports to the United States, 2009-11 and 2017**

Item	2009	2010	2011	2017
Capacity (sinks)	***	***	1,308,000	9,260,000
Production (sinks)	***	***	901,338	(1)
Capacity utilization (percent)	***	***	68.9	(1)
Exports to the United States:				(1)
Quantity (sinks)	***	***	208,710	
Ratio	***	***	***	(1)

<sup>(1)</sup> Data not available.

Source: For the years 2009-2011, data are compiled using data submitted in the Commission's staff report. See *p. VII-3*. For the year 2017, data are compiled using data for key Chinese producers submitted by the domestic interested party. Domestic Interested Party's Response to the Notice of Institution, April 2, 2018, Attachment 1.

Table I-8 presents export data for sinks and wash basins of stainless steel from China in descending order of quantity for 2017.

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<sup>39</sup> Petricic, "The Future of 'Made In China': Industrial Robots Replacing Dwindling Workforce," July 26, 2016. <http://www.cbc.ca/news/world/china-robots-labour-1.3693818> (accessed May 14, 2018).

**Table I-8****Sinks and wash basins of stainless steel: Exports of drawn stainless steel sinks from China, by destination, 2013-17**

Item	Calendar year				
	2013	2014	2015	2016	2017
<b>Value (\$1,000)</b>					
United States	109,677	102,597	128,318	122,214	158,942
Vietnam	8,672	24,724	93,502	88,077	49,726
Malaysia	41,965	33,484	47,945	46,528	49,459
Australia	35,519	36,134	36,648	34,943	35,716
Singapore	18,036	20,188	24,589	21,622	28,800
Canada	23,776	18,738	27,015	21,428	28,176
United Kingdom	13,536	14,867	16,980	17,756	21,435
Thailand	16,871	19,474	22,077	15,402	17,735
Philippines	13,711	8,771	13,220	14,003	15,870
Indonesia	15,432	13,760	18,167	14,442	15,073
All others	287,685	268,012	245,503	205,633	230,211
Total	584,880	560,749	673,966	602,047	651,144

Note.--Because of rounding, figures may not add to totals shown. These data may be overstated as HTS 7324.10 includes all stainless steel sinks, drawn or otherwise, and may contain products outside the scope of this review.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7324.10.

### **ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS<sup>40</sup>**

In October 2011, Canada initiated investigations into the alleged dumping and subsidizing of drawn stainless steel sinks from China.<sup>41</sup> On December 28, 2011, the Canadian International Trade Tribunal (“CITT”) made a preliminary finding of material injury. On January

<sup>40</sup> Unless otherwise noted, this information is based on *Drawn Stainless Steel Sinks from China, Inv. Nos. 701-TA-489 and 731-TA-1201 (Final)*, USITC Publication 4390, April 2013, pp. I-10 through I-12.

<sup>41</sup> For the purpose of the Canadian investigations, the scope was defined as: stainless steel sinks with a single drawn bowl having a volume between 1,600 and 5,000 cubic inches (26,219.30 and 81,935.32 cubic centimeters) or with multiple drawn bowls having a combined volume between 2,200 and 6,800 cubic inches (36,051.54 and 111,432.04 cubic centimeters), excluding sinks fabricated by hand. Canadian Border Services Agency (CBSA), Measures in Force, Stainless Steel Sinks: Dumping & Countervailing (China), <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev-eng.html> (accessed May 9, 2018).

25, 2012, the Canada Border Services Agency (“CBSA”) announced its affirmative preliminary antidumping and subsidy findings. The CBSA found dumping margins ranging from 21.1 to 55.0 percent, and found subsidy margins ranging from 0.1 to 19.5 percent. On April 24, 2012, the CBSA reached its final determinations, finding dumping margins ranging from 4.4 to 103.1 percent, and subsidy margins ranging from 0.1 to 60.8 percent.<sup>42</sup> On May 24, 2012, the CITT issued its final findings of material injury.<sup>43</sup> Since 2012, the CBSA has conducted two re-investigations of “normal values, export prices and the amounts of subsidy of certain stainless steel sinks originating in or exported from the People’s Republic of China.” The first re-investigation concluded April 1, 2014, and the other concluded on July 7, 2016. After the reinvestigations, any imports subject products originating in/or exported from China, that have not been issued specific normal values, the antidumping duty is 103.1 percent of the export price, and the countervailing duty is equal to 264.94 Renminbi per unit.<sup>44</sup>

