



Ottawa, Friday, May 11, 2001

Preliminary Injury Inquiry No.: PI-2000-007

IN THE MATTER OF a preliminary injury inquiry, under subsection 34(2) of the *Special Import Measures Act*, respecting:

**THE DUMPING OF CERTAIN COLD-ROLLED STEEL SHEET PRODUCTS,  
ORIGINATING IN OR EXPORTED FROM BRAZIL, CHINESE TAIPEI, THE  
FORMER YUGOSLAV REPUBLIC OF MACEDONIA, ITALY, LUXEMBOURG,  
MALAYSIA, THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF  
KOREA AND THE REPUBLIC OF SOUTH AFRICA**

**PRELIMINARY DETERMINATION OF INJURY**

The Canadian International Trade Tribunal, under the provisions of subsection 34(2) of the *Special Import Measures Act*, has conducted a preliminary inquiry into whether the evidence discloses a reasonable indication that the dumping of certain cold-rolled steel sheet products, originating in or exported from Brazil, Chinese Taipei, the former Yugoslav Republic of Macedonia, Italy, Luxembourg, Malaysia, the People's Republic of China, the Republic of Korea and the Republic of South Africa, has caused injury or retardation or is threatening to cause injury to the domestic industry.

This preliminary inquiry is pursuant to the notification, on March 12, 2001, by the Canada Customs and Revenue Agency, that an investigation had been initiated into the alleged dumping of the above-mentioned cold-rolled steel sheet products.

Pursuant to subsection 37.1(1) of the *Special Import Measures Act*, the Canadian International Trade Tribunal hereby determines that the evidence discloses a reasonable indication that the dumping of certain cold-rolled steel sheet products originating in or exported from the above-mentioned countries has caused injury to the domestic industry.

Richard Lafontaine  
Richard Lafontaine  
Presiding Member

Pierre Gosselin  
Pierre Gosselin  
Member

Patricia M. Close  
Patricia M. Close  
Member

Michel P. Granger  
Michel P. Granger  
Secretary

The statement of reasons will be issued within 15 days.

Date of Determination: May 11, 2001  
Date of Reasons: May 25, 2001

Tribunal Members: Richard Lafontaine, Presiding Member  
Pierre Gosselin, Member  
Patricia M. Close, Member

Director of Research: Selik Shainfarber

Research Manager: Don Shires

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Registrar Officer: Pierrette Hébert

**Participants:**

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for Dofasco Inc.

Riyaz Dattu  
Orlando E. Silva  
for Stelco Inc.

Ronald C. Cheng  
Paul D. Conlin  
for Ispat Sidbec Inc.

Peter Clark  
Gordon LaFortune  
John Currie  
Chris Hines  
for Macsteel International (Canada) Ltd.  
Macsteel International South Africa (Pty) Ltd.  
Isco Limited

Peter Clark  
Sean Clark  
Chris Hines  
for Usinas Siderúrgicas de Minas Gerais S/A  
Companhia Siderúrgica Nacional  
Companhia Siderúrgica Paulista

Donald J. Goodwin  
Evgeny Pavlenko  
James C. Hopkins  
Carol A. McGlennon  
for TradeArbed Canada Inc.

Richard S. Gottlieb  
Jesse I. Goldman  
Darrel H. Pearson  
Jeffery D. Jenkins  
for Shanghai Baosteel Group Co.



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MALAYSIA, THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF  
KOREA AND THE REPUBLIC OF SOUTH AFRICA**

TRIBUNAL: Richard Lafontaine, Presiding Member  
Pierre Gosselin, Member  
Patricia M. Close, Member

**STATEMENT OF REASONS**

**BACKGROUND**

On May 11, 2001, pursuant to subsection 37.1(1) of the *Special Import Measures Act*,<sup>1</sup> the Canadian International Trade Tribunal (the Tribunal) issued a preliminary determination of injury<sup>2</sup> relating to the dumping of certain cold-rolled steel sheet products,<sup>3</sup> originating in or exported from Brazil, Chinese Taipei, the former Yugoslav Republic of Macedonia, Italy, Luxembourg, Malaysia, the People's Republic of China (China), the Republic of Korea (Korea) and the Republic of South Africa.

The Tribunal's decision followed the initiation, on March 12, 2001, by the Canada Customs and Revenue Agency (CCRA), of an investigation into the alleged dumping of the above-mentioned cold-rolled steel sheet products. The investigation was initiated following a complaint filed by Dofasco Inc. (Dofasco) on February 19, 2001.

**CCRA'S DECISION**

In the statement of reasons supporting its decision to initiate an investigation, the CCRA indicated that the volume of imports of certain cold-rolled steel sheet products from each of Brazil, China, Korea and Chinese Taipei was greater than 3.0 percent of the total volume of imports from all countries during the period of investigation from January 1 to December 31, 2000. The subject goods from each of the remaining countries accounted for less than 3.0 percent of the total imports of the subject goods and like goods, but together accounted for 7.2 percent of such total imports. According to the CCRA, the volume of the subject goods from the named countries was, therefore, not negligible. Further, based on the data available at initiation, the estimated weighted average margin of dumping for all the named countries was 12.6 percent.

