



Ottawa, Tuesday, October 13, 1992

Reference No.: RE-92-002

IN THE MATTER OF a reference, under paragraph 34(b) of the *Special Import Measures Act*, made by British Steel Canada Inc., an importer, to the Canadian International Trade Tribunal;

AND IN THE MATTER OF an advice of the Canadian International Trade Tribunal, under section 37 of the *Special Import Measures Act*;

RESPECTING the dumping in Canada of certain hot rolled carbon steel plate and high strength low alloy plate originating in or exported from Belgium, Brazil, the Czech and Slovak Federal Republic, Denmark, the Federal Republic of Germany, Romania, the Republic of Slovenia, the United Kingdom, the United States of America and the former Yugoslav Republic of Macedonia.

ADVICE

The Tribunal hereby concludes that the evidence before the Deputy Minister of National Revenue for Customs and Excise discloses a reasonable indication that the dumping of the subject goods from the above-named countries has caused, is causing or is likely to cause material injury to the production in Canada of like goods.

Robert C. Coates, Q.C.
Robert C. Coates, Q.C.
Presiding Member

Kathleen E. Macmillan
Kathleen E. Macmillan
Member

Desmond Hallissey
Desmond Hallissey
Member

Michel P. Granger
Michel P. Granger
Secretary

Reference No.: RE-92-002

Date of Advice: *October 13, 1992*

Tribunal Members: *Robert C. Coates, Q.C., Presiding Member*
Kathleen E. Macmillan, Member
Desmond Hallissey, Member

Director of Research: *Marcel J.W. Brazeau*
Research Manager: *T.A. Geoghegan*
Research Officer: *W. Douglas Kemp*

Counsel for the Tribunal: *Clifford Sosnow*



Ottawa, Tuesday, October 13, 1992

Reference No.: RE-92-002

ADVICE under section 37 of the *Special Import Measures Act* respecting:

**CERTAIN HOT ROLLED CARBON STEEL PLATE AND HIGH STRENGTH
LOW ALLOY PLATE ORIGINATING IN OR EXPORTED FROM BELGIUM,
BRAZIL, THE CZECH AND SLOVAK FEDERAL REPUBLIC, DENMARK,
THE FEDERAL REPUBLIC OF GERMANY, ROMANIA, THE REPUBLIC
OF SLOVENIA, THE UNITED KINGDOM, THE UNITED STATES
OF AMERICA AND THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

TRIBUNAL: ROBERT C. COATES, Q.C., Presiding Member
 KATHLEEN E. MACMILLAN, Member
 DESMOND HALLISSEY, Member

STATEMENT OF REASONS

On August 24, 1992, the Deputy Minister of National Revenue for Customs and Excise (the Deputy Minister), having received a properly documented complaint from Algoma Steel Inc. (Algoma), decided to initiate an investigation into the dumping of certain hot rolled carbon steel plate and high strength low alloy plate originating in or exported from Belgium, Brazil, the Czech and Slovak Federal Republic, Denmark, the Federal Republic of Germany, Romania, the Republic of Slovenia, the United Kingdom, the United States of America and the former Yugoslav Republic of Macedonia. In so doing, the Deputy Minister was of the opinion that the evidence disclosed a reasonable indication that the dumping had caused, was causing or was likely to cause material injury to the production in Canada of like goods.

The Deputy Minister's investigation excluded plate for use in the manufacture of pipe and tube (also known as "skelp"), heat treated plate, plate in coil form and universal mill plate.

On September 10, 1992, British Steel Canada Inc., an importer of the subject goods, referred to the Tribunal, pursuant to paragraph 34(b) of the *Special Import Measures Act* (SIMA), the question of whether the evidence before the Deputy Minister disclosed a reasonable indication that the dumping of the subject goods had caused, was causing or was likely to cause material injury or was causing retardation to the production in Canada of like goods.

The Tribunal, pursuant to paragraph 37(b) of SIMA, is required to render its advice on the question without holding hearings and solely on the basis of the information that was before the Deputy Minister when he reached his decision and not later than 30 days from the date of the reference.

The information provided to the Tribunal by the Deputy Minister included the documented complaint filed by Algoma. The complaint contained data on domestic shipments, imports, the market, pricing, financial performance, order backlog, and details concerning the activities of imports from the named countries in the Canadian market.

Algoma, the complainant, is the largest of the three manufacturers producing the subject goods in Canada. The others are Stelco Inc. and Ipsco Inc. Dofasco Inc. and Sidbec-Dosco Inc. also produce carbon steel plate, but only in coil form which is not subject to the Deputy Minister's investigation. The Tribunal is satisfied, on the basis of available information, that Algoma represents a major proportion of domestic production for the purposes of this complaint.

The subject goods can be used in a number of applications including the production of rail cars, oil and gas storage tanks, heavy machinery, bridges, auto and truck parts, ships and pressure vessels.

The Tribunal considers that the information that was before the Deputy Minister discloses a reasonable indication of material injury as a result of dumped imports. The Tribunal notes that the information provided by the complainant shows a steady and significant increase in imports from the named countries throughout the review period. By 1991, these imports had virtually replaced imports from other countries. The Tribunal also notes that, according to this information, imports from the named countries captured substantial market share especially during the years from 1989 to 1991, a period when the market for carbon steel plate was shrinking. Much of this market penetration came at the expense of the domestic industry.

The complainant provided specific examples of lost sales and price reductions allegedly precipitated by competition from the named countries. The evidence concerning lost sales appeared to be substantial and coincided with a sharp reduction in Algoma's sales, profits, employment and order backlog. Price reductions instituted by Algoma during the period from October 1989 to March 1992 had a significant impact on Algoma's financial performance.

In order to meet the requirement of section 37 of SIMA, the Tribunal must be satisfied that there is a reasonable indication of a causal link between the dumped imports and the material injury being suffered by the industry. The Tribunal observes a correlation between the injury indicators and the dumping of the subject goods even though reduced shipments, depressed prices, poor financial performance and reduced employment could also be attributed, at least in part, to an overall decline in market demand for carbon steel plate and to weak market conditions. The Tribunal considers that this correlation provides a reasonable indication that the dumping has caused material injury. However, it is only through an inquiry that the Tribunal will be able to fully explore the causation element and satisfy itself that injury attributable to dumped imports is material. In making this assessment, the Tribunal will also examine the effects of other factors on industry performance.

The Tribunal is also satisfied that the margins of dumping, as estimated by the Deputy Minister in relation to the price differential between the imported product and Algoma's prices for the subject goods, provide a reasonable indication that the dumping is causing material injury.

On the basis of the information before it, the Tribunal advises, pursuant to section 37 of SIMA, that the evidence discloses a reasonable indication that the dumping of certain hot rolled carbon steel plate and high strength low alloy plate, originating in or exported from Belgium, Brazil, the Czech and Slovak Federal Republic, Denmark, the Federal Republic of Germany, Romania, the Republic of Slovenia, the United Kingdom, the United States of America and the former Yugoslav Republic of Macedonia, has caused, is causing or is likely to cause material injury or has caused or is causing retardation to the production in Canada of like goods.

Robert C. Coates, Q.C.
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Presiding Member

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