In addition, South Africa imposed antidumping duties on imports of stainless steel sinks from China effective April 9, 2009. The International Trade Administration Commission of South Africa (“ITAC”) found dumping margins ranging from 10.84 percent to 62.41 percent.<sup>45</sup> In 2015, ITAC made a final determination of a sunset review of imports of stainless steel sinks from China,<sup>46</sup> and has continued to impose antidumping duties on these products effective July 31,

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<sup>42</sup> Canada Border Services Agency, Statement of reasons concerning the making of final determinations with respect to the dumping and subsidizing of certain stainless steel sinks originating in or exported from the People’s Republic of China, May 9, 2012. <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1392/ad1392-i11-fd-eng.html> (accessed May 9, 2018).

<sup>43</sup> Canadian International Trade Tribunal, Dumping and Subsidizing, Inquiries (section 42), Stainless steel sinks, Inquiry No. NQ-2011-002, Finding issued Thursday, May 24, 2012, and Reasons issued Friday, June 8, 2012, [http://www.citt.gc.ca/en/dumping/inquiere/findings/nq2l002\\_e](http://www.citt.gc.ca/en/dumping/inquiere/findings/nq2l002_e) (accessed May 9, 2018).

<sup>44</sup> Canada Border Services Agency, Notice of Conclusion of Re-investigation of certain stainless steel sinks from the People’s Republic of China, April 1, 2014 <https://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/ad1392/ad1392-ri13-nc-eng.html> (accessed May 9, 2018); Canada Border Services Agency, Notice of Conclusion of Re-investigation of certain stainless steel sinks from the People’s Republic of China, July 7, 2016. <https://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/ad1392/ad1392-ri16-nc-eng.html> (accessed May 9, 2018).

<sup>45</sup> International Trade Administration Commission of South Africa, Report No. 314, Investigation into alleged dumping of stainless steel kitchen sinks originating in or imported from the People’s Republic of China; Dumping and subsidization of stainless steel kitchen sinks originating in or imported from Malaysia: Final Determination, September 17, 2009; and Petition, p. 24, and exhibit I-32. [http://www.itac.org.za/upload/document\\_files/20140928124226\\_Report-314.pdf](http://www.itac.org.za/upload/document_files/20140928124226_Report-314.pdf) (accessed May 9, 2018)

<sup>46</sup> International Trade Administration Commission of South Africa, Report No.497, Sunset Review of the anti-dumping duties on stainless steel sinks originating in or imported from the People’s Republic of China and Malaysia: Final Determination, May 25, 2015. [http://www.itac.org.za/upload/document\\_files/20150814091910\\_scan0104.pdf](http://www.itac.org.za/upload/document_files/20150814091910_scan0104.pdf) (accessed May 9, 2018)



2015.<sup>47</sup> Since no Chinese manufacturers submitted a properly documented response to ITAC's sunset review the antidumping duties for all imports of stainless steel sinks from China were amended to 62.41 percent, and no individual antidumping duties were maintained for Chinese manufacturers.<sup>48</sup>

In 2015, the Australian Government Anti-dumping Commission imposed interim antidumping measures of 5.0 percent to 46.2 percent and countervailing duty measures of 5.0 percent to 0.2- 6.4 percent on imports of "deep drawn stainless steel sinks" from China.<sup>49</sup> The Australian Government Anti-dumping Commission's review of these measures is currently taking place, and the final recommendations of the commission to the Parliamentary Secretary are due no later than May 25, 2018.<sup>50</sup>

## THE GLOBAL MARKET

Table I-9 presents the largest global export sources of sinks and wash basins of stainless steel, by value, during 2013-17. China was the world's leading exporter of such merchandise in 2017, accounting for 49.9 percent of world exports. The next largest exporters were Germany (8.7 percent of world exports), Italy (5.0 percent), and Mexico (4.3 percent).

