REPORT NO. 648

SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON STAINLESS STEEL SINKS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (CHINA) AND MALAYSIA: FINAL DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 648: SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON STAINLESS STEEL SINKS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (CHINA) AND MALAYSIA: FINAL DETERMINATION**

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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

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SYNOPSIS

On 24 May 2019 the International Trade Administration Commission of South Africa (the Commission) notified interested parties through Notice No. 284 of 2019 in *Government Gazette* No. 42474, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties against imports of stainless steel sinks originating in or imported from China and Malaysia would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duties on stainless steel sinks originating in or imported from the China and Malaysia will expire on 30 July 2020.

A detailed response to the Commission's sunset review questionnaire was received from Franke South Africa (Pty) Ltd (the Applicant) on 29 January 2020. After all deficiencies were identified and addressed, an updated final application was received on 3 March 2020. The information submitted by the Applicant was verified on 13 March 2020. A verification report was sent on 18 March 2020. A response to the verification report was received on 21 May 2020. A properly documented letter was sent to the Applicant on 22 May 2020.

On 3 July 2020, the Commission initiated a sunset review investigation of the anti-dumping duties on stainless steel sinks originating in or imported from China and Malaysia pursuant to Notice. No. 364 of 2020, in *Government Gazette* No. 43495. The deadline for comment was 12 August 2020. No responses were received from any of the exporters in China and Malaysia nor from any South African Customs Union (SACU) importer.

The investigation was initiated after the Commission considered that the expiry of the anti-dumping duties on stainless steel sinks originating in or imported from China and Malaysia would likely lead to the continuation or recurrence of dumping and the recurrence of material injury.

Essential facts letters were sent to interested parties on 11 September 2020 for comment and the due date for responses was 24 September 2020. No responses were received from any interested party.

Since the subject product continued to be imported from China notwithstanding the duties in place and no responses were received from manufacturers in China, the Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duties on stainless steel sinks originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd), be increased to 221 per cent. As no responses were received from manufacturers in Malaysia and no imports from Malaysia took place during the last two years of the period of investigation, the Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duties on stainless steel sinks originating in or imported from Malaysia, be maintained at 95.86 per cent.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation was conducted in accordance with the International Trade Administration Act, 2002 (ITA Act), and the International Trade Administration Commission Anti-Dumping Regulations (ADR), read with the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (ADA).

1.2 APPLICANT

The application was lodged by Franke South Africa (Pty) Ltd being the only producer of the subject product in the SACU.

1.3 INVESTIGATION PROCESS

On 24 May 2019 the International Trade Administration Commission of South Africa (the Commission) notified interested parties through Notice No. 284 of 2019 in *Government Gazette* No. 42474, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties against imports of stainless steel sinks originating in or imported from China and Malaysia would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duties on stainless steel sinks originating in or imported from the China and Malaysia will expire on 30 July 2020.

A response to the Commission's sunset review questionnaire was received from Franke South Africa (Pty) Ltd, on 29 January 2020. After all deficiencies were identified and addressed, an updated final application was received on 3 March 2020. The information submitted by the Applicant was verified on 13 March 2020. A verification report was sent to the Applicant on 18 March 2020. A response to the verification report was received on 21 May 2020. A properly documented letter was sent to the Applicant on 22 May 2020.

On 3 July 2020, the Commission initiated a sunset review investigation of the anti-dumping duties on stainless steel sinks originating in or imported from China and Malaysia pursuant to Notice. 364 of 2020, in Government *Gazette* No. 43495. No properly documented responses were received from any interested party.

Essential facts letters were sent to interested parties on 11 September 2020 for comment and the due date for responses was 24 September 2020. No responses were received from any interested party.

1.4 INVESTIGATION PERIOD

The investigation period for dumping was from 1 January 2019 to 31 December 2019, and the injury investigation involved evaluation of data for the period 1 January 2017 to 31 December 2019, as well as estimates for 2020 in the event the anti-dumping duties expire.

