



OTTAWA, September 15, 2017

## STATEMENT OF REASONS

Concerning an expiry review determination under  
paragraph 76.03(7)(a) of the *Special Import Measures Act*  
regarding

**CERTAIN STAINLESS STEEL SINKS ORIGINATING IN OR EXPORTED FROM  
THE PEOPLE'S REPUBLIC OF CHINA**

## DECISION

On September 1, 2017, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of finding made by the Canadian International Trade Tribunal on May 24, 2012, in Inquiry No. NQ-2011-002:

- i. is likely to result in the continuation or resumption of dumping of certain stainless steel sinks originating in or exported from the People's Republic of China;
- ii. is likely to result in the continuation or resumption of subsidizing of certain stainless steel sinks originating in or exported from the People's Republic of China.

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Cet *Énoncé des motifs* est également disponible en français.  
This *Statement of Reasons* is also available in French.

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## EXECUTIVE SUMMARY

[1] On April 4, 2017, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its finding made on May 24, 2012, in Inquiry No. NQ-2011-002, concerning the dumping and subsidizing of certain stainless steel sinks originating in or exported from the People's Republic of China (China).

[2] For purposes of this document, the “named country” refers to China.

[3] As a result of the CITT's notice of expiry review, the Canada Border Services Agency (CBSA), on April 5, 2017, initiated an investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the finding is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods.

[4] The CBSA received a response to its Expiry Review Questionnaire (ERQ) from Franke Kindred Canada Limited<sup>1</sup> (Franke) and Novanni Stainless Inc.<sup>2</sup> (Novanni), producers of stainless steel sinks in Canada. The submissions made by Franke and Novanni included information supporting their position that the continued or resumed dumping of certain stainless steel sinks from China is likely if the CITT's finding is rescinded. Neither of the Canadian producers expressed an opinion on the likelihood of continued or resumed subsidizing of the subject goods.

[5] The CBSA received responses to its ERQ from the following Canadian importers who are either end-users or resellers of stainless steel sinks: Bain Dépot<sup>3</sup>, Burrito Caliente<sup>4</sup>, Céramique Décors M.S.F. Inc.<sup>5</sup>, Marble & Granite Imports Ltd.<sup>6</sup>, Stylish International Inc.<sup>7</sup>, Superprem Industries Ltd.<sup>8</sup> and Robert Thibert Inc.<sup>9</sup> None of the importers expressed an opinion on the likelihood of continued or resumed dumping and/or subsidizing of subject goods.

[6] The CBSA did not receive a response to its ERQ from any of the exporters of subject goods. Also, the CBSA did not receive a response to its subsidy ERQ from the Government of China (GOC).

[7] No parties provided case briefs or reply submissions.

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<sup>1</sup> Exhibits 39 PRO & 40 NC – Response to ERQ, Franke.

<sup>2</sup> Exhibits 41 PRO & 42 NC – Response to ERQ, Novanni.

<sup>3</sup> Exhibits 37 NC & 52 NC – Response to ERQ, Bain Dépot.

<sup>4</sup> Exhibit 23 NC – Response to ERQ, Burrito Caliente.

<sup>5</sup> Exhibits 38 NC & 50 NC – Response to ERQ, Céramique Décors M.S.F. Inc.

<sup>6</sup> Exhibits 46 PRO & 45 NC – Response to ERQ, Marble & Granite Imports Ltd.

<sup>7</sup> Exhibits 47 PRO & 48 NC – Response to ERQ, Stylish International Inc.

<sup>8</sup> Exhibits 43 PRO & 44 NC – Response to ERQ, Superprem Industries Ltd.

<sup>9</sup> Exhibits 51 NC & 54 NC – Response to ERQ, Robert Thibert Inc.

[8] Analysis of the information on the record indicates that Chinese producers/exporters have substantial production capacity and have factory capacity under-utilization; Chinese producers are export-oriented and have been experiencing a decline in overall total sales volume in all markets; anti-dumping measures in other countries demonstrate that Chinese exporters have a propensity to dump stainless steel sinks; Chinese exporters are facing weak future demand for stainless steel sinks because of slow growth in the construction market in China and the United States and substitution of other types of sinks in Canada; competitive pricing amongst Chinese exporters and exporters from non-named countries could lead to continued or resumed dumping given the commodity nature of stainless steel sinks; and except for exporters with established normal values, exporters in China have continued to dump subject goods into Canada during the period of review.

[9] Analysis of the information on the record indicates the continuing availability of subsidy programs for Chinese stainless steel sink exporters in China; the imposition of countervailing measures on Chinese stainless steel sinks by authorities in other countries provides evidence of support of stainless steel sink producers by the Government of China; the imposition of countervailing measures on Chinese stainless steel sheet and strip by authorities in other countries provides evidence of indirect support of stainless steel sink producers by the Government of China; and there was a substantial volume of subsidized goods imported into Canada during the period of review.

[10] For the foregoing reasons, the CBSA, having considered the information on the record, determined on September 1, 2017, pursuant to paragraph 76.03(7)(a) of SIMA that:

- i. The expiry of the finding in respect of the dumping of certain stainless steel sinks originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods into Canada;
- ii. The expiry of the finding in respect of the subsidizing of certain stainless steel sinks originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

## **BACKGROUND**

[11] On October 27, 2011, following a complaint filed by Franke and Novanni, the CBSA initiated investigations pursuant to subsection 31(1) of SIMA into whether certain stainless steel sinks originating in or exported from China had been dumped and/or subsidized.

[12] On April 24, 2012, the CBSA made final determinations of dumping and subsidizing in respect of certain stainless steel sinks originating in or exported from China.

[13] On May 24, 2012, the CITT found pursuant to subsection 43(1) of SIMA that injury had been caused by the dumping and subsidizing of the goods originating in or exported from China. The CITT's *Statement of Reasons* for the finding on certain stainless steel sinks was issued June 8, 2012.<sup>10</sup>

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<sup>10</sup> Exhibit 002 NC, Dumping and Subsidizing, Finding and Reasons issued by CITT.

[14] On April 1, 2014, the CBSA concluded a re-investigation to update the normal values, export prices and amounts of subsidy of certain stainless steel sinks originating in or exported from China.

[15] On July 7, 2016, the CBSA concluded a re-investigation to update the normal values, export prices and amounts of subsidy of certain stainless steel sinks originating in or exported from China.

[16] On February 13, 2017, pursuant to subsection 76.03(2) of SIMA, the CITT issued a notice concerning the expiry of its finding, which is scheduled to expire on May 24, 2017.<sup>11</sup> Based on the information filed during the expiry process, the CITT decided that a review of the finding was warranted.

[17] On April 4, 2017, the CITT initiated an expiry review of its finding pursuant to subsection 76.03(3) of SIMA.<sup>12</sup>

[18] On April 5, 2017, the CBSA commenced an expiry review investigation to determine whether the expiry of the finding is likely to result in continued or resumed dumping and/or subsidizing of the goods from China.