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<sup>47</sup> International Trade Administration Commission of South Africa, Definitive duties in place, June 30, 2017. <http://www.itac.org.za/upload/Definitive%20duties%20in%20place%2030%20June%202017.pdf> (accessed May 9, 2018).

<sup>48</sup> International Trade Administration Commission of South Africa, Report No.497, Sunset Review of the anti-dumping duties on stainless steel sinks originating in or imported from the People's Republic of China and Malaysia: Final Determination, May 25, 2015, 30. [http://www.itac.org.za/upload/document\\_files/20150814091910\\_scan0104.pdf](http://www.itac.org.za/upload/document_files/20150814091910_scan0104.pdf) (accessed May 9, 2018)

<sup>49</sup> Deep drawn stainless steel sinks include "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 they are sold in conjunction with accessories such as mounting clips, fasteners, seals, sound-deadening pads, faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories." Australian Government Anti-Dumping Commission, Dumping Commodity Register: Drawn Stainless Steel Sinks, April 27, 2018, 3 and 8. <http://www.adcommission.gov.au/measures/Documents/Deep%20drawn%20stainless%20steel%20sink/DCR%20-%20Deep%20Drawn%20Stainless%20Steel%20Sinks.pdf> (accessed May 14, 2017); Australian Government Anti-Dumping Commission, Anti-Dumping Notice No. 2015/41, Deep Drawn Stainless Steel Sinks Exported from the People's Republic Of China Findings in Relation to a Dumping and Subsidization Investigation, March 26, 2015 <http://www.adcommission.gov.au/cases/Documents/104-ADN-2015-41.pdf> (accessed May 14, 2017).

<sup>50</sup> Australian Government Anti-Dumping Commission, Current Cases, ADC 459 Review Deep Drawn Stainless Steel Sinks. <http://www.adcommission.gov.au/cases/Pages/CurrentCases/ADC-459.aspx> (accessed May 14, 2018).

**Table I-9****Sinks and wash basins of stainless steel: Global exports by major sources, 2013-17**

Reporting Country	2013	2014	2015	2016	2017
	<i>Value (1,000 dollars)</i>				
China	584,880	560,749	673,966	602,047	651,144
Germany	119,333	123,121	118,294	112,888	112,982
Italy	69,718	72,692	61,160	60,823	64,955
Mexico	46,332	44,176	46,861	54,422	55,590
Turkey	63,734	63,944	52,052	48,223	47,547
Greece	38,521	40,457	34,115	42,233	46,139
Malaysia	21,635	31,125	44,313	45,230	35,990
Switzerland	41,964	39,169	36,350	31,661	28,925
Netherlands	16,416	19,170	16,116	15,791	27,497
Spain	22,391	24,527	22,401	22,242	23,051
United States	21,736	22,204	19,680	20,964	22,442
All Others	392,242	359,361	307,917	194,145	188,291
Total	1,438,904	1,400,694	1,433,225	1,250,670	1,304,554

Note.--Because of rounding, figures may not add to total shown. These data may be overstated as HTS 7324.10 includes all stainless steel sinks, drawn or otherwise, and may contain products outside the scope of this review.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7324.10.

**APPENDIX A**

***FEDERAL REGISTER NOTICES***



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

<b>Citation</b>	<b>Title</b>	<b>Link</b>
83 FR 8887	<i>Drawn Stainless Steel Sinks From China; Institution of Five-Year Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-03-01/pdf/2018-03859.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-03-01/pdf/2018-03859.pdf</a>
83 FR 9279	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-03-05/pdf/2018-04395.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-03-05/pdf/2018-04395.pdf</a>