1.5 PARTIES CONCERNED

1.5.1 SACU industry

The application was lodged by Franke South Africa (Pty) Ltd being the only producer of the subject product in the SACU.

The Commission made a final determination that the application can be regarded as being made "by or on behalf of the domestic industry" under the provisions of the Anti-Dumping Regulations.

1.5.2 Foreign Manufacturers/Exporters

No responses were received from any manufacturer/exporter in China and Malaysia.

1.5.3 Importers

No responses were received from any importer in SACU.

1.6 Final determination

The Commission made a final determination that the expiry of the anti-dumping duties on the subject product originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd) and Malaysia would likely lead to the continuation or recurrence of dumping and the recurrence of material injury.

Since the subject product continued to be imported from China notwithstanding the duties in place and no responses were received from manufacturers in China, the Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duties on stainless steel sinks originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd), be increased to 221 per cent. As no responses were received from manufacturers in Malaysia and no imports from Malaysia took place during the last two years of the period of investigation, the Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duties on stainless steel sinks originating in or imported from Malaysia, be maintained at 95.86 per cent.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 Product

2.1.1 Description

The subject of this application is stainless steel sinks, either single or double bowl, manufactured in a wide variety of ranges.

2.1.2 Like product

In the original investigation the Commission found that the SACU product and the imported product are "like products" for purposes of comparison in terms of Article 2.6 of the Anti-dumping Agreement.

2.1.3 Tariff classification

The subject product is classifiable as follows:

Table 2.1.3: Tariff classification

Heading	Sub-Heading	CD	Article Description	Unit	Rates of duty			
					Gen	EU	EFTA	SADC
73.24	7324.10	8	**Sanitary Ware and Parts Thereof, of Iron or Steel** Sinks and wash basins, of stainless steel	kg	30%	Free	20%	Free

2.1.4 Other applicable duties

The subject product attracts the following anti-dumping duties:

Table 2.1.5: Other applicable duties

Tariff Heading	Description	Imported from or originating in	Rate of Duty
7324.10	Sinks of stainless steel (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd.)	Republic of China (China)	62,41%
7324.10	Sinks of stainless steel	Malaysia	95,86%

Commission's consideration:

Taijing Chuanger Metal Products Co. Ltd from China was found not to be dumping the subject product in the original investigation. The exporter was, therefore, excluded from the current investigation.

The Commission referred to the Appellate Body decision in Mexico – Anti-Dumping Measures on Rice, having found that the investigating authority must exclude from the anti-dumping measure any exporter found to have a zero or de minimis dumping margin and further agreed with the Panel that as a consequence: "[S]uch exporters cannot be subject to administrative and changed circumstances reviews, because such reviews examine, respectively, the 'duty paid' and 'the need for the continued imposition of the duty."

Comment by the Applicant:

The Applicant stated that in the original investigation in November 2019, anti-dumping measures were imposed against imports originating in the PRC exempting Taijing Chaunger Metal Products Ltd (Taijing) from the duties. Foshan Taijing Chaunger Metal Products Co Ltd (Foshan) was established in 2016 and was never exempted from the AD duties. Exports by Foshan therefore attract anti-dumping duties.

It also stated that Foshan did not inform or provide proof to ITAC or SARS of any change of name. The exemption cannot automatically be applicable to a company with a different name. Exports in the name of Foshan Taijing Chaunger Metal Products Co Ltd should not be exempted from the AD-duties until such time as it has completed the process of informing and proving the change of the name. As a result, the anti-dumping duties which were not paid should be collected retroactively.

The Applicant further stated that according to the latest import statistics from China on which no anti-dumping duty was collected, Foshan Taijing Chaunger Metal Products Co Ltd (Taiing) which was exempted from the anti-dumping duty, reflects a fob price of R24-00/kg. The price of this grade in China of this material was *quoted at R24-00/kg which is the same as the fob price/kg of the final sink exported to SA. This clearly reflects an unsustainable irregularity, and possibly caused by under invoicing and therefore circumventing the customs duty. It requested ITAC if this information was sufficient to lodge an anti-dumping application against Taijing to remedy the situation.*

Commission's consideration:

With regards to under invoicing, the Applicant was advised to contact SARS, as under invoicing resides within the purview of responsibilities of SARS.

