



Ottawa, Tuesday, October 27, 1992

Reference No.: RE-92-003

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 flat hot-rolled carbon steel sheet products originating in or exported from the Federal Republic of Germany, France, Italy, New Zealand, the United Kingdom and the United States of America.

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, or has caused or is causing retardation to the production in Canada of like goods.

John C. Coleman
John C. Coleman
Presiding Member

Kathleen E. Macmillan
Kathleen E. Macmillan
Member

Michèle Blouin
Michèle Blouin
Member

Michel P. Granger
Michel P. Granger
Secretary



Ottawa, Tuesday, October 27, 1992

Reference No.: RE-92-003

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

**CERTAIN FLAT HOT-ROLLED CARBON STEEL SHEET PRODUCTS
ORIGINATING IN OR EXPORTED FROM THE FEDERAL REPUBLIC OF
GERMANY, FRANCE, ITALY, NEW ZEALAND, THE UNITED KINGDOM AND
THE UNITED STATES OF AMERICA**

TRIBUNAL: JOHN C. COLEMAN, Presiding Member
KATHLEEN E. MACMILLAN, Member
MICHÈLE BLOUIN, Member

STATEMENT OF REASONS

On September 16, 1992, the Deputy Minister of National Revenue for Customs and Excise (the Deputy Minister), having received properly documented complaints from Stelco Inc. (Stelco) and Algoma Steel Inc. (Algoma), decided to initiate an investigation into the alleged injurious dumping of certain flat hot-rolled carbon steel sheet products originating in or exported from the Federal Republic of Germany, France, Italy, New Zealand, the United Kingdom and the United States of America. In so doing, the Deputy Minister was of the opinion that the evidence disclosed a reasonable indication that the alleged dumping had caused, was causing or was likely to cause material injury to the production in Canada of like goods.

On September 27, 1992, British Steel Canada Inc., an importer of the subject goods, referred to the Tribunal 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 the *Special Import Measures Act* (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 complaints filed by Stelco and Algoma. The complaints contained data on domestic shipments, imports, the market, pricing, financial performance and details concerning the activities of importers from the named countries in the Canadian market.

In addition to Stelco and Algoma, there are three other producers of the subject goods in Canada. The firms are Dofasco Inc., Ipso Inc. and Sidbec-Dosco Inc. The Tribunal is satisfied, on the basis of available information, that Stelco and Algoma represent a major proportion of domestic production for the purposes of the complaints.

The largest single end-use market for hot-rolled carbon steel sheet products is the automotive industry where they are used in the manufacture of frames, bumpers, wheels and some power train components. In the construction industry, these sheet products are used in the manufacture of sheet piling and guard rails. Significant quantities of the subject goods are also used by non-automotive stampers and producers of agricultural and other machinery, and by steel fabricators.

The Tribunal considers that the information contained in the Deputy Minister's file meets the requirement that there is a reasonable indication of material injury as a result of dumped imports. The Tribunal notes that imports of the subject goods declined somewhat in 1989, but more than doubled in 1990 relative to 1988 volumes. While the volumes fell in 1991, the levels remained close to 30 percent above those of 1988. Over the four-year period, imports from the named countries replaced imports from other countries, increasing their share of total imports from 77 percent to 98 percent. Among the imports from the named countries, U.S. imports displayed the strongest growth over this period and, at the end of 1991, they represented close to 80 percent of imports from the named countries.

The market for the subject goods exhibited steady declines from what appears to have been the peak year of 1988. In 1991, the market was more than 30 percent below the level recorded in 1988. The Tribunal notes that imports from the named countries captured significant market share in 1990 and came close to maintaining their market share in 1991. While the Tribunal observes that the strikes at Algoma and Stelco in 1990 may have been partly responsible for the sharp increase in imports, the Tribunal also notes that the other domestic producers were unable to gain market share during this period. Once these labour disruptions were settled, continuing significant volumes of dumped imports in the marketplace appear to have prevented the domestic industry from regaining all of the market share lost since 1988. Indeed, in 1991, a period in which the market was depressed, imports from the named countries were more than 60 percent higher than they were during 1988, a buoyant year.

Information contained in the Deputy Minister's file shows examples of lost business to the dumped imports in 1990, 1991 and the first quarter of 1992. In addition, there was evidence of significant price erosion and price suppression allegedly due to the price levels of dumped imports. The file also contained evidence of substantial reductions in the industry's domestic shipments, prices, sales revenues, gross margins and employment. Finally, the Deputy Minister has estimated fairly significant margins of dumping from the named countries.

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. Although the performance of Stelco and Algoma may have been affected by the depressed state of the market and the strikes of 1990, the Tribunal observes a correlation between the injury indicators and the dumping of the subject goods. Particularly significant are the facts that imports from the named countries captured all of the market share lost by the Canadian producers hit by strikes in 1990 and that, in the depressed conditions of 1991, these imports still maintained a much higher share than in the buoyant conditions of 1988. The Tribunal considers that this link between the dumped imports and the industry's performance 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 assess the question of causality and determine whether the injury being caused by dumped imports is material. In making its assessment at the inquiry stage, the Tribunal will examine the degree of impact of other factors on the performance of the domestic industry.

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 flat hot-rolled carbon steel sheet products originating in or exported from the Federal Republic of Germany, France, Italy, New Zealand, the United Kingdom and the United States of America 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.

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