## **PRODUCT DESCRIPTION**

[19] The goods subject to the finding under review are 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 centimetres) 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 centimetres), excluding sinks fabricated by hand, originating in or exported from the People's Republic of China.

[20] For purposes of the definition of the subject goods, volume is calculated as the product of the length, width and depth of the bowl, regardless of the taper and radius of the bowl, where length and width are measured from front to back and left to right of the bowl rim and where depth is measured from the bowl rim to the bottom of the sink at the point closest to the drain.

[21] For purposes of the definition of the subject goods, "sinks fabricated by hand" refers to the process by which sinkware is formed by hand. The sink stock is notched and folded, and sides are then welded and hand-polished to form a box-like shape. Hand-fabricated sinks may also be referred to as handcrafted or handmade sinks.

[22] The subject goods may be supplied with seals, strainer or strainer sets, mounting clips, fasteners, sound-deadening pads, cut-out templates, and additional accessories such as rinsing baskets and bottom grids.

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<sup>11</sup> Exhibit 027 NC, "Notice of Expiry of Finding".

<sup>12</sup> Exhibit 028 NC, "Notice of Expiry Review of Finding".

[23] Stainless steel sinks are commonly used in residential and non-residential installations including in kitchens, bathrooms, utility and laundry rooms. Stainless steel sinks sold in Canada are required to be manufactured in accordance with ASME A112.19.3-2008/CSA B45.4.08. Stainless steel sinks are available in a variety of shapes and configurations. They may have single or multiple bowls, and may be undermount, top mount, or designed as work tops.

[24] Stainless steel sinks are generally made from grades 301, 304 and 316 cold-rolled stainless steel sheet that is 16, 18 or 20 gauge. The subject goods may be made of additional stainless steel grades and thinner or thicker gauges. Indeed, the complaint states that 15 and 22 gauge stainless steel sinks and grade 202 and 416 stainless steel sinks from China have been observed in the Canadian market. Gauge refers to the nominal thickness of steel. Typically, the lower the number, the thicker the material (e.g. 16 gauge = 0.060 inches, 18 gauge = 0.046 inches, 20 gauge = 0.035 inches). Grade identifiers such as T301, T304 and T316 are American Iron and Steel Institute (AISI) designations for the chemical composition of stainless steel. Each designation has a specific chemical makeup that provides the steel with its unique properties (e.g. mechanical properties, weldability and corrosion resistance). Terms such as 18-8 and 18-10 are commonly used to describe the chemical composition of the stainless steel. The first number defines the nominal percentage of chromium in the steel and the second number defines the nominal percentage of nickel in the steel.

### **CLASSIFICATION OF IMPORTS**

[25] The subject goods are normally imported into Canada under the following Harmonized System (HS) tariff classification numbers:

- 7324.10.00.10

[26] The subject goods may also be classified under the following HS classification codes:

- 7324.10.00.90

### **PERIOD OF REVIEW**

[27] The period of review (POR) for the CBSA's expiry review investigation is January 1, 2014, to February 28, 2017.

### **CANADIAN INDUSTRY**

[28] The Canadian industry for certain stainless steel sinks is currently comprised of Franke Kindred Canada Limited, of Midland, ON and Novanni Stainless Inc., of Coldwater, ON.

## Franke Kindred Canada Limited

[29] Franke is a part of the Kitchen Systems Division of Franke Holdings AG in Midland, ON. Franke's origins date back to 1946 when Kitchen Installations Inc. ("KIL") began operations as a small metal products manufacturing facility in Toronto. In 1960, KIL moved its operations to the current location in Midland, Ontario and in 1962, KIL changed its name to Kindred Industries Limited. In November 1998, Kindred Industries Limited was acquired by Franke Holdings AG.

## Novanni Stainless Inc.

[30] Novanni is a privately held company with manufacturing facilities in Coldwater, Ontario. Novanni's origins date back to 1955 when Wessan Plumbing Manufacturing ("Wessan") began manufacturing stainless steel sinks in Brampton, Ontario. Wessan's manufacturing facility was relocated to Coldwater, Ontario in 1965. In 1999, Wessan was acquired by Elkay Manufacturing Company, a privately held plumbing products manufacturer in the United States and operated as Elkay Canada Ltd. On March 20, 2008, Elkay Canada Ltd. was acquired by Novanni.

## CANADIAN MARKET

[31] The value and volume of Canadian production of stainless steel sinks is only available from the confidential submissions of the Canadian producers and therefore cannot be disclosed. However, based on the information on the administrative record, the Canadian producers' share of the apparent Canadian market decreased in value and volume from 2014 to 2016, but appears to be increasing based on the first two months of 2017.<sup>13</sup>

[32] The CBSA has prepared **Table 1** below to show data for certain stainless steel sinks imported into Canada during the POR.

**Table 1**  
**Imports into Canada<sup>14</sup>**  
(Volume in units and Value in CAD\$)

	2014		2015		2016		2016 Jan-Feb		2017 Jan-Feb	
	QTY	Value (\$)	QTY	Value (\$)	QTY	Value (\$)	QTY	Value (\$)	QTY	Value (\$)
China	145,285	8,044,892	150,240	8,474,594	177,960	10,310,108	36,768	2,247,136	18,920	1,028,148
Other Countries	92,523	8,552,193	81,727	8,790,738	76,615	7,890,126	13,411	1,395,837	8,968	1,059,795
<b>Total-Imports</b>	<b>237,808</b>	<b>16,597,084</b>	<b>231,967</b>	<b>17,265,332</b>	<b>254,575</b>	<b>18,200,234</b>	<b>50,179</b>	<b>3,642,973</b>	<b>27,888</b>	<b>2,087,944</b>

<sup>13</sup> Exhibit 57 NC – CBSA Import and Compliance Statistics for the Period of Review.

<sup>14</sup> *Ibid.*

## ENFORCEMENT DATA

[33] In the enforcement of the CITT's finding during the POR, as detailed in **Table 2** below, the total amount of anti-dumping and countervailing duties collected on subject imports from China was approximately CAD \$3.66 Million. The quantity of subject goods from China during the POR was 492,405 units.<sup>15</sup>

**Table 2**  
**Enforcement Data – Imports of Subject Goods from China**  
**Quantity, and Anti-dumping and Countervailing Duties Collected During the POR<sup>16</sup>**

Country	Quantity (units)				SIMA Duties (CAD)							
	2014	2015	2016	2017 Jan- Feb	2014		2015		2016		2017 Jan-Feb	
					AD	CVD	AD	CVD	AD	CVD	AD	CVD
China	145,285	150,240	177,960	18,920	959,449	269,070	986,148	349,251	708,257	308,833	34,070	40,318

\*AD = Anti-dumping Duties

\*\*CVD = Countervailing Duties

## PARTIES TO THE PROCEEDINGS

[34] On April 5, 2017, the CBSA sent a notice concerning the initiation of the expiry review investigation and the ERQs to the known Canadian producers, importers and exporters. The GOC was also sent an ERQ relating to subsidy.