On the issue of the dumping application, the Applicant was advised that it is at liberty to submit an anti-dumping application should it be in a position to proof that dumping is taking place, causing injury to the SACU industry.

3. INDUSTRY STANDING

The Application was lodged by Franke South Africa (Pty) Ltd and represents 100% of the SACU industry's production volume.

The Commission made a final determination that the application can be regarded as being made "by or on behalf of the domestic industry" in terms of Section 7 of the Anti-Dumping Regulations.

4. CONTINUATION OR RECURRENCE OF DUMPING

The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all adjustments have been made). The margin is then expressed as a percentage of the f.o.b. export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of ADR 12.3 and no anti-dumping duty will be imposed.

4.1 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM CHINA

4.1.1 Normal Value

As no responses were received from any manufacturer/exporter in China, the Commission made a final determination to use the best information available for calculating normal value, being a price quotation obtained from a manufacturer in China.

Adjustments

No adjustments were made to the normal value as the price was supplied at ex-factory level.

4.1.2 Export Price

As no responses were received from any manufacturer/exporter in China, the Commission made a final determination to use the best information available for calculating the export price, being the official South African Revenue Service (SARS) statistics to SACU submitted by the Applicant.

Adjustments

No adjustments were made to the f.o.b. price.

4.1.3 Margin of dumping

The dumping margin for China was calculated as follows:

	China
	R/kg
Normal Value	75.28
Export price	23.45
Margin of dumping	51.83
Margin of dumping as a % of export price	221%

4.2 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM MALAYSIA

4.2.1 Normal value

As no responses were received from any manufacturer/exporter in Malaysia, the Commission made a final determination to use the best information available for calculating normal value, being a price quotation obtained from a manufacturer in Malaysia.

Adjustments

No adjustments were made to the normal value as the price was supplied at ex-factory level.

4.2.2 Export price

As no responses were received from manufacturers in Malaysia, the Commission made a final determination to use the best information available, being that provided by the Applicant for purposes of its final determination.

As there were no imports of the subject product during the period 2018 to 2019, the Applicant used the 2017 average f.o.b. price obtained from SARS in order to calculate the export price. This was inflated by the Malaysian producer price index for the period of 2018 to 2019 to obtain the export price for 2019.

Commission's consideration:
The Anti-Dumping Regulations (ADR) require that a fair comparison be made between the export price and normal value, and this should normally be at ex-factory level. In light of the fact that there were no imports which could be used to determine the f.o.b. export price, it is the Commission's view that the Applicant has provided adequate motivation for calculation of the export price for purposes of the Commission's final determination.

Adjustments
No adjustments were made to the f.o.b. price.

4.2.3 Margin of dumping

The dumping margin for Malaysia were calculated as follows:

	Malaysia
	R/kg
Normal Value	143.40
Export price	101.76
Margin of dumping	41.64
Margin of dumping as a % of export price	41%

4.3 FINAL DETERMINATION: DUMPING

The Commission made a final determination that the expiry of the duties would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd) and Malaysia.

5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Franke South Africa (Pty) Ltd being the only producer of the subject product in the SACU. The Commission decided that this constitutes "a major proportion" of the total domestic production, in accordance with the Anti-Dumping Regulations.

