



Ottawa, Monday, April 5, 1993

Reference No.: RE-92-006

IN THE MATTER OF a reference, under paragraph 34(b) of the *Special Import Measures Act*, made by Schuller International Inc., 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 preformed fibreglass pipe insulation with a vapour barrier, originating in or exported from the United States of America.

ADVICE

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

Lise Bergeron
Lise Bergeron
Presiding Member

Kathleen E. Macmillan
Kathleen E. Macmillan
Member

Charles A. Gracey
Charles A. Gracey
Member

Michel P. Granger
Michel P. Granger
Secretary

Reference No.: RE-92-006

Date of Advice:

April 5, 1993

Tribunal Members:

*Lise Bergeron, Presiding Member
Kathleen E. Macmillan, Member
Charles A. Gracey, Member*

Director of Research:

Marcel J.W. Brazeau

Counsel for the Tribunal:

Robert Desjardins

Ottawa, Monday, April 5, 1993

Reference No.: RE-92-006

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

**PREFORMED FIBREGLASS PIPE INSULATION WITH A VAPOUR BARRIER,
ORIGINATING IN OR EXPORTED FROM THE UNITED STATES OF AMERICA**

TRIBUNAL: LISE BERGERON, Presiding Member
KATHLEEN E. MACMILLAN, Member
CHARLES A. GRACEY, Member

STATEMENT OF REASONS

On February 4, 1993, on the basis of a properly documented complaint filed by Manson Insulation Inc. (Manson), Brossard, Quebec, the Deputy Minister of National Revenue for Customs, Excise and Taxation (the Deputy Minister) initiated an investigation into the dumping of preformed fibreglass pipe insulation with a vapour barrier, originating in or exported from the United States of America. 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.

On March 5, 1993, Schuller International Inc., a named exporter of the subject goods, referred to the Canadian International Trade Tribunal (the Tribunal), under paragraph 34(b) of the *Special Import Measures Act*¹ (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 to the production in Canada of like goods.

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

1. R.S.C. 1985, c. S-15.

The product is made of fine glass fibre insulating wool formed to a predetermined shape and density, and covered with a vapour barrier (jacket) made of metallized polyester film reinforced with fibreglass yarn and kraft paper.

The product is used to insulate piping systems in commercial and institutional construction projects requiring insulation for process control, energy conservation or personal protection. The product made by Manson is virtually identical to the product imported from the United States. Both meet features and performance requirements of the Underwriters' Laboratories of Canada, the American Society for Testing and Materials, the Canadian General Standards Board and the Canadian Coast Guard.

Manson is presently the only Canadian manufacturer of preformed fibreglass pipe insulation. Up until the end of 1989, Fiberglas Canada Inc. also manufactured preformed fibreglass pipe insulation in Canada, however, it closed its Sarnia manufacturing operations in 1990 and shifted the supply of its requirements of the subject goods to its parent company facilities in the United States.

In 1986, Manson was formed for the specific purpose of purchasing certain assets of Manville Canada Inc. (a subsidiary of Manville Sales Corporation, a U.S. company now known as Schuller International Inc.). Among other things, assets included the manufacturing facilities for producing preformed fibreglass pipe insulation, with and without a vapour barrier, located in Brossard, Quebec.

The evidence provided to the Tribunal by the Deputy Minister included the documented complaint submitted by Manson. The complainant provided information on production, sales, market and distribution, pricing, employment, and financial performance.

The Tribunal considers that the information contained in the Deputy Minister's file discloses a reasonable indication of material injury caused by the dumping of the subject goods. The Tribunal notes that the value of imports of the subject goods from the United States increased by 15 percent from 1990 to 1991 and remained at that level in 1992, but in a declining market. The Deputy Minister found that 98 percent of imports reviewed were dumped at a weighted average margin of dumping of 19.8 percent.

The value of the apparent market for the subject goods decreased by 27 percent from 1990 to 1991 and another 6 percent in 1992. The domestic producers' market share declined from 60 percent in 1990 to 39 percent in 1991, and 32 percent in 1992. Unit selling prices dropped by 36 percent from 1990 to 1991, and another 10 percent in 1992. The apparent loss of market share and price erosion have caused Manson's sales to plummet from 1990 to 1992. Sales were more than halved over the period.

The Deputy Minister's file includes examples of lost sales at the user and distributor levels. If the case proceeds to an injury inquiry, the Tribunal will want to examine more closely the complainant's financial performance and the distribution of the subject goods in the marketplace.

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 observes an apparent correlation between several of the injury indicators and the 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 fully explore the causation element and satisfy itself that dumping of the subject imports is causing material injury. In making this assessment, the Tribunal will examine the effects of other factors in the performance of the industry.

On the basis of the evidence before it, the Tribunal advises, under section 37 of SIMA, that the evidence discloses a reasonable indication that the dumping of preformed fibreglass pipe insulation with a vapour barrier, originating in or exported from 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.

Lise Bergeron
Lise Bergeron
Presiding Member

Kathleen E. Macmillan
Kathleen E. Macmillan
Member

Charles A. Gracey
Charles A. Gracey
Member