



Ottawa, Tuesday, October 13, 1992

Reference No.: RE-92-001

IN THE MATTER OF a reference, under paragraph 34(b) of the *Special Import Measures Act*, made by British Steel Canada Inc., an importer, 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 dumping in Canada of certain hot rolled, heat treated carbon steel plate and high strength low alloy plate originating in or exported from Belgium, Brazil, the Czech and Slovak Federal Republic, Denmark, the Federal Republic of Germany, Romania, the Republic of Slovenia, the United Kingdom, the United States of America and the former Yugoslav Republic of Macedonia.

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.

Robert C. Coates, Q.C.

Robert C. Coates, Q.C.
Presiding Member

Kathleen E. Macmillan

Kathleen E. Macmillan
Member

Desmond Hallissey

Desmond Hallissey
Member

Michel P. Granger

Michel P. Granger
Secretary



Ottawa, Tuesday, October 13, 1992

Reference No.: RE-92-001

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

**CERTAIN HOT ROLLED, HEAT TREATED CARBON STEEL PLATE AND
HIGH STRENGTH LOW ALLOY PLATE ORIGINATING IN OR EXPORTED FROM
BELGIUM, BRAZIL, THE CZECH AND SLOVAK FEDERAL REPUBLIC,
DENMARK, THE FEDERAL REPUBLIC OF GERMANY, ROMANIA,
THE REPUBLIC OF SLOVENIA, THE UNITED KINGDOM, THE UNITED STATES
OF AMERICA AND THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

TRIBUNAL: ROBERT C. COATES, Q.C., Presiding Member
KATHLEEN E. MACMILLAN, Member
DESMOND HALLISSEY, Member

STATEMENT OF REASONS

On August 24, 1992, on the basis of a complaint filed by Algoma Steel Inc. (Algoma), the Deputy Minister of National Revenue for Customs and Excise (the Deputy Minister) initiated an investigation into the dumping of certain hot rolled carbon steel plate and high strength low alloy plate.

Heat treated plate was excluded from the complaint, and from the investigation because official import statistics indicated that very little heat treated plate was entering Canada. Subsequent to the August 24, 1992, investigation, information brought to the attention of the Deputy Minister and Algoma indicated that a significant amount of the carbon steel plate which was classified, upon entry into Canada, as regular carbon steel plate was, in fact, heat treated plate. This heat treated plate was therefore included in the volume of imports which was the subject of the carbon steel plate investigation initiated on August 24, 1992.

In the complaint filed by Algoma concerning regular carbon steel plate, Algoma satisfied the Deputy Minister that there was evidence that the subject goods were dumped and that such dumping had caused, was causing and was likely to cause material injury to the production in Canada of like goods. After learning that heat treated plate was included in imports which were subject to the complaint on regular carbon steel plate, the Department of National Revenue, Customs and Excise (the Department) considered that the information provided in the first complaint also served to determine whether the heat treated plate was being dumped and whether Algoma was being injured by the dumped imports of heat treated plate from the named countries.

Therefore, on September 8, 1992, the Deputy Minister, on his own initiative, caused an investigation to be initiated with respect to the dumping of certain hot rolled, heat treated carbon steel plate and high strength low alloy plate originating in or exported from Belgium, Brazil, the Czech and Slovak Federal Republic, Denmark, the Federal Republic of Germany, Romania, the Republic of Slovenia, the United Kingdom, the United States of America and the former Yugoslav Republic of Macedonia. In doing so, the Deputy Minister was of the opinion that the evidence before him disclosed a reasonable indication that the dumping of heat treated plate had caused, was causing or was likely to cause material injury to the production in Canada of like goods.

On September 10, 1992, British Steel Canada Inc., an importer of the subject goods, referred to the Tribunal, pursuant to paragraph 34(b) of the *Special Import Measures Act* (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 or was causing retardation to the production in Canada of like goods.

The Tribunal, pursuant to paragraph 37(b) of 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 of the reference.

The information provided to the Tribunal by the Deputy Minister included Algoma's complaint in the regular carbon steel plate case and a subsequent letter dated September 4, 1992, from Algoma requesting that, based on the incorrect classification of the subject goods and the significant volumes of heat treated plate entering Canada from the named countries, the Deputy Minister initiate an investigation forthwith on his own initiative. Algoma's letter included information concerning product description, costs of production for heat treated plate and Algoma's shipments of heat treated plate.

