



Ottawa, Wednesday, January 27, 1993

Opinion No.: PB-92-001

IN THE MATTER OF an opinion of the Canadian International Trade Tribunal pursuant to section 45 of the *Special Import Measures Act*, following the section 42 Inquiry No. NQ-92-002 and its resulting finding dated December 11, 1992, and further to representations on the public interest received by the Canadian International Trade Tribunal;

RESPECTING whether the imposition of anti-dumping duties, or the imposition of such duties in the full amount on bicycles, assembled or unassembled, with wheel diameters of 16 inches (40.64 cm) and greater, and frames thereof, originating in or exported from Taiwan and the People's Republic of China would not or might not be in the public interest.

OPINION

The Canadian International Trade Tribunal is of the opinion that the public interest does not require any reduction of the anti-dumping duties from their full amount on imports into Canada of the above-mentioned subject goods. Therefore, no report will be issued to the Minister of Finance.

Arthur B. Trudeau

Arthur B. Trudeau
Presiding Member

Robert C. Coates, Q.C.

Robert C. Coates, Q.C.
Member

Desmond Hallissey

Desmond Hallissey
Member

Michel P. Granger

Michel P. Granger
Secretary

OPINION

BACKGROUND

On December 11, 1992, pursuant to subsection 43(1) of the *Special Import Measures Act*¹ (SIMA), the Canadian International Trade Tribunal (the Tribunal) found that the dumping in Canada of bicycles, assembled or unassembled, with wheel diameters of 16 inches (40.64 cm) and greater, originating in or exported from Taiwan and the People's Republic of China (China), excluding the subject bicycles with an F.O.B. Taiwan and China selling price exceeding CAN\$325, had caused, was causing and was likely to cause material injury to the production in Canada of like goods, and that the dumping in Canada of the subject bicycle frames, originating in or exported from the aforementioned countries, had not caused, was not causing, but was likely to cause material injury to the production in Canada of like goods.

During the course of the proceedings which led up to such finding, a number of written submissions were filed with respect to public interest considerations. Canadian Tire Corporation, Limited et al., a group consisting largely of mass merchandisers, The Canadian Association of Specialty Bicycle Importers and Action Vélo Plus Inc., a buying group representing some 35 Quebec-based dealers, claimed that it was not in the public interest to impose the full amount of anti-dumping duties in the event of a positive finding. A number of arguments were advanced in support of this contention, e.g. the domestic industry lacks sufficient production capacity to supply domestic demand and is unable to meet the variety of componentry demanded by consumers; the industry had not offered, or had refused to supply, bicycles to many mass merchandisers and dealers; and the application of the full amount of the anti-dumping duties would exacerbate the economic difficulties that many dealers were already facing because of the recession, the Goods and Services Tax and the effects of cross-border shopping, resulting in increased bankruptcies and job losses.

The position taken by these parties was opposed by the Canadian industry represented by the Canadian Bicycle Manufacturers' Association, Groupe Procycle Inc., Raleigh Industries of Canada Limited and Victoria Precision Inc. In the industry's submission, no overriding public interest had been demonstrated which would justify the imposition of less than the full amount of anti-dumping duties. In their view, the public interest lies in maintaining Canadian production and enhancing job opportunities, both directly in the manufacture of bicycles in Canada and in ancillary industries which supply the Canadian producers.

The foregoing submissions, together with the evidence and testimony adduced during the inquiry, provide the basis upon which the Tribunal has formulated its opinion on the public interest, as described below.

PUBLIC INTEREST CONSIDERATIONS

Section 45 of SIMA provides that where, after making a finding of material injury, the Tribunal is of the opinion that the imposition of anti-dumping duties, in whole or in part, would not or might not be in the public interest, it shall report its opinion to the

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

Minister of Finance with the facts and reasons that gave rise to that opinion. The Tribunal has reviewed the above-noted submissions and is of the opinion that the public interest does not require a reduction of the anti-dumping duties from their full amount.

The evidence available to the Tribunal shows that the Canadian market for bicycles has, in the past, been very price competitive, with Canadian bicycles ranking among the lowest-priced bicycles in the western world. In the Tribunal's opinion, the vigorous price competition which has characterized the Canadian market in the past will continue to thrive in the Canadian market following the imposition of anti-dumping duties. This competition will arise, as it always has, from within the industry itself as well as from numerous foreign sources which will continue to have unrestricted access to the Canadian market. These include exporters in countries such as the United States, South Korea, Malaysia, Indonesia, Thailand and India, whose products, according to the evidence submitted at the hearing, are already in the Canadian market or are being positioned to enter the Canadian market. This foreign and domestic competition will ensure that Canadian mass merchants, dealers and, ultimately, bicycle users have access to a wide selection of bicycle models at reasonable prices.

The Tribunal is satisfied from the evidence that Canadian-produced bicycles are of high quality. Moreover, domestic bicycles incorporate a wide variety of componentry that is sourced from leading international suppliers. The evidence also shows that the domestic industry has sufficient production capacity to supply a substantial proportion of the Canadian bicycle demand. Any demand that cannot be met by domestic suppliers can be satisfied, as noted above, by a number of alternative sources that are not subject to the anti-dumping measures. Indeed, it is likely that some of this demand will continue to be met, despite the finding, by exporters from the subject countries, especially those from Taiwan, some of whom face relatively modest dumping margins of under 10 percent. This view is reinforced by evidence adduced at the hearing, which suggested that certain subject exporters could afford to pay anti-dumping duties and still maintain sufficient margins to continue their participation in the Canadian market.

Finally, the Tribunal notes that imports of the subject bicycles, with an F.O.B. Taiwan and China selling price exceeding CAN\$325, have been excluded from the finding because they are not causing injury to Canadian production. This exclusion affects the "high end" of the Canadian bicycle market, which constitutes an important part of the business of many Canadian specialty bicycle dealers. Accordingly, although the exclusion was not granted for this reason, it will nonetheless shelter numerous dealers, in whole or in part, from the full effects of the finding.