



Ottawa, Tuesday, August 20, 2002

Preliminary Injury Inquiry No. PI-2002-002

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

THE DUMPING OF XANTHATES OF ALL GRADES IN DRY OR LIQUID FORMS, EXCLUDING CELLULOSE XANTHATES, ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

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 injury inquiry into whether there is evidence that discloses a reasonable indication that the dumping of xanthates of all grades in dry or liquid forms, excluding cellulose xanthates, originating in or exported from the People's Republic of China has caused injury or retardation or is threatening to cause injury.

This preliminary injury inquiry is pursuant to the notification, on June 21, 2002, by the Commissioner of the Canada Customs and Revenue Agency, that an investigation had been initiated into the alleged dumping of the above-mentioned goods.

Pursuant to subsection 37.1(1) of the *Special Import Measures Act*, the Canadian International Trade Tribunal hereby determines that there is evidence that discloses a reasonable indication that the dumping of the above-mentioned goods has caused injury to the domestic industry.

Pierre Gosselin
Pierre Gosselin
Presiding Member

Richard Lafontaine
Richard Lafontaine
Member

Ellen Fry
Ellen Fry
Member

Michel P. Granger
Michel P. Granger
Secretary

The statement of reasons will be issued within 15 days.

Date of Determination: August 20, 2002
Date of Reasons: September 4, 2002

Tribunal Members: Pierre Gosselin, Presiding Member
Richard Lafontaine, Member
Ellen Fry, Member

Director of Research: Réal Roy

Research Officer: Josée St-Amand

Counsel for the Tribunal: John Dodsworth

Registrar Officer: Ingrid Sherling

Participants:

Al Gourley
Alyson N. D'Oyley
Anthony T. Eyton
for Charles Tennant & Company (Canada) Ltd.

Darrel H. Pearson
Jesse Goldman
Ali Ehsassi
for Aslchem International Inc.

Darrel H. Pearson
Jesse Goldman
Ali Ehsassi
for Qixia Tongda Flotation Reagent Co., Ltd.

Donald Goodwin
Carol A. McGlennon
Evgeny Pavlenko
for Aotong International Pty Limited

Ottawa, Wednesday, September 4, 2002

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THE DUMPING OF XANTHATES OF ALL GRADES IN DRY OR LIQUID FORMS, EXCLUDING CELLULOSE XANTHATES, ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

TRIBUNAL: PIERRE GOSSELIN, Presiding Member
RICHARD LAFONTAINE, Member
ELLEN FRY, Member

STATEMENT OF REASONS

BACKGROUND

On August 20, 2002, pursuant to subsection 37.1(1) of the *Special Import Measures Act*,¹ the Canadian International Trade Tribunal (the Tribunal) issued a preliminary determination of injury relating to the dumping of xanthates of all grades in dry or liquid forms, excluding cellulose xanthates, originating in or exported from the People's Republic of China (China).

The Tribunal's decision completed its preliminary injury inquiry. This inquiry was commenced following the initiation, on June 21, 2002, by the Commissioner of the Canada Customs and Revenue Agency (the Commissioner), of an investigation into the alleged dumping of the above-mentioned goods. The investigation was initiated by the Commissioner following a complaint filed on May 6, 2002, by Charles Tennant & Company (Canada) Ltd. (Charles Tennant).

COMMISSIONER'S DECISION

The Canada Customs and Revenue Agency (CCRA) conducted an analysis of the margins of dumping during the period from January 1, 2001, to March 31, 2002, based on estimated normal values and export prices provided by Charles Tennant, the CCRA's data on imports and other available information. The estimated margins of dumping ranged from 4.4 to 50.3 percent and the weighted average margin of dumping was 35.6 percent, expressed as a percentage of the export price.

SUBMISSIONS

Domestic Industry

Charles Tennant submitted that imports of the subject goods have caused and threaten to cause material injury to its production of xanthates in Canada in the form of price erosion, lost orders and price suppression. As a result, Charles Tennant suffered, among other things, reduced profits, loss of employment and reduced utilization of capacity. Threats of injury were also presented in the complaint.

Submissions Opposed to the Industry's Complaint

No submissions were received from parties opposed to the industry's complaint.

1. R.S.C. 1985, c. S-15 [hereinafter SIMA].

ANALYSIS

The Tribunal's mandate at the preliminary stage of an injury inquiry is set out under subsection 34(2) and section 37.1 of SIMA, which require the Tribunal to determine whether there is evidence that discloses a reasonable indication that the dumping of the subject goods has caused injury or retardation or is threatening to cause injury. "Injury" is defined in SIMA as "material injury to a domestic industry". "Domestic industry" means the domestic producers as a whole of the "like goods" or whose production constitutes a "major proportion" of the domestic production. Therefore, the Tribunal must identify the like goods and the domestic industry that produces those goods before addressing the injury issues.

The Tribunal notes that, in initiating its investigation, the CCRA defined the subject goods as xanthates. Based on the submissions received to date, the Tribunal finds that the xanthates produced by the domestic industry are like goods to the subject goods.

With respect to the domestic industry, the Tribunal notes that, according to the evidence and the CCRA, Charles Tennant is the only known producer of xanthates in Canada. Accordingly, the Tribunal finds that Charles Tennant constitutes the domestic industry.

Looking at the evidence on the record relating to injury, the Tribunal notes that, since 1999, imports of the subject goods from China have grown significantly and have increased their share of the Canadian apparent market. In 2001, almost half of the imports of xanthates into Canada were coming from China. Charles Tennant filed evidence alleging that declining prices for the subject goods between 1998 and 2001 have caused price erosion, lost sales and price suppression. Charles Tennant presented evidence that it suffered reduced profits, loss of employment and a reduction of capacity utilization. In addition, Charles Tennant submitted that Chinese producers have indicated that their prices for the subject goods might be lower in 2002 than they were in 2001. The evidence filed by Charles Tennant was unopposed.

Having regard to the foregoing, the Tribunal finds that there is evidence that discloses a reasonable indication that the dumping of the subject goods has caused injury to the domestic industry.

Pierre Gosselin
Pierre Gosselin
Presiding Member

Richard Lafontaine
Richard Lafontaine
Member

Ellen Fry
Ellen Fry
Member