[35] The ERQs requested information needed to consider the expiry review factors, as found in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR), relevant to this expiry review investigation.

[36] Seven Canadian importers and the two Canadian producers participated in the expiry review investigation and responded to the ERQs.

[37] No response was received from exporters of subject goods.

[38] No response to the CBSA's subsidy ERQ was received from the GOC.

[39] No parties provided case briefs or reply submissions.

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<sup>15</sup> Exhibit 57 NC – CBSA Import and Compliance Statistics for the Period of Review.

<sup>16</sup> *Ibid.*



## **INFORMATION CONSIDERED BY THE CBSA**

### **Administrative Record**

[40] The information considered by the CBSA for purposes of this expiry review investigation is contained on the administrative record. The administrative record includes the exhibits listed on the CBSA's Exhibit Listing, which is comprised of the CITT's administrative record relating to the initiation of the expiry review, CBSA exhibits and information submitted by interested persons, including information which they feel is relevant to the decision as to whether dumping and/or subsidizing is likely to continue or resume, if the finding is rescinded. This information may consist of expert analyst reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization and responses to the ERQs submitted by domestic producers, importers, exporters and foreign governments.

[41] For purposes of an expiry review investigation, the CBSA sets a date after which no "new" information submitted by interested parties may be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the "closing of the record date." This allows participants time to prepare their case briefs and reply submissions based on the information that is on the record as of the date the record closed. For this expiry review investigation, the record closed on May 29, 2017.

## **POSITION OF THE PARTIES – DUMPING**

### **Parties Contending that Continued or Resumed Dumping is Likely**

[42] Franke and Novanni ("complainants"), Canadian producers of certain stainless steel sinks, made representations through their responses to the ERQ in support of the position that dumping from China is likely to continue or resume in the event the present finding is rescinded. Consequently, the complainants argued that the measures should remain in place.

[43] The main factors identified by the complainants can be summarized as follows:

- The Canadian market is extremely small relative to the production capacity of exporters in China.
- The market for stainless steel sinks in Canada is mature and the demand for stainless steel sinks in the United States is significantly below potential.
- The decreased rate of growth in the domestic construction market in China is leading to an increased reliance on export markets.
- At the low end of the market, stainless steel sinks are viewed as commodities.
- Customers in different distribution channels seek the lowest price.
- Producers in China are export-oriented.
- Chinese exporters have a propensity to dump goods.
- Current import volumes from China have returned to levels that existed prior to the CITT finding.
- Import volumes from non-named countries have increased and average per unit prices have decreased.
- The United States Department of Commerce made an affirmative final determination in the anti-dumping duty investigation of stainless steel sheet and strip from China.
- Increased competition from hand-fabricated sinks has impacted the Canadian market for stainless steel sinks.

The Canadian market is extremely small relative to the production capacity of exporters in China

[44] The complainants contend that the production capacity of Chinese exporters of stainless steel sinks is large compared to the size of the total apparent Canadian market. As evidence, the complainants provided production capacity information of selected exporters from China.<sup>17</sup> The complainants also provided the *Outlook Report*, published by the Canadian Institute of Plumbing & Heating (CIPH) and the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI).<sup>18</sup> Based on the report, the complainants provided a confidential estimate of the size of the Canadian market for stainless steel sinks. Given the production capacity of Chinese producers of stainless steel sinks, the complainants argued that the Chinese producers seek sales in export markets in order to maintain their capacity utilization.

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<sup>17</sup> Exhibit 40 NC – Response to ERQ, Franke – Q27.

<sup>18</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q24 & Appendix 11.

The market for stainless steel sinks in Canada is mature and the demand for stainless steel sinks in the United States is significantly below potential

[45] Based on the *Outlook Report*, the complainants predicted that the demand for stainless steel sinks in Canada will continue to be steady. Also, the complainants noted that although the market for stainless steel sinks in the United States is rebounding from the financial crisis in 2008 and repair and renovation work remains prominent, the current level of new home construction in the United States is approximately one million units below the levels in 2008. The complainants argued that in order for Chinese exporters to penetrate mature and existing markets they must undercut prices and this leads to a likelihood of dumping.<sup>19</sup>

The decreased rate of growth in the domestic construction market in China is leading to an increased reliance on export markets

[46] The complainants noted that the domestic construction market in China is slowing down.<sup>20</sup> As such, the complainants argued that the demand for stainless steel sinks in the Chinese domestic market would also decrease and lead to an increasing number of Chinese producers seeking sales in export markets in order to maintain their level of capacity utilization.

At the low end of the market, stainless steel sinks are viewed as commodities

[47] The complainants argued that lower-end products represent the majority of the volume of the Canadian market and can be essentially viewed as commodities. As commodity products, there is little to no regard for features, product certification, or country of origin. Based on the complainants' market intelligence, countertop fabricators will often include stainless steel sinks at no charge. As a result, countertop fabricators seek the lowest prices for their sinks from suppliers in either the domestic market or foreign markets.<sup>21</sup>

Customers in different distribution channels seek the lowest price

[48] Based on market intelligence, the complainants submitted that large retail chains within Canada have procurement personnel in China. The procurement personnel seek Chinese producers of stainless steel sinks who can provide the lowest price. According to the complainants, these retailers can offer significant volume opportunities for exporters in China.<sup>22</sup>

[49] The complainants explained that in the plumbing wholesale channel, specifically for the entry level products supplied to the new home construction, wholesalers continue to undercut each other in order to secure the sale, which forces prices downwards. In order to undercut prices, wholesalers search for producers of stainless steel sinks that can offer the lowest price possible and without the finding in place this could lead to dumping.<sup>23</sup>

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<sup>19</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q27, Q29, Q30 & Q31.

<sup>20</sup> Exhibit 22 NC – LE-2016-002-003.02 – Attachment I.

<sup>21</sup> Exhibit 40 NC – Response to ERQ, Franke – Q27.

<sup>22</sup> Exhibit 40 NC – Response to ERQ, Franke – Q27 & Exhibit 42 NC – Response to ERQ, Novanni – Q17.

<sup>23</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q17.

