

Ottawa, Tuesday, December 14, 1999

Reference No.: RE-99-002

IN THE MATTER OF a reference, under paragraph 34(1)(b) of the *Special Import Measures Act*, made by Steel Authority of India Limited 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 hot-rolled carbon steel plate originating in or exported from Brazil, Finland, India, Indonesia, Thailand and the Ukraine and the subsidizing of certain hot-rolled carbon steel plate originating in or exported from India, Indonesia and Thailand.

### ADVICE

The Canadian International Trade Tribunal hereby concludes that the evidence before the Deputy Minister of National Revenue discloses a reasonable indication that the dumping of certain hot-rolled carbon steel plate originating in or exported from Brazil, Finland, India, Indonesia, Thailand and the Ukraine and the subsidizing of certain hot-rolled carbon steel plate originating in or exported from India, Indonesia and Thailand have caused material injury or are threatening to cause material injury to the domestic industry.

Pierre Gosselin  
Pierre Gosselin  
Presiding Member

Richard Lafontaine  
Richard Lafontaine  
Member

James A. Ogilvy  
James A. Ogilvy  
Member

Michel P. Granger  
Michel P. Granger  
Secretary

Date of Advice: December 14, 1999

Tribunal Members: Pierre Gosselin, Presiding Member  
Richard Lafontaine, Member  
James A. Ogilvy, Member

Research Director: Selik Shainfarber  
Research Manager: Daryl Poirier

Counsel for the Tribunal: John Dodsworth  
Philippe Cellard

Ottawa, Tuesday, December 14, 1999

Reference No.: RE-99-002

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

**CERTAIN HOT-ROLLED CARBON STEEL PLATE ORIGINATING IN OR  
EXPORTED FROM BRAZIL, FINLAND, INDIA, INDONESIA, THAILAND  
AND THE UKRAINE**

TRIBUNAL: PIERRE GOSSELIN, Presiding Member  
RICHARD LAFONTAINE, Member  
JAMES A. OGILVY, Member

**STATEMENT OF REASONS**

On October 15, 1999, on the basis of a properly documented complaint filed by Algoma Steel Inc. (Algoma) of Sault Ste. Marie, Ontario, and Stelco Inc. (Stelco) of Hamilton, Ontario, and supported by Ipsco Inc. of Regina, Saskatchewan, the Deputy Minister of National Revenue (the Deputy Minister) (now Commissioner, Canada Customs and Revenue Agency) initiated an investigation respecting the dumping in Canada of certain hot-rolled carbon steel plate originating in or exported from Brazil, Finland, India, Indonesia, Thailand and the Ukraine and the subsidizing of certain hot-rolled carbon steel plate originating in or exported from India, Indonesia and Thailand. The Deputy Minister was of the opinion that there was evidence that the subject goods from the named countries had been dumped and that the subject goods from India, Indonesia and Thailand had been subsidized. In addition, there was a reasonable indication “that such dumping has caused or is threatening to cause injury to the Canadian industry”<sup>1</sup> and “that such subsidizing has caused or is threatening to cause injury to the Canadian industry”.<sup>2</sup>

On November 13, 1999, pursuant to paragraph 34(1)(b) of the *Special Import Measures Act*<sup>3</sup> (SIMA), Steel Authority of India Limited referred to the Canadian International Trade Tribunal (the Tribunal) the question of whether the evidence before the Deputy Minister disclosed a reasonable indication that the dumping and subsidizing of the subject goods originating in or exported from India had caused injury or was threatening to cause injury to the domestic industry.

Section 34 of *SIMA* requires the Tribunal to provide advice on whether the evidence before the Deputy Minister discloses a reasonable indication that the dumping or subsidizing of goods has caused injury or is threatening to cause injury. Paragraph 37(b) of *SIMA* provides that the Tribunal shall render its advice on the question without holding hearings, on the basis of the information that was before the Deputy Minister when he reached his decision or conclusion on that question, forthwith after the date on which the reference is made to it and, in any event, not later than 30 days after that date.

1. Department of National Revenue, *Statement of Reasons* (15 October 1999) at 12.
2. *Ibid.* at 13.
3. R.S.C. 1985, c. S-15 [hereinafter *SIMA*].

