



Ottawa, Monday, December 20, 1993

Reference No.: RE-93-001

IN THE MATTER OF a reference, under paragraph 34(b) of the *Special Import Measures Act*, made by Nippon Steel Corporation, an exporter, and British Steel Canada Inc., an importer, 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 corrosion-resistant steel sheet products, originating in or exported from Australia, Brazil, France, the Federal Republic of Germany, Japan, the Republic of Korea, New Zealand, Spain, Sweden, 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, Excise and Taxation 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 is causing retardation, to the production in Canada of like goods.

Anthony T. Eyton
Anthony T. Eyton
Presiding Member

Sidney A. Fraleigh
Sidney A. Fraleigh
Member

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

Michel P. Granger
Michel P. Granger
Secretary

Reference No.: RE-93-001

Date of Advice:

December 20, 1993

Tribunal Members:

*Anthony T. Eyton, Presiding Member
Sidney A. Fraleigh, Member
Robert C. Coates, Q.C., Member*

*Director of Research:
Research Manager:*

*Selik Shainfarber
Rose Ritcey*

Counsel for the Tribunal:

Joël J. Robichaud



Ottawa, Monday, December 20, 1993

Reference No.: RE-93-001

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

**CERTAIN CORROSION-RESISTANT STEEL SHEET PRODUCTS,
ORIGINATING IN OR EXPORTED FROM AUSTRALIA, BRAZIL,
FRANCE, THE FEDERAL REPUBLIC OF GERMANY, JAPAN,
THE REPUBLIC OF KOREA, NEW ZEALAND, SPAIN, SWEDEN,
THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA**

TRIBUNAL: ANTHONY T. EYTON, Presiding Member
SIDNEY A. FRALEIGH, Member
ROBERT C. COATES, Q.C., Member

STATEMENT OF REASONS

On November 17, 1993, on the basis of a properly documented complaint filed jointly by Dofasco Inc. (Dofasco) and Stelco Inc. (Stelco), the Deputy Minister of National Revenue for Customs, Excise and Taxation (the Deputy Minister) initiated an investigation into the alleged injurious dumping of certain corrosion-resistant steel sheet products originating in or exported from Australia, Brazil, France, the Federal Republic of Germany, Japan, the Republic of Korea, New Zealand, Spain, Sweden, the United Kingdom and the United States of America. 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 November 19, 1993, the Canadian International Trade Tribunal (the Tribunal) received letters from counsel for Nippon Steel Corporation, an exporter of the subject goods, and British Steel Canada Inc., an importer of the subject goods, referring the question of whether the evidence before the Deputy Minister disclosed a reasonable indication that the alleged 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*¹ (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 that the Tribunal received notice of the reference.

Corrosion-resistant steel sheet is manufactured by four Canadian producers: Dofasco, Stelco, Sorevco Inc. (Sorevco) and Continuous Colour Coat Ltd. (CCC). The subject goods are used in motor vehicle components (e.g. inner body panels, exhaust systems and structural members), farm buildings, grain bins, culverts, garden sheds, roofing material, siding, floor decks, roof decks, wall studs, drywall applications, doors, door frames, ducting and other heating and cooling system applications, flashing, hardware products and appliance components.

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

The information which the Deputy Minister provided to the Tribunal included the joint documented complaint submitted by Stelco and Dofasco. Additional information on production volumes was also available from Sorevco, which had written to the Deputy Minister supporting the complaint, and from CCC. The joint complaint contained data on domestic shipments, distribution, imports, pricing and the financial performance of Stelco and Dofasco for the period from 1989 through to the first half of 1993. 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 information on file shows that imports from the subject countries represented close to 100 percent of imports of the subject goods during the period from 1989 to the first half of 1993. Apparent imports from the subject countries more than doubled in 1990, then fell by 13 percent in 1991 and by a further 7 percent in 1992, with the trend in declining import volumes appearing to continue in the first six months of 1993. The United States accounted for the major proportion of imports from the subject countries. On the basis of the information on file, the Deputy Minister calculated a weighted average margin of dumping of 29 percent for all subject countries.

Although the apparent market for the subject goods declined in both 1990 and 1991, it recovered strongly in 1992. The results for the first half of 1993 suggest that the market is continuing to expand. Domestic shipments have been regaining market share since 1990. The domestic industry contends that it has recouped market share at the expense of lower prices. According to the information on the record, average domestic selling prices for the subject goods declined by about 15 percent from 1989 to the end of the first six months of 1993. To support its claim that the material injury that it was suffering was being caused by dumped imports, the industry submitted extensive documentation describing numerous examples of price erosion, price suppression and lost sales due to competition from imports.

The information on the record outlines the deteriorating financial condition of the domestic industry as sales revenues, as well as gross and net margins, declined steadily and substantially during most of the period reviewed.

The Tribunal notes that, for at least a year before actually filing a complaint with the Department of National Revenue (Revenue Canada), the domestic producers had publicly discussed their intention of seeking anti-dumping protection from a broad range of corrosion-resistant steel sheet imports.² In response, several importers and exporters forwarded submissions to Revenue Canada arguing that such an investigation was not warranted.³ All submissions received by Revenue Canada⁴ were included in the material forwarded to the Tribunal as part of the record before the Deputy Minister. The submissions raise numerous issues, including requests for specific product exclusions, requests for country exclusions on the grounds of *de minimis* presence in the Canadian market and arguments about the role of other factors in causing injury to the domestic

2. Department of National Revenue, Statement of Reasons, November 17, 1993, at 2.

3. Submissions were received from or on behalf of Bethlehem Steel Export Corporation; BHP Trading Canada Ltd.; BHP New Zealand Steel Limited; British Steel Canada Inc.; Honda of Canada Mfg.; Inland Steel Company; Korea Iron & Steel Association; LTV Steel Company; National Steel Corporation; Nippon Steel Corporation; Toyota Motor Manufacturing Canada Inc.; and USX Corporation.

4. In addition to the submissions received from importers and exporters, a submission from Helton Industries Ltd., a Canadian user of the subject goods, was included in the file.

industry. If the Deputy Minister issues a preliminary determination of dumping and an injury inquiry is held pursuant to section 42 of SIMA, then the Tribunal will further examine these propositions and contentions.

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 being suffered by the domestic industry. The Tribunal is of the opinion that the evidence suggests a correlation between the injury suffered by the domestic industry, particularly the financial injury, 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, full proof of causation goes beyond correlation and can only be determined through a full inquiry process.

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 the subject corrosion-resistant steel sheet products originating in or exported from Australia, Brazil, France, the Federal Republic of Germany, Japan, the Republic of Korea, New Zealand, Spain, Sweden, the United Kingdom and the United States of America has caused, is causing or is likely to cause material injury, or is causing retardation, to the production in Canada of like goods.

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