5.2 IMPORT VOLUMES AND THE EFFECT ON PRICES

5.2.1 Import volumes

The following table shows the volume of allegedly dumped imports of the subject product obtained from SARS:

Table 5.2.1: Import volumes

Kg	1 Jan 2017-Dec 2017	1 Jan 2018-Dec 2018	1 Jan 2019- Dec 2019	2020 estimates if duties expire
China	464 847	580444	897 303	910 000
Malaysia	22	0	0	125 000
Other imports	492 388	477280	434 607	344 680
Total Imports	957 258	1 057 725	1 331 910	1 379 680
Alleged imports as a % of total imports: China Malaysia	 49% 0%	 55% 0.%	 67% 0%	 66% 9%
Other imports as a % of total imports	51%	45%	33%	29%
Total %	100%	100%	100%	100%

The Applicant stated that the volumes from China are still very high notwithstanding the anti-dumping duty that is in place, and in 2018 and 2019, they accounted for more than 50% of total imports. The information in the table reflects that there were no imports from Malaysia during 2018 and 2019. Should the duties be revoked against the alleged countries, it is estimated that there will be an influx of imports.

5.2.2 Effect on Domestic Prices

5.2.2.1 Price undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the SACU product.

Table 5.2.2.1: Price undercutting

R/kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Ex-factory selling price	100	107	112	112
Landed cost: China	100	95	63	63
Price undercutting	100	114	139	138
Price undercutting (%)	100	106	123	123
Landed cost: Malaysia	100	-	-	100
Undercutting per kg	100			186
Price undercutting (%)	100	0	0	164

Table indexed due to confidentiality using 2017 as base year

The information in the table shows that the Applicant experienced price undercutting against China over the investigation period. It also indicates that it experienced undercutting by Malaysia only in 2017. This is because of the limited volumes of imports as a result of the current duty that is in place. Should the duty be withdrawn, it is estimated that it will experience a further undercutting in its prices by China and Malaysia

5.2.2.2 Price depression

The table below shows the Applicant's selling price for 1 January 2017 to 31 December 2019, and an estimate in the event the duties expire:

Table 5.2.2.2: Price depression

R/kg	1 Jan 2017-Dec 2017	1 Jan 2018- Dec 2018	1 Jan 2019-Dec 2019	2020 estimates if duties expire
Ex-factory selling price	100	107	112	112

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that there is a limit to the extent to which it can contain its selling prices to meet the effects of low priced imports over time and still remain a viable concern. This loss of market share led to an underutilisation of production capacity which in turn resulted in under recoveries in the factory which placed pressure on net profits.

It also stated that when making a comparison between 2017 and 2018 periods, it increased its selling prices by 7 index points. It further indicated that the increase between 2017 and 2019 was the result of electricity and stainless steel costs.

5.2.2.3 Price suppression

The following table shows the Applicant's costs of production and its selling prices for the subject product for the years 1 January 2017 to 31 December 2019, and an estimate in the event the duties expire:

Rand/kg	1 Jan 2017 – Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Ex-factory selling price	100	107	112	112
SACU's production cost per kg	100	102	135	141
Gross profit per kg	100	114	90	84
Gross profit margin (%)	100	106	80	75
Cost as % selling price	100	94	120	125

Table 5.2.2.3: Price suppression

Table indexed due to confidentiality using 2017 as base year

The information in the table indicates that the Applicant suffered severe price suppression in 2019 when compared to 2017. It also stated that in 2019, it increased its prices but not to an extent that this could result in a net profit. The market share was lost to the alleged dumped imports from China notwithstanding the anti-dumping duties in place.

The estimated selling price/kg will not be increased in 2020 compared to 2019, and production cost will increase by the same amount as that occurred between 2019 compared to 2018. This is because of the depreciation of the Rand against all major currencies and increases in the price of stainless steel coils and electricity cost increasing above the Producer Price Index (PPI).

5.2.3 Economic factors and indices having a bearing on the state of the industry

5.2.3.1 Actual and potential decline in volumes and values

The following tables show the Applicant's sales volumes and values of stainless steel sinks in 1 January 2017 to 31 December 2019, and estimates in the event the duties expire:

Table 5.2.3.1 (a): Sales volumes

Kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Sales volumes	100	99	92	84

Table indexed due to confidentiality using 2017 as base year

The table above shows that the Applicant's sales volumes decreased over the investigation period by 8 index points. The Applicant stated that maintaining the current price levels will not be feasible in the future and it will lose significant sales volume to the imported product if the dumping duties are to be removed.