[50] In the Kitchen and Bath (K&B) Dealers channel, the complainants argued that K&B Dealers purchase imported products from importers that are identical to the products produced by the complainants. In that regard, importers can sell the products without incurring significant sales and marketing expense. The complainants further argued that the importers can simply sell at the lowest possible price to the dealers. The complainants believe that without dumping measures in place, importers will continue to undercut the prices of domestically produced products through procurement of dumped goods.<sup>24</sup>

[51] The Countertop Fabricators channel provides solid surface countertops such as granite, quartz, Silestone and Corian. This channel has emerged over the past years and represents a significant market share. According to the complainants, importers of stainless steel sinks are supplying this channel almost exclusively. Countertop fabricators offer a free sink with the purchase of a countertop. The complainants believe that without dumping measures in place this channel will only expand and provide more “free sinks” with their countertops through procurement of dumped goods.<sup>25</sup>

#### Producers in China are export-oriented

[52] According to the complainants, producers in China are export-oriented and have demonstrated continued interest in the Canadian market. The complainants noted that many Chinese producers participate in local trade shows in order to secure new customers in Canada. The complainants also receive direct communications from producers in China seeking business opportunities.<sup>26</sup>

#### Chinese exporters have a propensity to dump goods

[53] The complainants submitted that the Chinese exporters of stainless steel sinks have a propensity to dump. In addition to Canada, the complainants noted that Chinese exporters have also been found to have dumped stainless steel sinks in the United States and Australia. The complainants also argued that Chinese exporters have dumped goods from other product categories within the plumbing industry, specifically, copper pipe fittings.<sup>27</sup>

#### Current import volumes from China have returned to levels that existed prior to the CITT finding

[54] The complainants noted that imports from China have the same level of volume that existed prior to the CITT’s finding in 2012.

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<sup>24</sup> *Ibid.*

<sup>25</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q17.

<sup>26</sup> Exhibit 40 NC – Response to ERQ, Franke – Q27.

<sup>27</sup> Exhibit 40 NC – Response to ERQ, Franke – Q27.

[55] The complainants submitted import statistics from Statistics Canada which shows the volume and values of imports over the 2011 to 2016 period. Based on this information, the complainants noted that imports from China decreased from a high of approximately 464,000 units in 2011 to a low of 306,000 units in 2014 but have increased to 429,000 units in 2016.<sup>28</sup>

Import volumes from non-named countries have increased and average per unit prices have decreased

[56] The complainants noted that imports from non-named countries such as Greece, Malaysia, Thailand, Turkey and Vietnam have increased from approximately 2,100 to 62,000 units during the period of 2011 to 2016. The import data also shows that the average unit price of sinks from China have increased from \$49.03 per unit in 2011 to \$86.63 per unit in 2016. Imports from non-named countries have an average unit price of \$154 per unit in 2011 and have decreased to \$68.21 in 2016. The complainants argued that should the finding be rescinded the average unit price of Chinese sinks would be driven downward below \$68.21.<sup>29</sup>

The United States Department of Commerce made an affirmative final determination in the anti-dumping duty investigation of stainless steel sheet and strip from China

[57] The complainants noted that the United States Department of Commerce (USDOC) found that imports of stainless steel sheet and strip from China to the United States have been dumped. The complainants noted that stainless steel sheet and strip are the main raw materials in the production of stainless steel sinks. This could result in an excess supply of raw material stainless steel inputs for producers of stainless steel sinks in China.<sup>30</sup>

Increased competition from hand-fabricated sinks has impacted the Canadian market for stainless steel sinks

[58] According to the complainants, importers have been increasingly shifting their distribution from drawn sinks to hand-fabricated sinks since hand-fabricated sinks are excluded from the product definition. The complainants noted that prices of hand-fabricated sinks originating in China have become comparable to the prices of drawn sinks supplied from China. The complainants argued that the sales of hand-fabricated sinks have impacted the total size of the Canadian market for drawn stainless steel sinks.<sup>31</sup>

**Parties Contending that Continued or Resumed Dumping is Unlikely**

[59] None of the parties contended that resumed or continued dumping of subject goods from China is unlikely if the finding is rescinded.

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<sup>28</sup> Exhibit 42 NC – Response to ERQ, Novanni – Supplemental Information.

<sup>29</sup> Exhibit 42 NC – Response to ERQ, Novanni – Supplemental Information.

<sup>30</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q30 & Q32.

<sup>31</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q23, Q25 & Q27.

## **CONSIDERATION AND ANALYSIS – DUMPING**

[60] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods, the CBSA may consider the factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant under the circumstances.

[61] Guided by the factors in subsection 37.2(1) of the SIMR and having considered the information on the administrative record, the following is a summary of the CBSA's analysis conducted in this expiry review investigation with respect to dumping:

- Chinese producers/exporters have substantial production capacity and have factory capacity under-utilization.
- Chinese producers are export-oriented and have been experiencing declining overall sales volume in all markets.
- Anti-dumping measures in other countries demonstrate that Chinese exporters have a propensity to dump stainless steel sinks.
- Chinese exporters are facing weak future demand for stainless steel sinks because of slow growth in the construction market in China and the United States and substitution of other types of sinks in Canada.
- Competitive pricing amongst Chinese exporters and exporters from non-named countries could lead to continued or resumed dumping given the commodity nature of stainless steel sinks.
- Except for exporters with established normal values, exporters in China have continued to dump subject goods into Canada during the period of review.

[62] The CBSA did not receive ERQ responses from any exporters of certain stainless steel sinks. On the other hand, the CBSA received notices on behalf of three Chinese exporters which stated that they would not be participating in the expiry review investigation and would not object to an affirmative finding by the CBSA with respect to likelihood of continued or resumed dumping and/or subsidization of certain stainless sinks from China.<sup>32</sup>

[63] Given that no responses to the ERQ were received from exporters, the CBSA relied on responses to the Requests for Information (RFI) submitted from cooperative exporters in the 2013 and 2016 re-investigations in order to obtain information for purposes of the expiry review investigation. The responses to the RFIs are available on the listing of exhibits and administrative record for this expiry review investigation.

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<sup>32</sup> Exhibit 25 NC – Correspondence from exporters – Notice of non-participation.

[64] Three exporters participated in the original investigation and the two subsequent re-investigations of the normal values, export prices and amounts of subsidies of certain stainless steel sinks from China: Guangdong Dongyuan Kitchenware Industrial Co. Ltd. (“Dongyuan”), Guangdong Yingao Kitchen Utensils Co. Ltd. (“Yingao”) and Jiangmen New Star Hi-Tech Enterprise Ltd. (“New Star”). A fourth exporter, Guangzhou Komodo Kitchen Technology Co., Ltd. (“Komodo”), participated in the original investigation and the most recent re-investigation. The continued involvement of exporters in the re-investigations suggests an interest by exporters in participating in the Canadian market.

Chinese producers/exporters have substantial production capacity and have factory capacity under-utilization

[65] While details concerning each of the exporter’s plant capacity, production and capacity utilization cannot be disclosed for confidentiality reasons, based on the information on the administrative record, although the overall production of Chinese exporters increased between 2013<sup>33</sup> to 2015,<sup>34</sup> significant excess capacity still exists in their factories.<sup>35</sup> This excess capacity could be utilized to produce additional stainless steel sinks if the finding was rescinded.