The Deputy Minister defined the subject goods as follows:

hot-rolled carbon steel plate and high-strength low-alloy steel plate not further manufactured than hot-rolled, heat-treated or not, in cut lengths, in widths from 24 inches (+/- 610 mm) to 152 inches (+/- 3,860 mm) inclusive, and:

- in thicknesses from 0.187 inches (+/- 4.75 mm) to 5.25 inches (+/- 133 mm) inclusive, excluding plate produced to ASTM specifications A515 and A516M/A516 Grade 70 in thicknesses greater than 3.125 inches (+/- 79.3 mm), originating in or exported from Brazil, Finland, India, Indonesia and Thailand,
- in thicknesses from 4.0 inches (+/- 101 mm) to 5.25 inches (+/- 133 mm) inclusive, excluding plate produced to ASTM specifications A515 and A516M/A516 Grade 70, originating in or exported from the Ukraine,
- in thicknesses from 0.187 inches (+/- 4.75 mm) to 3.125 inches (+/- 79.3 mm) inclusive, originating in or exported from the Ukraine, produced to ASTM specifications A515 and A516M/A516 Grade 70 which meet the following carbon equivalent as per ASME SA-20:
  - carbon equivalent equal to or less than 0.40 for plate equal to or less than 1.5 inches (38.1 mm) in thickness; or
  - carbon equivalent equal to or less than 0.42 for plate greater than 1.5 inches (38.1 mm) in thickness; or
  - carbon equivalent equal to or less than 0.42, with maximum hydrogen and oxygen contents of 2 parts per million respectively, for plate equal to or less than 1.5 inches (38.1 mm) in thickness,

excluding universal mill plate, plate for use in the manufacture of pipe and plate having a rolled, raised figure at regular intervals on the surface (also known as floor plate).

Plate is manufactured to CSA, ASTM or other recognized specifications, with the result that the products of any manufacturer, whether domestic or foreign, are interchangeable in any application. The most common specification for plate in Canada is G40.21 300W/44W, and this also appears to cover the majority of plate imported from the subject countries.

On the basis of the information available to date, during the 12-month period ending June 30, 1999, the Deputy Minister found that 85.3 percent of all imports reviewed from the six named countries were dumped, with a weighted average margin, expressed as a percentage of normal value, of 10.8 percent. The Deputy Minister also found that the subject goods from three of the six countries, namely, India, Indonesia and Thailand, were also subsidized. On the basis of initial estimates, the Deputy Minister found that the amount of the subsidizing was significant.

The Tribunal notes that, under section 35 of *SIMA*, at any time before making a preliminary determination of dumping or subsidizing, the Deputy Minister shall terminate an investigation where, among other things, he is satisfied that the actual or potential volume of dumped or subsidized goods from any named source is negligible, within the meaning of *SIMA*. The Tribunal notes that the Deputy Minister performed the “negligibility” tests on a preliminary basis for each of the named countries. The results show that each of these countries is above the applicable minimum threshold for dumping, as well as for subsidizing, where applicable. However, the Deputy Minister has indicated that he will be updating the data for the purposes of conducting the negligibility tests for the preliminary determination of dumping and subsidizing.

In considering the question of injury or reasonable indication of injury, it is the Tribunal’s practice to cumulate the impact of dumping and subsidizing from all named sources and to examine its total effect

on the domestic industry. In the context of this reference, the Tribunal has, therefore, considered the cumulative effect of dumping from all six named sources, combined with the subsidizing from three of the sources, including India, for the purpose of its advice on whether the evidence discloses a reasonable indication of injury or threat of injury.

The information before the Deputy Minister, with respect to injury, when he made the decision to initiate the investigation, included a public and confidential complaint filed by Algoma and Stelco, as well as an analysis of the complaint prepared by departmental officers. This information indicated that domestic industry shipments and market share declined substantially from 1997 to June 30, 1999. Over the same period, imports from the six named countries rose substantially, as did their combined market share. At the same time, the industry's average prices experienced steady declines.

To support its complaint, the industry provided the Deputy Minister with its own published price lists and discount price offerings, as well as information on low price offerings from all the named countries. The industry also documented numerous instances, at specific accounts, where it either lost sales or was forced to discount prices to remain competitive with low-priced imports from the named countries. The industry's declining financial position, which allegedly ensued from declining shipments and prices, was documented by the financial statements that were also submitted with the complaint.

In terms of causation, the Tribunal is of the view that there is a correlation between the increasing presence of dumped and subsidized imports in the Canadian market and the domestic industry's falling prices, decreasing sales and declining financial performance. This correlation provides a reasonable indication that the dumping and subsidizing of the subject goods have caused injury or are threatening to cause injury. However, it is only through an inquiry that the Tribunal will be able to explore fully whether the domestic industry has suffered, or could suffer, injury and whether there is a causal link between that injury and the dumping and subsidizing. In making this assessment, the Tribunal will also examine the effects of other factors on industry performance.

On the basis of the information before it, the Tribunal concludes, pursuant to section 37 of *SIMA*, that the evidence discloses a reasonable indication that the dumping of certain hot-rolled carbon steel plate originating in or exported from Brazil, Finland, India, Indonesia, Thailand and the Ukraine and the subsidizing of certain hot-rolled carbon steel plate originating in or exported from India, Indonesia and Thailand have caused material injury or are threatening to cause material injury to the domestic industry.

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