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1. R.S.C. 1985, c. S-15 [hereinafter SIMA].
  2. Subsection 2(1) of SIMA defines "injury" as "material injury to a domestic industry."
  3. Canada Customs and Revenue Agency, *Statement of Reasons*, March 12, 2001, Product Information, Administrative Record, Vol. 1A, Tab 17 at 21-22.

## SUBMISSIONS

### Domestic Industry

The four domestic producers of cold-rolled steel sheet products are Dofasco, Stelco Inc. (Stelco), Algoma Steel Inc. and Ispat Sidbec Inc. (Ispat Sidbec). Dofasco filed the complaint with the CCRA and the three other producers filed letters in support of the complaint. In these proceedings before the Tribunal, Dofasco also filed a submission in reply to several submissions opposing the complaint that were received from exporters and importers, while Stelco and Ispat Sidbec filed letters in support of Dofasco's reply submission.

### Exporters and Importers

The Tribunal received submissions opposing the complaint from five parties: Iscor Limited, a South African steel mill; Companhia Siderúrgica Nacional, Companhia Siderúrgica Paulista and Usinas Siderúrgicas de Minas Gerais S/A, three Brazilian mills; and TradeArbed Canada Inc., an importer, in respect of the goods imported from Luxembourg.

## ANALYSIS

The following preliminary matters were raised by parties opposing the complaint, namely the narrow scope of the imported goods covered by the complaint, the origin of the goods and circumstances under which they were shipped from Luxembourg, and the methodology used by the CCRA in estimating normal values and dumping margins. It is initially up to the CCRA to determine whether a country should be subject to investigation, based upon the origin, point of export, margin of dumping and volume of the goods. For its part, the Tribunal is required to make a preliminary injury inquiry into the goods described in the CCRA's notice of initiation of investigation. The Tribunal may exclude a country if cumulation would be inappropriate or if imports from the country are not a cause of injury. At present, the Tribunal does not have sufficient information to exclude any of the named countries.

On the injury issue, the Brazilian and South African mills argued that the industry's definition of "like goods" in this case was too "restrictive" since it excluded significant production of other cold-rolled steel products. In their view, the domestic industry's performance had to be examined in relation to its total production of cold-rolled steel, and not just on the basis of a narrow definition of like goods. According to these parties, this was the view of the Tribunal in its recent preliminary determination of injury in *Hot-rolled Steel Sheet*.<sup>4</sup>

The Tribunal notes that, unlike the scope of the subject goods, which is within the CCRA's jurisdiction, the determination of which domestic goods are "like goods" to the subject goods is within the Tribunal's jurisdiction. The Tribunal further notes that, under SIMA, for the purpose of an injury determination, "like goods" are domestically produced goods that are "identical" to, or have "uses and other characteristics which closely resemble" those of, the subject goods.

It is apparent to the Tribunal that, in *Hot-rolled Steel Sheet*, certain internally transferred domestic hot-rolled steel was considered to be "like goods" because it was the same as, or substantially similar to, the imported and domestic hot-rolled steel that was sold in the merchant market. That does not appear to be the situation here. In this case, there is no evidence at present to indicate that there are domestically produced

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4. (*preliminary injury inquiry*) (20 March 2001), PI-2000-006 (CITT).

goods other than the goods that match the CCRA product definition, which are the same as, or substantially similar to, the subject goods. Therefore, on the basis of the evidence before it, the Tribunal finds that the “like goods” are all those domestically produced goods that match the product definition of the subject goods.

Should this case proceed, following a preliminary determination of dumping by the CCRA, the Tribunal intends to gather certain information on the total cold-rolled steel production. Collecting information on the total production, as it has done in other steel cases, assists the Tribunal in understanding developments in regard to the production of like goods. The Tribunal will also seek more information on the technical specifications and other characteristics that distinguish the like goods from other cold-rolled steel products.

A final argument raised by parties opposing the complaint was that there was insufficient evidence of injury to warrant a positive preliminary injury finding by the Tribunal. These parties noted that, of the four domestic producers, only Dofasco had filed any evidence of injury. In their view, the complaint should not be allowed to proceed on the basis of Dofasco’s evidence alone. In any event, they contended that the evidence filed by Dofasco was too vague and incomplete to show that there was a reasonable indication of injury caused by the subject goods.

Dofasco has taken the lead role on behalf of the domestic industry in launching the present trade action on cold-rolled steel sheet. The evidence shows that Dofasco is the single largest domestic producer of like goods and that it has filed evidence not only about its specific experience and circumstances, but also about the market as a whole. As noted earlier, the other domestic producers have filed letters of support for the present trade action with both the CCRA and the Tribunal. Accordingly, the Tribunal accepts the evidence filed to date as generally representative of the difficulties that all domestic producers are having with the subject goods.

This evidence shows, among other things, sharply rising import volumes from the named countries, as a whole, between 1999 and 2000, accompanied by declines in domestic market share as well as declines in Dofasco’s key performance indicators, including prices and profitability. In the opinion of the Tribunal, this evidence establishes that there is a reasonable indication that the dumping of the subject goods from the named countries, considered cumulatively, has caused injury.

Richard Lafontaine  
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Presiding Member

Pierre Gosselin  
Pierre Gosselin  
Member

Patricia M. Close  
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Member