[66] While details concerning each of the exporter’s plant capacity for certain stainless steel sinks cannot be disclosed for confidentiality reasons, additional capacity would be available to the exporters in the event that they wanted to change their product mix and produce additional subject goods for sale to Canada.<sup>36</sup> Further, as Canada has a relatively stable economy and housing market, it will continue to be attractive for stainless steel sink producers in China to increase exports in the absence of the CITT’s finding. This would lead to a likelihood of continued or resumed dumping of certain stainless sinks in the Canadian market in the absence of the CITT’s finding.

[67] Dongyuan, Yingao, Komodo and New Star are only four of many producers of stainless steel sinks in China. According to the Web site, <http://www.Made-in-China.com>, there are over one hundred producers of stainless steel sinks in China.<sup>37</sup> Information on the record contains data on the production capacity of four producers listed on the Web site: Jiangmen HEHE Hardware Factory, Zhongshan Walnut Stainless Steel Products Co. Ltd., Shenzhen Vibetop Technology Co. Ltd. and Foshan Stainless Steel Kitchen Sinks. The combined annual production capacity of just these four exporters alone totaled 1.1 million units.<sup>38</sup> Given the number of stainless steel sink producers in China and assuming these other producers in China operate while maintaining excess capacity, it is reasonable to conclude that the volume of excess capacity is high. In the absence of the CITT’s finding, there is a likelihood that exporters will continue or resume dumping into Canada in order to increase capacity utilization.

<sup>33</sup> Exhibit 30 NC – RFI Responses from the 2013 Stainless Steel Sinks Re-investigation.

<sup>34</sup> Exhibit 33 NC – RFI Responses from the 2016 Stainless Steel Sinks Re-investigation.

<sup>35</sup> *Ibid.*

<sup>36</sup> Exhibit 33 NC – RFI Responses from the 2016 Stainless Steel Sinks Re-investigation.

<sup>37</sup> Exhibit 53 NC – Research Documents – Stainless Steel Sink Manufacturers\_Suppliers.

<sup>38</sup> Exhibit 22 NC – CITT’s administrative record – LE-2016-002-03-02 – Attachment 2.

Chinese producers are export-oriented and have been experiencing declining overall sales volume in all markets

[68] As noted by the complainants, Chinese producers and Chinese stainless steel sink producers, in particular, are export-oriented. While details concerning sales by the cooperative exporters in their domestic and export markets cannot be disclosed for confidentiality reasons, the share of domestic sales is relatively small compared to the share of export sales. This indicates that these Chinese producers are export-oriented and are dependent on export markets for sales.

[69] While details concerning the volume of exports to Canada of certain stainless steel sinks from cooperative exporters and the apparent Canadian market cannot be disclosed for confidentiality reasons, sales have steadily increased between 2014 and 2016 while the apparent Canadian market contracted.

[70] While details concerning sales in other foreign markets cannot be disclosed for confidentiality reasons, cooperative exporters experienced declining foreign market sales between 2013 and 2015. Due to its relatively stable economy and housing market, Canada is considered an attractive market for Chinese exporters of stainless steel sinks. Given that Chinese exporters play a strong role in the Canadian market, there is a likelihood that Chinese exporters will become more aggressive in pricing in order to capture more sales in the Canadian market and mitigate the loss in sales in other foreign markets.

Anti-dumping measures in other countries demonstrate that Chinese exporters have a propensity to dump stainless steel sinks

[71] One of the factors for the decrease in sales to other export markets can be reasonably attributed to anti-dumping and countervailing measures taken against Chinese imports of stainless steel sinks by the United States and Australia. On February 26, 2013, the USDOC made a final determination of dumping in respect of drawn stainless steel sinks from China. According to the investigation results, exporters of drawn stainless steel sinks from China received weighted-average dumping margins from 27.1% to 76.5%.<sup>39</sup> It is important to note that Dongyuan, Yingao, New Star were among the twenty-five exporters that cooperated in the USDOC investigation.

[72] More recently, on March 26, 2015, the Australian Anti-dumping Commission made a final determination of dumping on certain deep drawn stainless steel sinks from China. According to the investigation results, certain deep drawn stainless steel sinks from China were dumped with margins ranging from 5.0% to 49.5%.<sup>40</sup> It is important to note that New Star and Komodo were among the eleven exporters that cooperated in the Australian investigation.

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<sup>39</sup> Exhibit 53 NC – Research Documents – Department of Commerce Final Determination on Sinks (AD).

<sup>40</sup> Exhibit 53 NC – Research Documents – Australian Anti-dumping Commission Notice 2015/41.



[73] While details concerning unit prices of stainless steel sinks sold by cooperative exporters cannot be disclosed for confidentiality reasons, the average domestic price per unit was higher than the average price per unit on sales to other foreign export markets in 2013. If pricing by cooperative Chinese exporters is similar to other Chinese exporters, this means that Chinese exporters were also potentially dumping products into other export markets besides the United States and Australia. However, in 2015, the average domestic price per unit was lower than the average price per unit on sales to export markets. This could be explained by the imposition of anti-dumping measures by authorities in the United States and Australia, in 2013 and 2015, respectively, which may have prompted exporters in China to increase selling prices to those countries.

[74] The imposition of anti-dumping measures on certain stainless sinks from China by the United States and Australia demonstrate that Chinese exporters have a propensity to dump. Furthermore, if the CITT finding is rescinded, in order to mitigate the loss of sales in other foreign markets, Chinese exporters would potentially increase export sales to Canada in order to recuperate lost sales from other foreign markets.

Chinese exporters are facing weak future demand for stainless steel sinks because of slow growth in the construction market in China and the United States and substitution of other types of sinks in Canada

[75] For stainless steel sinks producers, housing starts and renovations are important indicators of stainless steel sinks sales trends. Although the housing market and renovations is considered to be relatively stable in Canada, future demand for stainless steel sinks is weaker in the Chinese market and the U.S. market.<sup>41</sup> Reports indicate that economic growth in China is slowing citing a recent decline in the construction industry.<sup>42</sup> Against this weak outlook in the Chinese market, Chinese producers may become increasingly export oriented as they face diminishing demand in their domestic market. There is a likelihood that Chinese exporters will have to look to other export markets like Canada to replace lost sales to customers within China. This may lead to aggressive pricing from Chinese exporters and increase the likelihood of continued or resumed dumping.

[76] Similarly, although the housing market in the United States has rebounded to approximately one million units annually, it is still half the potential volume it reached in 2008.<sup>43</sup> It is the CBSA's understanding that the volume reached in 2008 was an anomaly and therefore it is not anticipated that sales volumes in future years would return to such levels even in a growing U.S. economy. Nevertheless, the size of the U.S. housing market has drastically decreased. Also, given the significant reduction in the size of the U.S. market since 2008 and the anti-dumping and countervailing measures put in place in the United States in 2013, there is a likelihood that Chinese exporters will have to look to other export markets like Canada to replace lost sales to customers within the United States. This may lead to aggressive pricing from Chinese exporters which would lead to a likelihood of continued or resumed dumping.

