



Ottawa, Wednesday, January 15, 1992

**Reference No.: RE-91-002**

IN THE MATTER OF a reference, under section 34 of the *Special Import Measures Act*, made by Tartan Tree Farms Ltd. 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 alleged dumping of cut sheared plantation Christmas trees of all sizes and species (including but not limited to, Douglas Fir, Grand Fir, Fraser Fir, Noble Fir, Shore Pine, Jack Pine, Austrian Pine, Western and Eastern White Pine, Norway Spruce, Sitka Spruce, Serbian Spruce, Colorado Blue and Green Spruce), originating in or exported from the states of Washington, Oregon, Idaho and Montana of the United States of America, for use or consumption in the province of British Columbia.

### 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 alleged dumping of cut sheared plantation Christmas trees originating in or exported from the states of Washington, Oregon, Idaho and Montana of the United States of America, for use or consumption in the province of British Columbia has caused, is causing or is likely to cause material injury to the production in British Columbia of like goods.

John C. Coleman  
John C. Coleman  
Presiding Member

Kathleen E. Macmillan  
Kathleen E. Macmillan  
Member

Arthur B. Trudeau  
Arthur B. Trudeau  
Member

Robert J. Martin  
Robert J. Martin  
Secretary

**Reference No.: RE-91-002**

*Date of Advice:* *January 15, 1992*

*Tribunal Members:* *John C. Coleman, Presiding Member*  
*Kathleen E. Macmillan, Member*  
*Arthur B. Trudeau, Member*

*Director of Research:* *Marcel Brazeau*

*Research Manager:* *John Gibberd*

*Counsel for the Tribunal:* *Clifford Sosnow*



Ottawa, Wednesday, January 15, 1992

Reference No.: RE-91-002

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

**CUT SHEARED PLANTATION CHRISTMAS TREES ORIGINATING IN  
OR EXPORTED FROM THE STATES OF WASHINGTON, OREGON,  
IDAHO AND MONTANA OF THE UNITED STATES OF AMERICA,  
FOR USE OR CONSUMPTION IN THE PROVINCE OF BRITISH COLUMBIA**

TRIBUNAL: JOHN C. COLEMAN, Presiding Member  
KATHLEEN E. MACMILLAN, Member  
ARTHUR B. TRUDEAU, Member

**STATEMENT OF REASONS**

On November 15, 1991, the Deputy Minister of National Revenue for Customs and Excise (the Deputy Minister), having received a properly documented complaint from the Southwest B.C. Christmas Tree Association, decided to initiate an investigation into the alleged dumping of cut sheared plantation Christmas trees originating in or exported from the states of Washington, Oregon, Idaho and Montana of the United States of America, for use or consumption in the province of British Columbia (the subject goods). 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 British Columbia of like goods.

By letter dated November 15, 1991, Tartan Tree Farms Ltd. (Tartan), an importer of the subject goods, was given notice of the initiation of the above-referenced dumping investigation. On December 16, 1991, Tartan 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 has caused, is causing or is likely to cause material injury to the production in British Columbia 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 any hearings and solely on the basis of the information that was before the Deputy Minister when she reached her decision. The information before the Deputy Minister focuses primarily on the plantation Christmas tree wholesale market.

The complaint to the Deputy Minister alleges material injury solely to the production of like goods in British Columbia, but not to like goods in the rest of Canada. Therefore, the Tribunal has to determine whether the evidence discloses a reasonable indication that the B.C. producers of plantation Christmas trees constitute a regional industry pursuant to subsection 42(3) of SIMA and the conditions set out in subparagraph 1(ii) of Article 4 of the Anti-dumping Code (the Code). According to these

conditions, in exceptional circumstances, producers within a particular geographic market may be regarded as a separate industry if they sell all or almost all their production within that particular market and if the demand in that market is not supplied to any substantial degree by producers located elsewhere in the national territory. The Code further specifies that in such circumstances, injury may be found to exist provided there is a concentration of dumped imports into the regional market and the dumped imports are causing injury to the producers of all or almost all of the production in that market.

Having reviewed the information that was before the Deputy Minister when she reached her decision to initiate the investigation, the Tribunal is of the opinion that the evidence discloses a reasonable indication that the B.C. growers in support of the complaint may be considered a separate industry. B.C. plantation Christmas tree growers sold over 90 percent of their trees to the B.C. market. Also, it appears from this information that there are few shipments of plantation Christmas trees into British Columbia from elsewhere in Canada.

The Tribunal considers that the information contained in the Deputy Minister's file also discloses a reasonable indication that there is a concentration of dumped imports into the market. Information is not available yet on the volume of dumped imports of Christmas trees into the rest of Canada. However, the evidence before the Deputy Minister shows that of the total value of imports of all Christmas trees imported into Canada from the four named states, 70 percent was shipped into the B.C. market. If it is assumed that the same proportion of imports are dumped in the rest of Canada as are dumped in British Columbia, the concentration condition will be satisfied. At this stage, the Tribunal finds such an assumption to be not unreasonable.

The Southwest B.C. Christmas Tree Association alleges that, as a result of the dumping, B.C. plantation Christmas tree growers have sustained material injury in the form of declines in sales in volume and value, price erosion, lost customer sales, reduction in the acreage devoted to plantation Christmas trees, declines in employment, curtailed expansion plans and lost market share. In order to meet the requirements of section 37 of SIMA, the Tribunal must be satisfied, on the basis of the information before the Deputy Minister, that there is reasonable indication of injury and that there is also a reasonable indication of a causal link between the alleged dumped imports and the material injury suffered by the industry.

Evidence provided by six producers representative of the industry showed that between 1986 and 1990, unit sales declined by 17 percent, the value of sales dropped by 21 percent, the average price decreased by 21 percent, acreage devoted to plantation trees declined by 39 percent and employment person-days dropped by 24 percent. Evidence was also provided of customer sales that had been lost since 1985-86 and instances of curtailed expansion plans. While these indicators were declining, there was a threefold increase in the value of imports of subject goods. Meanwhile, the value of production of plantation Christmas trees (retail and wholesale) in British Columbia remained stable.

The Tribunal observes a correlation between these injury indicators and the alleged dumping of the subject goods. The Tribunal considers this correlation gives a reasonable indication that the alleged dumping has caused, is causing or is likely to cause material injury to all or almost all of the production in the B.C. market.

If the Deputy Minister issues a preliminary determination of dumping and an inquiry is held pursuant to section 42 of SIMA, the Tribunal will wish to examine in greater depth a number of aspects of this case to ensure that all the conditions of subparagraph 1(ii) of Article 4 of the Code are satisfied. The Tribunal notes that the Deputy Minister, in her assessment of injury, excluded plantation Christmas trees sold at the retail level as well as natural stand trees. In addition, the Tribunal will wish to have more evidence on sales of subject imports from the named states to the entire Canadian market.

Based on the information before the Deputy Minister, the Tribunal advises, pursuant to section 37 of SIMA, that the evidence discloses a reasonable indication that the alleged dumping of cut sheared plantation Christmas trees originating in or exported from the states of Washington, Oregon, Idaho and Montana of the United States of America, for use or consumption in the province of British Columbia has caused, is causing or is likely to cause material injury to the production in British Columbia of like goods.

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Presiding Member

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