It also stated that it is estimated that sales between 2020 and 2019 will decline by 8 index points if the duties were to be removed. The estimate was based on sales volumes declining between 2017 and 2019.

Table 5.2.3.1 (b): Sales values

Rand	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Sales values	100	106	103	88

Table indexed due to confidentiality using 2017 as base year

The above table shows that there was a decrease in total domestic sales values in 2018 and 2019. The Applicant stated that should the duties be withdrawn, it will result in a further decline in sales values.

5.2.3.2 Profit

The following table shows the Applicant's profit before interest and tax for the years 1 January 2017 to 31 December 2019 and an estimate in the event the duties expire:

Table 5.2.3.2: Profit

	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Unit sold (Kg)	100	99	92	84
Sales value (R)	100	106	103	88
Total Gross profit (R)	100	108	95	46
Total Gross profit per unit (R/unit)	100	108	95	54
Total net Profit/Loss (R)	100	49	(78)	(131)

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that its domestic supplier of stainless steel (Columbus) has increased its prices in 2018 and 2019, and there was also an increase in prices of electricity and labour over the same period. The Applicant also stated that as stainless steel make up the bulk of the total production costs, it is estimated that net losses will increase by 53 index points in 2020 if the dumping duties are removed.

It indicated that should the dumping duties be revoked, the net losses will be further increased by an unstable market situation, prone and susceptible to imports at various price levels under the normal value. The Applicant indicated that it will not be able to decrease its costs if the achievable revenue for the products is to be reduced causing pressure on profit margins.

5.2.3.3 Output

The following table outlines the Applicant's domestic production volume of the subject product for the years 1 January 2017 to 31 December 2019 and an estimate in the event duties expire:

Table 5.2.3.3: Output

Kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Volumes	100	97	89	78

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that the total production volumes declined in 2018 to 2019 and it is anticipated that volumes will decline by at least 22 index points from 2017 to 2020.

The Applicant further stated that its annual production has declined during the investigation period in line with an increase in import sales volumes from China.

5.2.3.4 Market share

The following table shows the market share for the subject product for the years 1 January 2017 to 31 December 2019 and an estimate in the event the duties expire:

Table 5.2.3.4: Market share (Volume)

Kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Market share in volume				
Applicant	100	99	92	84
Other SACU Producers	0	0	0	0
Total SACU Producers	100	99	92	84
Alleged dumped imports	464 869	580 444	897 303	1 035 000
China	464 847	580 444	897 303	910 000
Malaysia	22	None	None	125 000
Other imports	492 388	477 280	434 607	344 680
Total market share of imports	957 258	1 057 725	1 331 910	1 379 680
Total SACU market	100	106	119	119
Percentage share held by: Applicant	100	93	76	71
Other SACU producer	0	0	0	0
Alleged dumped imports China	100	118	161	164
Malaysia	100	0	0	0
Other Imports	100	90	73	60
Total imports	100	105	117	121
Total SACU market	100	100	100	100

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that the total production value increased from 2017 to 2019 due to price increases although, and it is anticipated that its volumes will decline from in 2020, if the anti-dumping duties are removed.

It also stated that it is clear that the alleged dumped imports managed to increase its market share over the investigation period. At the same time its market share in both volume and value decreased. In 2017, the alleged dumped imports from China accounted for 100 index points of the market share, and in 2019 it increased to 161 index points.

Commission's consideration:
Although there was a decrease in the Applicant's market share over the period of investigation, it is estimated that should the duties be withdrawn, it will decline further, thus resulting in the recurrence of material injury.

