



Ottawa, Monday, December 9, 2002

Expiry Review No. RR-2002-001

IN THE MATTER OF an expiry review, under subsection 76.03(3) of the *Special Import Measures Act*, of the order made by the Canadian International Trade Tribunal on December 10, 1997, in Review No. RR-97-003, continuing, with amendment, its finding made on December 11, 1992, in Inquiry No. NQ-92-002, concerning:

**BICYCLES AND FRAMES ORIGINATING IN OR EXPORTED FROM
CHINESE TAIPEI (FORMERLY DESIGNATED AS TAIWAN) AND THE
PEOPLE'S REPUBLIC OF CHINA**

ORDER

The Canadian International Trade Tribunal, under the provisions of subsection 76.03(3) of the *Special Import Measures Act*, has conducted an expiry review of its order made on December 10, 1997, in Review No. RR-97-003, concerning bicycles, assembled or unassembled, with wheel diameters of 16 inches (40.64 cm) and greater, originating in or exported from Chinese Taipei (formerly designated as Taiwan) and the People's Republic of China, excluding bicycles with an FOB Chinese Taipei or People's Republic of China selling price exceeding CAN\$325, and bicycle frames originating in or exported from the aforementioned countries, excluding bicycle frames with an FOB Chinese Taipei or People's Republic of China selling price exceeding CAN\$100.

Pursuant to paragraph 76.03(12)(b) of the *Special Import Measures Act*, the Canadian International Trade Tribunal hereby:

- (1) continues its order concerning bicycles, assembled or unassembled, with wheel diameters of 16 inches (40.64 cm) and greater, originating in or exported from Chinese Taipei and the People's Republic of China, with an amendment to exclude bicycles with an FOB Chinese Taipei or People's Republic of China selling price exceeding CAN\$225 and to exclude bicycles with foldable frames and stems originating in or exported from Chinese Taipei and the People's Republic of China; and
- (2) continues its order concerning bicycle frames, originating in or exported from the aforementioned countries, with an amendment to exclude bicycle frames with an FOB Chinese Taipei or People's Republic of China selling price exceeding CAN\$50.

Ellen Fry

Ellen Fry

Presiding Member

Richard Lafontaine

Richard Lafontaine

Member

James A. Ogilvy

James A. Ogilvy

Member

Michel P. Granger

Michel P. Granger

Secretary

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**BICYCLES AND FRAMES ORIGINATING IN OR EXPORTED FROM
CHINESE TAIPEI (FORMERLY DESIGNATED AS TAIWAN) AND THE
PEOPLE'S REPUBLIC OF CHINA**

Special Import Measures Act—Whether to rescind or continue, with or without amendment, the order made by the Canadian International Trade Tribunal on December 10, 1997, in Review No. RR-97-003.

Place of Hearing: Ottawa, Ontario
Dates of Hearing: October 21 to 24, 2002
Date of Order and Reasons: December 9, 2002

Tribunal Members: Ellen Fry, Presiding Member
Richard Lafontaine, Member
James A. Ogilvy, Member

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Research Manager: Richard Cossette

Researcher: Joël J. Joyal

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Alain Poirier
Syndicat des Métallos

(Association of Domestic Manufacturers/Other Party)

Darrel H. Pearson
Jesse I. Goldman
Eli Fellman
Peter Collins
for Zellers Inc.
Canadian Tire Corporation, Limited

Peter Clark
Chris Hines
Gordon LaFortune
Sean Clark
for A. Mordo & Son Ltd.
Liyang Machinery Ltd.

Elio Moracci
Genesis Cycle Inc.

D.H. Tseng
Taiwan Bicycle Exporters' Association

Paul K. Lepsoe
Grant R. Poulsen
for Specialized Bicycle Components Canada, Inc.

Gary Duke
Dukes Cycle

Jim McFarland
McBride Cycle

Stuart James
Jacob Heilbron
Martin Vellend
Canadian Association of Specialty Bicycle Importers

(Importers/Other Parties)

Witnesses:

Raymond Dutil
President
Groupe Procycle Inc.

Kenneth B. Morrison
Vice-President, Finance
Raleigh Industries of Canada Limited

Daniel Maheux
Finance Director
Groupe Procycle Inc.

Louis Nolet
C.O.O.—Controller
Victoria Précision Inc.