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<sup>41</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q27, Q29, Q30 & Q31.

<sup>42</sup> Exhibit 22 NC – LE-2016-002-003.02 – Attachment 1.

<sup>43</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q29 & Q31.

[77] A growing trend of product substitution for mid-range stainless steel sinks in the Canadian market occurred in recent years and is expected to continue. As acknowledged by the complainants, the trend is driven by the significant reduction in the cost of hand-fabricated sinks supplied by Chinese exporters.<sup>44</sup> As cited in the article, *Are Stainless Steel Sinks All Washed Up?*, in addition to certain stainless steel sinks and hand-fabricated sinks, other alternate sink finishes which are becoming more popular include porcelain, fired clay, natural stone, copper and even wood.<sup>45</sup> If this trend continues in the Canadian market and other export markets, Chinese producers of stainless steel sinks may be forced to compete more aggressively in order to maintain market share and mitigate lost sales. This competition may increase the likelihood of continued or resumed dumping.

Competitive pricing amongst Chinese exporters and exporters from non-named countries could lead to continued or resumed dumping given the commodity nature of stainless steel sinks

[78] According to the complainants, stainless steel sinks in the lower end of the market are considered to be commodity products in which price is the determining factor in the purchasing decision of customers. The complainants argued that certain importers, particularly countertop fabricators, seek the lowest possible prices for their sinks and source from China and other countries like Greece, Malaysia, Thailand, Turkey and Vietnam. The complainants provided data from Statistics Canada<sup>46</sup> to demonstrate the trend during the period the finding was in place.

[79] The CBSA analyzed import data collected from its own customs information system. **Table 3** below is a summary of the importations of certain stainless sinks originating from China and non-named countries during the POR.

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<sup>44</sup> Exhibit 42 NC – Response to ERQ, Novanni – Q23 &25.

<sup>45</sup> Exhibit 53 NC – Research Documents – Are Stainless Steel Sinks All Washed Up?

<sup>46</sup> Exhibit 42 NC – Response to ERQ, Novanni – Supplemental Information.

**Table 3**  
**Importations of Certain Stainless Steel Sinks<sup>47</sup>**  
 (Volume in units and Value in CAD\$)

Origin	2014		2015		2016		2017 (Jan-Feb)		Period of Review	
	QTY	Value (\$)	QTY	Value (\$)	QTY	Value (\$)	QTY	Value (\$)	QTY	Value (\$)
China	145,285	8,044,892	150,240	8,474,594	177,960	10,310,108	18,920	1,028,148	492,405	27,857,742
Denmark	1,749	201,810	775	74,219	1,285	136,530	232	20,643	4,041	433,202
Germany	6,397	1,198,988	6,597	1,426,180	4,192	868,636	368	106,632	17,554	3,600,436
Greece	5,724	577,215	8,162	791,830	13,482	1,191,977	2,922	277,770	30,290	2,838,792
Italy	4,720	519,159	4,615	541,985	4,069	417,893	360	41,741	13,764	1,520,778
Korea	1,380	123,558	1,453	169,790	1,821	263,334	64	8,445	4,718	565,127
Malaysia	24,662	1,381,842	15,031	832,436	19,394	1,068,928	2,396	159,584	61,483	3,442,790
Mexico	9,250	868,716	12,242	1,555,375	8,698	1,129,377	1,331	174,761	31,521	3,728,229
Switzerland	2,881	517,714	1,445	394,070	1,490	425,063	251	75,768	6,067	1,412,615
Thailand	11,471	559,268	5,993	258,057	1,761	151,489	16	1,567	19,241	970,381
Turkey	2,528	238,515	8,257	744,328	1,997	307,033	76	20,132	12,858	1,310,008
USA	12,299	1,531,635	6,365	1,060,162	4,928	857,111	722	122,889	24,314	3,571,797
Vietnam	5,552	358,979	8,724	590,096	10,660	608,496	24	1,131	24,960	1,558,702
Other non- Named Countries	3,910	474,793	2,068	352,210	2,838	464,259	206	48,733	9,022	1,339,994
<b>Total Imports</b>	<b>237,808</b>	<b>16,597,084</b>	<b>231,967</b>	<b>17,265,332</b>	<b>254,575</b>	<b>18,200,234</b>	<b>27,888</b>	<b>2,087,944</b>	<b>752,238</b>	<b>54,150,593</b>

[80] The CBSA's import data for the POR differs from the complainants' information. Specifically, the complainants provided information reported by Statistics Canada over a period longer than the POR and it does not segregate subject and non-subject goods. Nevertheless, according to the customs data reported in Table 3, during the POR, Germany, Greece, Malaysia, Mexico, Thailand, Turkey, the United States and Vietnam were major exporting countries of certain stainless steel sinks to Canada.

[81] Of the countries identified by the complainants, Malaysia, Thailand and Vietnam are potential key exporting countries of certain stainless steel sinks to note because of the competitive pricing of stainless steel sinks entering Canada from those countries. Average unit price of stainless steel sinks entering Canada from Malaysia were \$56.03, \$55.38 and \$55.12 in 2014, 2015 and 2016, respectively. Similarly, average unit prices of stainless steel sinks from Thailand were \$48.75, \$43.06 and \$86.02 in 2014, 2015 and 2016, respectively. Finally, average unit prices of stainless steel sinks from Vietnam were \$64.66, \$67.64 and \$57.08 in 2014, 2015 and 2016, respectively.

<sup>47</sup> Exhibit 57 NC – CBSA Import and Compliance Statistics for the Period of Review.

[82] During the POR, the average price per unit of subject goods from China were \$55.37, \$56.41 and \$57.93, in 2014, 2015 and 2016, respectively. While the average price per unit of cooperative Chinese exporters cannot be disclosed for confidentiality reasons, prices have steadily been increasing in a similar trend with average unit prices from China.

[83] Based on the price analysis above, the average unit prices of Chinese cooperative exporters appear to be competitive and in line with average unit prices of stainless steel sinks entering Canada from Malaysia and Vietnam. Given the large number of producers and exporters in China, should the CITT rescind the finding, there will be increased competition amongst exporters in China, Malaysia, Thailand, Vietnam and potentially other countries. Further, given that the majority of stainless steel sink imports are at the lower end of the market and that lower end sinks are considered to be a commodity based product, price is a major factor in the purchasing decision. Without anti-dumping measures in place, this could result in increased competition amongst Chinese exporters and exporters from non-named countries which may lead to a likelihood of continued or resumed dumping.

Except for exporters with established normal values, exporters in China have continued to dump subject goods into Canada during the period of review

[84] As reported in Table 1, during the POR, a total of 492,405 units (\$27,857,742) of certain stainless steel sinks from China entered the Canadian market.<sup>48</sup> While specific details of the volume of sinks imported in Canada by cooperative exporters cannot be provided for confidentiality reasons, cooperative exporters account for a significant portion of certain stainless sinks exported from China. During the POR, cooperative exporters sold above normal values, therefore, no anti-dumping duties were assessed on imports of subject goods from the cooperative exporters.