**APPENDIX B**  
**COMPANY-SPECIFIC DATA**





**RESPONSE CHECKLIST FOR U.S. PRODUCER**

Item	Elkay Manufacturing Company	
	Quantity=1,000 pounds; value=1,000 dollars; Unit values, unit labor costs, and unit financial data are per pound	
Nature of operation		✓
Statement of intent to participate		✓
Statement of likely effects of revoking the order		✓
U.S. producer list		✓
U.S. importer/foreign producer list		✓
List of 3-5 leading purchasers		✓
List of sources for national/regional prices		✓
<b>Production:</b>		
Quantity		***
Percent of total reported		***
Capacity		***
<b>Commercial shipments:</b>		
Quantity		***
Value		***
<b>Internal consumption:</b>		
Quantity		***
Value		***
Net sales		***
COGS		***
Gross profit or (loss)		***
SG&A expenses (loss)		***
Operating income/(loss)		***
Changes in supply/demand		✓
<p>Note.—The production, capacity, and shipment data presented are for calendar year 2017. The financial data are for fiscal year ended in 2017.</p> <p>✓ = response provided; ✗ = response not provided; NA = not applicable; ? = indicated that the information was not known.</p>		



**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS**



Table C-1

Drawn stainless steel sinks: Summary data concerning the U.S. market, 2009-11, January-September 2011, and January-September 2012

(Quantity=sinks, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per sink; period changes=percent, except where noted)

Item	Reported data					Period changes				
	2009	2010	2011	January-September		2009-11	2009-10	2010-11	January-	
				2011	2012				September	
									2011-12	
U.S. consumption quantity:										
Amount	5,052,835	5,423,422	5,453,786	4,151,499	4,639,433	7.9	7.3	0.6	11.8	
Producers' share (1)	***	***	***	***	***	***	***	***	***	***
Importers' share (1):										
China	40.1	49.5	58.3	58.3	61.2	18.2	9.5	8.8	2.8	
Mexico	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:										
Amount	297,767	295,909	301,408	228,584	246,380	1.2	-0.6	1.9	7.8	
Producers' share (1)	***	***	***	***	***	***	***	***	***	***
Importers' share (1):										
China	24.6	34.4	39.5	38.6	43.9	14.9	9.8	5.1	5.3	
Mexico	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
U.S. imports from:										
China:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Mexico:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
All other sources:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
All sources:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
U.S. producers:										
Average capacity quantity	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***
U.S. shipments:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Export shipments:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***
Productivity (sinks per 1,000 hours)	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***
Net sales:										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

**Table C-2**

**Top mount drawn stainless steel sinks: Summary data concerning the U.S. market, 2009-11, January-September 2011, and January-September 2012**

\* \* \* \* \*

**Table C-3**

**Undermount drawn stainless steel sinks: Summary data concerning the U.S. market, 2009-11, January-September 2011, and January-September 2012**

\* \* \* \* \*

**Table C-4**

**Dual mount drawn stainless steel sinks: Summary data concerning the U.S. market, 2009-11, January-September 2011, and January-September 2012**

\* \* \* \* \*

**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**





As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following three firms as the top purchasers of drawn stainless steel sinks: \*\*\*. Purchaser questionnaires were sent to these three firms and one firm (\*\*\*) provided responses which are presented below.

1. Have there been any significant changes in the supply and demand conditions for drawn stainless steel sinks that have occurred in the United States or in the market for drawn stainless steel sinks in China since January 1, 2013?

<b>Purchaser</b>	<b>Changes that have occurred</b>
***	No. Since 2013, we have observed some shift in production from China to other Asia countries (Malaysia, Vietnam) due to increased Chinese labor costs. Some Chinese manufacturers are increasingly investing in automation to offset increased labor costs. However, demand for Chinese origin sinks remains strong in the U.S., and Chinese supplies have remained stable. We have not observed an increase in manufacturing capabilities in the U.S. for DSS sinks.

2. Do you anticipate any significant changes in the supply and demand conditions for drawn stainless steel sinks in the United States or in the market for drawn stainless steel sinks in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Anticipated changes</b>
***	No. We anticipate that automation and shifting production trends in China will continue and U.S. companies will continue to outsource manufacturing to Asia to market and sell their private label brands in the U.S. market.