Lawrence McBrearty
National Director
United Steelworkers of America

Denis Cyr
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Bruce Winder
Category Manager, Bicycles, Fitness & Action
Sports—Sporting Goods
Canadian Tire Corporation, Limited

John Simpson
Buyer—Sporting Goods
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Ottawa, Monday, December 9, 2002

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IN THE MATTER OF an expiry review, under subsection 76.03(3) of the *Special Import Measures Act*, of the order made by the Canadian International Trade Tribunal on December 10, 1997, in Review No. RR-97-003, continuing, with amendment, its finding made on December 11, 1992, in Inquiry No. NQ-92-002, concerning:

**BICYCLES AND FRAMES ORIGINATING IN OR EXPORTED FROM
CHINESE TAIPEI (FORMERLY DESIGNATED AS TAIWAN) AND THE
PEOPLE'S REPUBLIC OF CHINA**

TRIBUNAL: ELLEN FRY, Presiding Member
RICHARD LAFONTAINE, Member
JAMES A. OGILVY, Member

STATEMENT OF REASONS

BACKGROUND

This is an expiry review, under subsection 76.03(3) of the *Special Import Measures Act*,¹ of the order made by the Canadian International Trade Tribunal (the Tribunal) on December 10, 1997, in Review No. RR-97-003, concerning bicycles and frames originating in or exported from Chinese Taipei (formerly designated as Taiwan) and the People's Republic of China (China).

On February 8, 2002, the Tribunal issued a notice of expiry² pursuant to subsection 76.03(2) of SIMA, informing interested parties that its order made on December 10, 1997, was scheduled to expire on December 9, 2002.

On April 2, 2002, the Tribunal issued a notice of expiry review³ pursuant to subsection 76.03(6) of SIMA to all known interested parties. As part of the review, the Tribunal, on behalf of the Commissioner of the Canada Customs and Revenue Agency (the Commissioner), sent comprehensive questionnaires to Canadian producers, importers and exporters/foreign producers of the subject goods. These questionnaires were developed jointly by the Canada Customs and Revenue Agency (CCRA) and Tribunal staff. On April 3, 2002, the Commissioner initiated his investigation to determine whether the expiry of the Tribunal's order was likely to result in the continuation or resumption of dumping of the subject goods from Chinese Taipei and China. On July 31, 2002, the Commissioner concluded his investigation and determined, pursuant to subsection 76.03(7) of SIMA, that there was a likelihood of continued or resumed dumping of the subject goods if the order were allowed to expire.

On August 1, 2002, upon receipt of the Commissioner's determination and the CCRA's administrative record, the Tribunal began its inquiry, pursuant to subsection 76.03(10) of SIMA. As part of the inquiry, public and *in camera* hearings were held in Ottawa, Ontario, from October 21 to 24, 2002.

1. R.S.C. 1985, c. S-15 [hereinafter SIMA].
2. C. Gaz. 2002.I.381.
3. C. Gaz. 2002.I.1010.

The Canadian Bicycle Manufacturers Association (CBMA) and its member companies, Groupe Procycle Inc. (Procycle), including its Rocky Mountain Bicycles division, Raleigh Industries of Canada Limited (Raleigh), Victoria Precision Inc. (Victoria) and Cycles Devinci Inc. (Devinci), were represented by counsel at the hearing. The parties submitted evidence, and counsel made arguments in support of a continuation of the order, without amendment. The Syndicat des Métallos (Syndicat) also submitted evidence in support of a continuation of the order, without amendment.

Importers and other parties were also represented by counsel at the hearing. They submitted evidence and made arguments in support of a rescission or an amendment of the order.

The record of this expiry review consists of the testimony heard during the public and *in camera* hearings, in addition to all relevant documents, including the CCRA's *Protected Expiry Review Report* and *Statement of Reasons*, with supporting documentation, the public and protected replies to the Tribunal's and the CCRA's questionnaires, and the public and protected pre-hearing staff reports for this review, as well as those for the 1997 review. All public exhibits were made available to interested parties, while protected exhibits were provided only to counsel who had filed a declaration and undertaking with the Tribunal in respect of confidential information.

PRODUCTS

The products that are the subject of this expiry review are bicycles, assembled or unassembled, with wheel diameters of 16 inches (40.64 cm) and greater, and bicycle frames originating in or exported from Chinese Taipei and China, excluding bicycles with an FOB Chinese Taipei or China selling price exceeding CAN\$325 and frames with an FOB Chinese Taipei or China selling price exceeding CAN\$100.