Algoma, the complainant, is the largest domestic producer of heat treated plate. The other producer is CHT Steel Company Inc. The Tribunal is satisfied, on the basis of available information, that Algoma represents a major proportion of the domestic production for the purposes of this complaint.

Heat treated plate is carbon steel plate which has undergone further processing which may include annealing, normalizing, stress relieving, quenching, tempering or certain combinations of these treatments. Although heat treating adds value to the product, this value is nominal compared to the overall value of carbon steel plate. The Tribunal notes that, in many applications, heat treated plate may be used where regular carbon steel plate is called for. In some applications, however, only heat treated plate may be used.

Major end uses for heat treated plate include the production of pressure vessels and heavy construction machinery, and abrasion-resistant applications. Heat treated plate has higher strength and/or quality characteristics than regular carbon steel plate.

The Tribunal notes that the Deputy Minister used the same market data in assessing injury in both cases despite the fact that Canadian shipment figures on file appear to pertain only to regular carbon steel plate. The Tribunal has difficulty accepting

that the same injury assessment logic can be applied to both products using essentially the same data. Rather, a separate consideration of the impact on Canadian production of both types of plate is necessary.

In reviewing the information before the Deputy Minister, the Tribunal notes that dumped imports of heat treated plate from the named countries appear to have captured a significant share of the market from the domestic industry. The Tribunal notes that the information in the Deputy Minister's file shows a steady increase in imports from the named countries throughout the review period. By 1991, it would appear that total imports of carbon steel plate from the named countries had virtually replaced imports from other countries. The information in the Deputy Minister's file indicates that, in 1986, imports from the subject countries accounted for 53 percent of total imports. By 1988, they had increased to 72 percent. In 1991, they made up 94 percent of total imports, of which a significant volume was heat treated plate. From 1986 to 1991, total imports grew by 62 percent. While the market peaked in 1988, it appears to have declined significantly in the last three years. Based on an examination of available data on heat treated plate imports and domestic shipments, it would appear that the market for heat treated plate has followed the same trend.

According to material provided in the file, a large volume of total carbon steel plate imports were heat treated plate. It would appear, in fact, that the share of total plate imports made up of heat treated plate is considerably larger than the share of heat treated plate in the Canadian market for carbon steel plate products. Consequently, it may be inferred that the dumping of heat treated plate has had a significant impact on Algoma's share of the heat treated plate market, shipments, prices and revenues.

In its statement of reasons for initiating the investigation concerning heat treated plate, the Department advised interested parties that:

In view of the fact that this product is integrally related to the production in respect of which the investigation was initiated on August 24, 1992, it is intended to join this investigation to the previous investigation prior to the making of a preliminary determination, in accordance with regulation 38 of the SIMA Regulations.

In order to meet the requirement 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 industry. Although Algoma's overall performance may have been affected by weak market conditions, and by the 1990 strike, the Tribunal observes a correlation between 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, as was the case in the regular carbon steel plate reference (RE-92-002), it is only through an inquiry that the Tribunal will be able to fully explore the causation element and satisfy itself that injury attributable to dumped imports is material. In making this assessment, the Tribunal will examine the effects of other factors on industry performance. In view of the apparently inadvertent merging of import statistics for the two subject goods, the Tribunal will also wish to examine in greater detail actual imports of each product and their impact on Canadian production of the two types of carbon steel plate.

The Tribunal is also satisfied that the estimated levels of the margins of dumping found by the Deputy Minister in relation to heat treated plate and the price differential between the imported product and Algoma's prices for the subject goods, provide a reasonable indication that the dumping is causing injury.

On the basis of the information before the Deputy Minister, the Tribunal advises, pursuant to section 37 of SIMA, that the evidence discloses a reasonable indication that the dumping of certain hot rolled, heat treated carbon steel plate and high strength low alloy plate originating in or exported from Belgium, Brazil, the Czech and Slovak Federal Republic, Denmark, the Federal Republic of Germany, Romania, the Republic of Slovenia, the United Kingdom, the United States of America and the former Yugoslav Republic of Macedonia 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.

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