5.2.3.5 Productivity

Using the production and employment figures sourced from the Applicant, its productivity in respect of the subject product was as follows for the years 1 January 2017 to 31 December 2019, including an estimate in the event the duties expire:

Table 5.2.3.5: Productivity

Kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Total production volume (kg)	100	97	89	78
Number of employees (Manufacturing only)	100	100	98	90
Kg per employee	100	97	91	83

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that productivity in manufacturing decreased over the investigation period from 2017 to 2019. This is due to a decline in sales volumes, and should the anti-dumping duties be withdrawn, imports will flood the market and productivity will decline further, thus resulting in a further decline in sales volumes. The Applicant also stated that productivity was based on estimated production volumes with minimum staff. It further indicated that at the beginning of 2006, it phased out its two-piece production line and concentrated solely on its mono-bloc and one-piece lines which contributed to increases in productivity.

5.2.3.6 Return on investment

The following table shows the Applicant's return on investment on earnings before interest and tax basis, and an estimate in the event the duties expire:

Table 5.2.3.6: Return on Investment

Rands	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Net profit (product concerned)	100	49	(78)	(131)
Net assets	100	99	109	109
Return on net assets (product)	100	50	(71)	(120)

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that the shareholders invested a substantial amount of money in the company, as a business unit. At the same time, imports of the subject product from China where dumping duties are applicable increased significantly and hence eroding any potential benefits shareholders expected on their investment. It also stated that if the anti-dumping duties are removed, the nett profit for the product concerned will decline sharply by at least 53 index points in 2020 when compared to 2019 and net assets will decline according to annual depreciation.

5.2.3.7 Utilization of production capacity

The following table provides the Applicant's capacity and production for the subject products for the years 1 January 2017 to 31 December 2019 and an estimate in the event the duties expire:

Table 5.2.3.7: Production capacity

Kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 - 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Applicant's capacity	100	100	100	100
Applicant's actual production	100	97	89	78
Capacity utilisation (%)	100	98	90	78

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that it is not operating at full capacity and therefore spare capacity is available to cater for any increase in demand for the subject product. It also stated that it is presently working in shifts, which can be increased, and employ more people per shift.

5.2.3.8 Actual and potential negative effects of cash flow

The following table provides the Applicant's cash flow for year 1 January 2017 to 31 December 2019 and an estimate in the event the duties expire:

Table 5.2.3.8: Cash flow

Rands	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Cash flow: incoming	100	126	111	91
Cash flow: outgoing	100	(102)	(104)	(88)
Net cash flow	100	(291)	(182)	(12)

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that its net cash flow declined over the investigation period. It also stated that its average debtor's book value increased by 27 index points during the same period.

5.2.3.9 Inventories

The Applicant provided the following levels of inventories for 1 January 2017 to 31 December 2019 and an estimate in the event the duties expire:

Table 5.2.3.9: Inventories

	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Volumes (kg)	100	113	138	143
Values (R)	100	119	151	161

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that inventories increasing in volume and value terms in 2018 and 2019 compared to 2017. It stated that it is estimated that if import volumes increase in 2020, and should the anti-dumping duties be withdrawn, its stock holding will also increase. It further stated that inventories fluctuated during the year because of unpredicted demand.

5.2.3.10 Employment

The following table shows the Applicant's employment level for the years 1 January 2017 to 31 December 2019 and an estimate in the event the duties expire:

Table 5.2.3.10: Employment

No. of employees	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Direct labour units: production	100	100	97	89
Indirect labour units: production	100	100	100	100
Total labour units: production	100	100	98	90

Table indexed due to confidentiality using 2017 as base year

The Applicant indicated that the employment figures for 2020 will decline should the duties be revoked, and this will bring down the cost. It also stated that the production staff declined since 2018 to 2019 by 2 index points due to slack in sales volumes.

5.2.3.11 Wages

Using the production wages and employment figures sourced from the Applicant, its production wages per employee in respect of the subject products is as follows, including an estimate in the event of the duties expire:

Table 5.2.3.11: Wages

Rands	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Total wages: Production	100	107	112	109
Employees	100	104	93	85
Wages per employee (R)	100	103	120	128

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that in 2017 when compared to 2019 average annual wages in the manufacturing increased by less than the average inflation rate. If it managed to increase market share, it could have employed additional workers.

