



Ottawa, Thursday, December 31, 1992

Reference No.: RE-92-004

IN THE MATTER OF a reference, under paragraph 34(b) of the *Special Import Measures Act*, made by Bethlehem Steel Corporation, an exporter from the United States, to the Canadian International Trade Tribunal;

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

RESPECTING the dumping in Canada of certain cold-rolled steel sheet originating in or exported from the Federal Republic of Germany, France, Italy, 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 to the production in Canada of like goods.

Charles A. Gracey

Charles A. Gracey
Presiding Member

John C. Coleman

John C. Coleman
Member

Robert C. Coates, Q.C.

Robert C. Coates, Q.C.
Member

Michel P. Granger

Michel P. Granger
Secretary

Reference No.: RE-92-004

Date of Advice:

December 31, 1992

Tribunal Members:

*Charles A. Gracey, Presiding Member
John C. Coleman, Member
Robert C. Coates, Q.C., Member*

*Director of Research:
Research Officer:*

*Douglas Cuffley
Anis Mahli*

Counsel for the Tribunal:

*Hugh J. Cheetham
David Attwater*



Ottawa, Thursday, December 31, 1992

Reference No.: RE-92-004

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

**CERTAIN COLD-ROLLED STEEL SHEET ORIGINATING IN OR EXPORTED
FROM THE FEDERAL REPUBLIC OF GERMANY, FRANCE, ITALY, THE UNITED
KINGDOM AND THE UNITED STATES OF AMERICA**

TRIBUNAL: CHARLES A. GRACEY, Presiding Member
JOHN C. COLEMAN, Member
ROBERT C. COATES, Q.C., Member

STATEMENT OF REASONS

On November 16, 1992, the Deputy Minister of National Revenue for Customs and Excise (the Deputy Minister), on the basis of a properly documented complaint received jointly from Dofasco Inc. (Dofasco) and Stelco Inc. (Stelco), decided to initiate an investigation into the alleged injurious dumping of certain cold-rolled steel sheet originating in or exported from the Federal Republic of Germany, France, Italy, the United Kingdom and the United States of America. The complainants' evidence persuaded the Deputy Minister that there was 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 December 1, 1992, the Canadian International Trade Tribunal (the Tribunal) received a letter, dated November 27, 1992, from counsel for Bethlehem Steel Corporation, an exporter of the subject goods originating in the United States, referring 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, in accordance with 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 evidence that was before the Deputy Minister when he reached his decision and not later than 30 days from the date on which the Tribunal received notice of the reference.

Cold-rolled steel sheet is produced by four Canadian companies: Dofasco, Stelco, Sidbec-Dosco Inc. (Sidbec-Dosco) and Algoma Steel Inc. (Algoma). The subject goods are used in the production of household appliances, automobile and truck parts, drums and

pails, tubing, strapping and office furniture. The subject goods are also further processed by the domestic industry and by independent steel fabricators.

The information which the Deputy Minister provided to the Tribunal included the joint documented complaint submitted by Dofasco and Stelco. Some additional information was also available from Sidbec-Dosco, which also supported the complaint. The joint complaint contained data on domestic shipments, imports, pricing, financial performance and details of the activities of suppliers of the subject goods in the Canadian market for the period 1989 through the first half (interim) of 1992. The Tribunal is satisfied, on the basis of the available information, that the complainants' domestic shipments represent a major proportion of the domestic production for purposes of this complaint.

The evidence on file shows that imports from the subject countries represented about 95 percent or more of all imports of the subject goods during the period 1989 to interim 1992. Between 1989 and 1991, imports from the subject countries increased by more than 50 percent and, in interim 1992, remained at a level similar to that of interim 1991. Of the total volumes imported from the subject countries, imports from the United States, which displayed a robust market presence since 1989, accounted for the major proportion. On the basis of the information on file, the Deputy Minister calculated a weighted average margin of dumping that exceeded 25 percent.

The apparent market for the subject goods declined steadily between 1989 and 1991, then recovered nominally during interim 1992 in comparison to the same period in 1991. Total market sales of the subject goods in 1991 were more than 12 percent below that estimated for 1989. The Tribunal further observes that the penetration of the imports of the subject goods into the domestic market almost doubled during the 1989 to interim 1992 period, with most of the increase occurring in 1990. The available information suggests that the significant gains, which these imports made during 1990 and 1991, can be partly attributed to the steel supply constraints that both Dofasco and Stelco experienced during those years. Although the complainants were able to overcome their supply constraints, they have been unable to recover, in full, the business lost since 1989.

The Deputy Minister's file includes evidence of declines in average selling prices and reductions in sales values, gross margins and pre-tax incomes.

In order to meet the requirements 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 suffered by the domestic industry. The Tribunal is aware that reduced shipments could be attributed, at least in part, to Dofasco's and Stelco's supply constraints and the recessionary pressures in the economy, areas that the Tribunal will wish to examine in further detail in an inquiry. Nevertheless, the Tribunal observes a correlation between the injury indicators and the alleged dumping of the subject goods. 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 examine thoroughly whether the alleged dumping of the subject goods is causing material injury. In evaluating the evidence at such an inquiry, the

Tribunal may wish to consider data on the total domestic production of the subject goods, including the tonnages dedicated to further processing.

On the basis of the evidence before it, the Tribunal advises, pursuant to section 37 of SIMA, that the evidence discloses a reasonable indication that the dumping of certain cold-rolled steel sheet originating in or exported from the Federal Republic of Germany, France, Italy, the United Kingdom and the United States of America, has caused, is causing or is likely to cause material injury to the production in Canada of like goods.

Charles A. Gracey
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Presiding Member

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