Bicycles consist of a frame, a drive train, wheels, a seat, handlebars and brakes, each of which, in turn, consists of several parts.

Differences in materials and technology employed and overall quality of the frame, drive train and wheels account for a wide range of bicycle models and prices. Moreover, the cost and final price of the bicycle will depend on its shifting system.

The design, appearance and construction of bicycles have been evolving rapidly in recent years. In addition to steel and its various alloys, aluminum is becoming increasingly common in the manufacture of frames, as well as front and rear shock absorbers and disk brakes. The following seven types of bicycles are currently generally accepted and marketed by the industry: BMX, cruiser, mountain, hybrid, junior, racer and touring.

DOMESTIC PRODUCERS

Procycle, Raleigh and Victoria are the three major domestic producers of bicycles in Canada. As well, there are several smaller producers, such as Devinci and Norco Products Ltd.

In 2001, the members of the CBMA accounted for over 95 percent of the production of bicycles with wheel diameters of 16 inches (40.64 cm) and greater that were sold at a suggested retail price of \$800 or less.

The major domestic bicycle producers do not manufacture or import frames for resale to other bicycle manufacturers. They produce a portion of their own frames for incorporation into finished bicycles and import the balance from various sources. These major producers market both national and private-brand bicycles.

SUMMARY OF PAST FINDING AND ORDER

On December 11, 1992, 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 China, excluding the subject bicycles with an FOB 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 (1992 finding).

The 1992 finding was reviewed in 1997. In that review, the Tribunal determined that the like goods included all domestically produced bicycles with a suggested retail price of \$800 or less.

The Tribunal found that, if the finding was rescinded, the dumping from the subject countries was likely to resume and that it was likely to cause material injury to the domestic industry through reduced selling prices or reduced production volume and market share, either of which would reduce the industry's financial returns. In addition, the reduced financial returns would likely lead to lower employment and decreased research and development activities by the domestic industry. Regarding frames, the Tribunal was of the view that the finding should be limited to those frames that would normally be used in the production of bicycles that have a suggested retail price of \$800 or less, in line with the scope of the finding concerning complete bicycles. Consequently, the Tribunal excluded from the finding frames with an FOB Taiwan or China selling price exceeding CAN\$100.

POSITIONS OF PARTIES

Domestic Producers and Parties Supporting a Continuation of the Order

CBMA

The CBMA submitted that, with respect to bicycles and frames, the order should be continued without amendment because the evidence demonstrates that, if the order were rescinded, sales from Chinese Taipei and China would increase, resulting in a decline in prices that would result in material injury to the domestic industry and affect its overall viability. The CBMA submitted that, even though the anti-dumping protection has been in place for some 10 years, continued protection is more necessary now than ever, especially with the increased presence of low-priced imports from other countries.

On the issue of cumulation, the CBMA submitted that Chinese Taipei producers compete directly with Chinese producers and have a substantial presence in the Canadian market.

In addressing the expiry review factors enumerated in subsection 37.2(2) of the *Special Import Measures Regulations*,⁴ the CBMA submitted that the likelihood of increased volumes and the likelihood of price decreases, two essential factors, were admitted by the opposing parties. Regarding the likely prices of the subject goods, the CBMA stated that the evidence showed that, if the order were rescinded, there would

4. S.O.R./84-927 [hereinafter Regulations].

be a significant decrease in prices that would undoubtedly cause significant shifts in volumes, which would, in turn, cause injury to the domestic industry. It argued that, for bicycles, price plays a significant role, especially in the mass merchandiser market where domestic producers compete mostly with low-cost imports and where sales are made at minimal profit margins. It further argued that the evidence strongly suggests that a small decrease in price will have a major impact on every domestic producer and that, all other things being equal, a price differential will influence purchasing decisions. The CBMA referred to the evidence of one domestic producer that lost a contract because it could not meet the required price point, despite the minimal price difference. Regarding the likely volume of the subject goods, the CBMA submitted that, in view of the excess capacity in Chinese Taipei and China, there would likely be a significant increase in imports and a major shift from domestic goods to the subject imports if the order were rescinded. It argued that the evidence shows that China could supply the entire Canadian bicycle market from one factory with quality products offered at very low prices.

In discussing the indicia of injury to domestic producers, the CBMA submitted that, as a result of high volumes of low-priced goods from Chinese Taipei and China, if the order were rescinded, every domestic producer would suffer from lower market share and profits and that employment would drop significantly.