[85] As reported in Table 2, a total of \$3.66 million in SIMA duties were collected on subject goods imported during the POR.<sup>49</sup> Of the total amount of SIMA duties collected, anti-dumping duty accounted for about \$2.69 million which were paid on 32,537 units (\$2,607,104) of certain stainless steel sinks imported during the POR.

[86] Anti-dumping duty collected was based on the application of the Ministerial specification or 103.1% of the export price in the absence of a specific normal value. The total amount of anti-dumping duty collected was 9.6%<sup>50</sup> of the total export price of importations of all subject goods during the POR.<sup>51</sup> If the anti-dumping measures are not in place, there will be a likelihood of continued or resumed dumping of subject goods.

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<sup>48</sup> Exhibit 57 NC – CBSA Import and Compliance Statistics for the Period of Review.

<sup>49</sup> *Ibid.*

<sup>50</sup> 2,687,924 / 27,857,742.

<sup>51</sup> Exhibit 57 NC – CBSA Import and Compliance Statistics for the Period of Review.

### **Determination Regarding Likelihood of Continued or Resumed Dumping for China**

[87] Based on the information on the record in respect of the fact that Chinese exporters have substantial production capacity and have factory capacity under-utilization; Chinese producers are export-oriented and have been experiencing a decline in sales volume; anti-dumping measures in other countries demonstrate that Chinese exporters have a propensity to dump stainless steel sinks; Chinese exporters are facing weak future demand for stainless steel sinks because of slow growth in the construction market in China and the United States and substitution of other types of sinks in Canada; competitive pricing amongst Chinese exporters and exporters from non-named countries could lead to continued or resumed dumping given the commodity nature of stainless steel sinks; and except for exporters with established normal values, exporters in China have continued to dump subject goods into Canada during the POR, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping into Canada of certain stainless steel sinks originating in or exported from China.

### **POSITION OF THE PARTIES – SUBSIDIZING**

#### **Parties Contending that Continued or Resumed Subsidizing is Likely**

[88] None of the parties contended that resumed or continued subsidizing of subject goods from China is likely if the finding is rescinded.

#### **Parties Contending that Continued or Resumed Subsidizing is Unlikely**

[89] None of the parties contended that resumed or continued subsidizing of subject goods from China is unlikely if the finding is rescinded.

### **CONSIDERATION AND ANALYSIS – SUBSIDIZING**

[90] In making a determination under paragraph 76.03(7)(a) of SIMA as to whether the expiry of the finding is likely to result in the continuation or resumption of subsidizing of the goods, the CBSA may consider the factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant under the circumstances.

[91] Guided by the aforementioned factors in subsection 37.2(1) of the SIMR, and having considered the information in the administrative record, the following is a summary of the CBSA's analysis conducted in this expiry review investigation with respect to subsidy:

- The continued availability and applicability of subsidy programs for Chinese exporters in China;
- The imposition of countervailing measures on Chinese stainless steel sinks by authorities in other countries provides evidence of support of stainless steel sink producers by the Government of China;
- The imposition of countervailing measures on Chinese stainless steel sheet and strip by authorities in other countries provides evidence of indirect support of stainless steel sink producers by the Government of China; and
- There was a substantial volume of subsidized goods imported into Canada during the period of review.

[92] There has been a lack of participation from Chinese producers/exporters of subject goods and from the GOC in this expiry review investigation. As a result, the CBSA relied on information from the original investigation and subsequent re-investigations as well as information from its own research in assessing the likelihood of continued or resumed subsidization should the CITT's finding be rescinded.

#### The continued availability of subsidy programs for Chinese stainless steel sinks exporters in China

[93] At the time of the original subsidy investigation in 2011, the CBSA identified 93 subsidy programs that were found to be potentially available to producers/exporters of certain stainless steel sinks in China. At the final determination, the CBSA found fifteen subsidy programs benefited the cooperative exporters.<sup>52</sup>

[94] The amount of subsidy determined for non-cooperative exporters was determined according to Ministerial specification pursuant to subsection 30.4(2) of SIMA.

[95] It was found that 100% of the goods exported from China were subsidized. The weighted average amount of subsidy, expressed as a percentage of the export price, was 38.8%. The amount of subsidy for all other exporters was equal to 264.94 Renminbi per unit. The amount of subsidy for Dongyuan, Yingao, Komodo and New Star was 9.27 RMB/unit, 6.76 RMB/unit, 8.54 RMB/unit and 9.97 RMB/unit, respectively.

[96] Detailed descriptions of the programs and explanations as to why they were regarded as subsidies subject to countervailing duties are contained in the CBSA's *Statement of Reasons* issued at the final determination.<sup>53</sup>

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<sup>52</sup> Exhibit 1 NC – Statement of Reasons – Final Determination – Appendix 1, May 9, 2012.

<sup>53</sup> *Ibid.*

[97] In the 2013 re-investigation, the CBSA investigated 198 subsidy programs that were potentially available to producers/exporters of stainless steel sinks.<sup>54</sup> On the basis of verified information provided by cooperative exporters, it was determined that cooperative exporters received benefits with respect to seven subsidy programs from the GOC as listed below:

- Funds for Science and Technology Award
- Funds for Patent Award
- Input Materials Provided by Government at Less than Fair Market Rate
- Reduced Tax Rate for Productive FIEs Scheduled to Operate for a Period not Less than 10 Years
- Refund from Government for Participating in Trade Fair
- Payments from Economic and Technology Bureau
- Preferential Loans from State-Owned Banks

[98] The CBSA determined that the three cooperative exporters, Dongyuan, Yingao and New Star received amounts of subsidy of 5.79 RMB/unit, 6.58 RMB/unit and 4.53 RMB/unit, respectively.

[99] In the 2016, re-investigation, the CBSA investigated 308 subsidy programs that were potentially available to producers/exporters of stainless steel sinks.<sup>55</sup> The period of investigation in the 2016 re-investigation falls within this expiry review investigation's POR.

[100] On the basis of verified information provided by cooperative exporters, it was determined that cooperative exporters received benefits with respect to eleven subsidy programs from the GOC as listed below:

- Local and Provincial Government Reimbursement Grants on Export Credit Insurance Fees
- Raw Materials Provided by the Government at Less than Fair Market Value
- Payments from Jiangmen Jianghai District Lile Finance Settlement Center
- Payments from Jiangmen Pengjiang District Financial Treasury Payment Center
- Payments from Regional Social Security Bureau
- Payments from Regional Finance Bureau
- Payments from Regional Finance Payment Center
- Preferential Loans from State-Owned Banks
- Refund from Government for Participating in Trade Fair
- Safety Production Standardization Grant
- Tax Credit from Unknown Payer

[101] The CBSA determined that Dongyuan, Yingao, Komodo and New Star received amounts of subsidy of 1.25 RMB per unit, 0.90 RMB/unit, 0.001 RMB/unit and 2.27 RMB/unit, respectively.