5.2.3.12 Growth

The following table provides the Applicant's growth information for the years 1 January 2017 to 31 December 2019, and an estimate in the event the duties expire:

Table 5.2.3.12: Growth

Kg	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Size of the SACU market	1 653 258	1 744 725	1 972 910	1 961 680
% growth from previous year		6.00%	13.00%	(1.00%)
Applicant's sales volume (Kg)	696 000	687 000	641 000	582 000
Applicant's growth %		(1.29)	(6.70)	(9.20)
Alleged dumped imports	464 869	580 444	897 303	1 035 000
Alleged dumped imports growth %		25.00%	55.00%	15.00%
Other imports	492 388	477 280	434 607	344 680
Other imports growth %		(3%)	(9%)	(21%)

Table indexed due to confidentiality using 2017 as base year

The information in the table shows that Applicant's growth declined over the investigation period. It is estimated that it will decline further should the duties be revoked.

5.2.3.13 Ability to raise capital or investments

The following table provides the Applicant's ability to raise capital and investment for the years 1 January 2017 to 31 December 2019, and an estimate in the event the duties expire:

Table 5.2.3.13: Ability to raise capital or investments

Rands	1 Jan 2017 – 31 Dec 2017	1 Jan 2018 – 31 Dec 2018	1 Jan 2019 – 31 Dec 2019	2020 estimates if duties expire
Total capital/investment in the subject product	100	237	415	374
Capital expenditure during year on subject product	100	105	91	0

Table indexed due to confidentiality using 2017 as base year

The Applicant stated that based on the huge spare capacity and the possibility of working a third shift, it is not looking at any expansions in the near future. It stated that shareholders already invested significantly in the company as a business unit. Based on the available huge spare capacity, it is envisaged that with any increase in its sales volumes, it will be able to cope with the demand before any new investment will be necessary. It also indicated that with the existing capacity, it can supply the total SACU market.

5.3 CONCLUSION – RECURRENCE OF MATERIAL INJURY

The Commission made a final determination that the expiry of the duties would likely lead to the recurrence of material injury.

6. FINAL DUTIES

6.1 Amount of duties

The table below is provided for the purposes of comparison between the applicable anti-dumping duties and the calculated anti-dumping margin in the investigation:

Table 6.1: Amount of duties

Tariff Heading	Description	Imported from or originating in	Rate of Duty	Calculated anti-dumping duty
7324.10	Sinks of stainless steel (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd)	China	62,41%	221%
7324.10	Sinks of stainless steel	Malaysia	95,86%	41%

Commission's consideration:

Taijing Chuanger Metal Products Co. Ltd from China was found not to be dumping the subject product in the original investigation. The exporter was, therefore, be excluded from the current investigation.

The Commission referred to the Appellate Body decision in Mexico – Anti-Dumping Measures on Rice, having found that the investigating authority must exclude from the anti-dumping measure any exporter found to have a zero or de minimis dumping margin and further agreed with the Panel that as a consequence: "[S]uch exporters cannot be subject to administrative and changed circumstances reviews, because such reviews examine, respectively, the 'duty paid' and 'the need for the continued imposition of the duty.'

7. SUMMARY OF FINDINGS

7.1 Continuation or recurrence of dumping

The Commission made a final determination that the expiry of the duties would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd) and Malaysia.

7.2 Recurrence of material injury

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the recurrence of material injury to the SACU industry.

8. RECOMMENDATION

The Commission made a final determination that the expiry of the anti-dumping duties on the subject product originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd) and Malaysia would likely lead to the continuation or recurrence of dumping and the recurrence of material injury.

Since the subject product continued to be imported from China notwithstanding the duties in place and no responses were received from manufacturers in China, the Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duties on stainless steel sinks originating in or imported from China (excluding that manufactured or produced by Taijing Chuanger Metal Products Co. Ltd), be increased to 221 per cent. As no responses were received from manufacturers in Malaysia and no imports from Malaysia took place during the last two years of the period of investigation, the Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duties on stainless steel sinks originating in or imported from Malaysia, be maintained at 95.86 per cent.