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<sup>54</sup> Exhibit 26 PRO – Ruling Letters from the 2013 Stainless Steel Sinks Re-investigation.

<sup>55</sup> Exhibit 4 PRO – Ruling Letters from the 2016 Stainless Steel Sinks Re-investigation.

[102] Since the final determination of the original investigation and throughout the period the finding was in place, the GOC has continued to make subsidy programs available to producers/exporters of stainless steel sinks. Throughout the period the finding was in place and during the POR, exporters of stainless steel sinks have received benefits from the subsidy programs made available by the GOC.

[103] The GOC has not submitted evidence in this expiry review investigation to indicate that subsidy programs will be eliminated.

The imposition of countervailing measures on Chinese stainless steel sinks by authorities in other countries provides evidence of indirect support of stainless steel sink producers by the Government of China

[104] Recent evidence available indicates that producers/exporters of stainless steel sinks will continue to benefit from GOC subsidy programs. Authorities in the United States and Australia have also imposed countervailing measures on importations of stainless steel sinks from China.

[105] On February 26, 2013, the USDOC made a final determination of subsidizing in respect of drawn stainless steel sinks from China. The USDOC established “countervailing subsidy rates” for Chinese exporters of drawn stainless steel sinks ranging from 4.8% to 12.26%.<sup>56</sup>

[106] On March 26, 2015, the Australian Anti-dumping Commission made a final determination of subsidizing on certain deep drawn stainless steel sinks from China. According to the Australian authorities, subsidy margins established for exporters of drawn stainless steel sinks from China ranged from 3.3% to 6.4%.<sup>57</sup>

[107] The findings of subsidization of Chinese sinks by authorities in the United States and Australia indicate that the GOC has a vested interest in supporting the producers and exporters of stainless steel sinks and that the GOC intends to continue to provide such subsidy programs in the future.

The imposition of countervailing measures on Chinese stainless steel sheet and strip by authorities in other countries provides evidence of indirect support of stainless steel sink producers by the Government of China

[108] There are also other countervailing measures taken recently by authorities in the United States and European Union which could lead to a likelihood of resumed or continued subsidizing of subject goods from China if the finding is rescinded.

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<sup>56</sup> Exhibit 53 NC – Research Documents – Department of Commerce Final Determination on Sinks (CVD).

<sup>57</sup> Exhibit 53 NC – Research Documents – Australian Anti-dumping Commission Notice 2015/41.



[109] On February 8, 2017, the USDOC made a final determination of subsidy on stainless steel sheet and strip from China.<sup>58</sup> Countervailing subsidy rates established for exporters ranged from 45.6% to 190.7%. The USDOC investigation provides recent and direct evidence that stainless steel sheet and strip is subsidized by the GOC. As stainless steel sheet and strip is the main raw material input in the production of subject goods potentially, all or part of the subsidy could be attributable to the stainless steel sinks.

[110] As determined in the CBSA's original investigation and subsequent re-investigations of certain stainless steel sinks, the GOC through state-owned and/or state controlled enterprises of suppliers/manufacturers have provided raw material inputs to producers of stainless steel sinks at less than adequate remuneration. In those proceedings the CBSA determined that a financial subsidy existed and that the subsidy has benefitted the producers/exporters of stainless steel sinks.

[111] The 2017 finding of subsidy on stainless steel sheet and strip from China by the USDOC provide further evidence of the continued support of the stainless steel sink producers and exporters in China.

The volume of subsidized goods imported into Canada during the period of review

[112] As reported in **Table 2**, a total of \$3.66 million SIMA duties were collected on subject goods imported during the POR.<sup>59</sup> Of the total amount of SIMA duties collected, countervailing duty accounted for about \$1.0 million which were assessed on all subject goods from cooperative and all other exporters. Subject goods from cooperative exporters were assessed a total of \$553,935 countervailing duty based on their specific individual rates of subsidy. Subject goods from all other exporters were assessed \$413,536. Countervailing duty collected from all other exporters was based on the application of the Ministerial specification or 264.94 RMB per unit in the absence of a specific rate of subsidy.

[113] The total amount of countervailing duty collected from all exporters represents 3.5%<sup>60</sup> of the total export price of importations of subject goods during the POR. The total volume of subsidized goods imported into Canada during the POR was 492,405 units, which is substantial given the size of the apparent Canadian market.

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<sup>58</sup> Exhibit 53 NC – CBSA Research Documents – Department of Commerce Final Determinations on Stainless Steel (AD/CVD).

<sup>59</sup> Exhibit 57 NC – CBSA Import and Compliance Statistics for the Period of Review.

<sup>60</sup>  $(553,935 + 413,536) / 27,857,742$ .

## **Determination Regarding Likelihood of Continued or Resumed Subsidizing**

[114] Based on the information on the record in respect of the continued availability of subsidy programs for producers/exporters in China; evidence of imposition of countervailing measures on Chinese stainless steel sinks by authorities in other countries; evidence of the imposition of anti-dumping and countervailing measures on Chinese stainless steel sheet and strip by authorities in other countries; and the volume of subsidized goods entering Canada, the CBSA determined that the expiry of the finding in respect of goods from China is likely to result in the continuation or resumption of subsidizing of stainless steel sinks originating in or exported from China.

## **CONCLUSION**

[115] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and an analysis of the evidence on the record, on September 1, 2017, the CBSA make a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding in Inquiry No. NQ-2011-002, made by the CITT on May 24, 2012:

- in respect of stainless steel sinks originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods;
- in respect of stainless steel sinks originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods.

## **FUTURE ACTION**

[116] On April 4, 2017, the CITT commenced its inquiry to determine whether the expiry of the finding with respect to the dumping and subsidizing of the goods from China is likely to result in injury. The CITT's Expiry Review schedule indicates that it will make its decision by January 10, 2018.

[117] If the CITT determines that the expiry of the finding with respect to the goods is likely to result in injury, the finding will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping and/or countervailing duties on dumped and/or subsidized importations of the subject goods.

[118] If the CITT determines that the expiry of the finding with respect to the goods is not likely to result in injury, the finding will be rescinded in respect of those goods. Anti-dumping and/or countervailing duties would then no longer be levied on importations of the subject goods, and any anti-dumping and/or countervailing duties paid in respect of goods that were released after the date that the finding was scheduled to expire will be returned to the importer.

## INFORMATION

[119] For further information, please contact the officer listed below:

**Mail:** SIMA Registry and Disclosure Unit  
Trade and Anti-dumping Programs Directorate  
Canada Border Services Agency  
100 Metcalfe Street, 11<sup>th</sup> floor  
Ottawa, Ontario K1A 0L8  
Canada

**Telephone:** Nalong Manivong 613-954-7268

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Trade and Anti-dumping Programs Directorate