With respect to vulnerability, the CBMA argued that the evidence shows that domestic producers offer good quality bicycles with recent innovations at competitive prices. The CBMA also argued that the decision of domestic producers not to sell their national brands to mass merchandisers does not increase their vulnerability. It submitted that it makes no commercial sense for some domestic producers to supply their well-known brands to mass merchandisers at low opening price points, which bicycles would sell below independent bicycle dealer (IBD) levels. It argued that this would debase the brand value in the IBD market and negatively affect this higher-margin side of the business. According to the CBMA, each producer can reasonably justify its business decision to allow or not to allow its national brand to be sold to mass merchandisers. In the CBMA's view, the issue of refusal to provide a national brand cannot be regarded as a relevant factor in measuring the vulnerability of the Canadian industry.

The CBMA further argued that, even if the domestic producers encountered some shortcomings while the order was in effect, this would not preclude its continuation. The CBMA made reference to the Tribunal precedent in Review No. RR-99-004,⁵ where the Tribunal, after outlining certain problems in the industry, held that rescinding the order would make the industry materially worse off "by making a tough situation even tougher."

With respect to the issue of whether the scope of the order should be limited by lowering the exclusion price point, the CBMA stated that the domestic producers compete in all segments of the market and that lowering the exclusion price limit would severely impact the Canadian industry's critical IBD business.

Regarding the request for the exclusion of folding bicycles filed by Pacific Waterhouse Inc., the CBMA made reference to Procycle's evidence that indicated that it would be willing to consider the production of this type of bicycle, should a request for sufficient volumes be made in that regard.

5. *Carbon Steel Welded Pipe* (5 June 2000) (CITT).

Syndicat

The Syndicat testified that, in its view, the domestic industry would suffer material injury in the form of loss of employment, if the order were rescinded.

Parties Supporting a Rescission of the Order or Requesting Exclusions

Canadian Tire Corporation, Limited and Zellers Inc. (the retailers)

The retailers gave their perspectives as mass merchandisers. They submitted that the order on bicycles and frames should be rescinded based on the totality of the evidence.

On the issue of cumulation, the retailers agreed with the CBMA that the Tribunal must make an assessment of the cumulative effect of the dumping, as the goods from both subject countries compete with themselves and with domestic like goods, are fungible and are present in the market in varying degrees.

The retailers argued that the Tribunal must find that there is a foundation of positive evidence to warrant the continuation of an order and that, in circumstances where protection has been in place for as long as 10 years, the supporting evidence in a review must be particularly compelling.

On the issue of likelihood of injury, the retailers stated that, in their view, Procycle no longer required the special protection afforded by the anti-dumping measure in place, while the financial situation of the others would remain precarious because of problems unrelated to resumed dumping.

In assessing the likelihood of injury to domestic producers, the retailers argued that the Tribunal must consider the impact of the following factors: the delivery of innovations by the manufacturers of the subject goods in a more timely and attractive way than domestic producers; the significant volume of sales to retailers of undumped products at profit-motivated prices from established exporters located in Chinese Taipei and China; the increased volume of low-priced imports from non-subject countries; the domestic producers' refusal to offer their national brands to high-volume mass merchandisers despite attractive proposals, including premium pricing, superior volumes and national distribution; the domestic producers' strategy of focussing on low-margin products; the production by the subject countries of high-quality bicycles that compete directly with Canadian products; and the fact that price is not the only factor in determining the source of supply.

The retailers submitted that these other factors are evidence of a lack of a causal nexus between imports and the alleged injury from potentially dumped imports, that any vulnerability of the domestic producers is not attributable to imports and that a rescission of the order would have no effect on their prospects for recovery. The retailers submitted that Canadian bicycle producers would be more competitive if they had chosen a strategy focussed on higher-end production offering higher margins at sufficient volumes.

With respect to the issue of whether the scope of the order should be limited by lowering the exclusion price point, the retailers submitted that the conditions of competition and the lack of a causal nexus between a price point and alleged injury clearly militate against a price point amendment.

Finally, regarding the exclusion request for folding bicycles, the retailers stated that, as there is no Canadian production or any imminent Canadian production, the exclusion should be granted.

A. Mordo & Son Ltd. (Mordo) and Liyang Machinery Ltd. (Liyang)

Mordo and Liyang argued that the Tribunal, in order to decide whether the order should be rescinded, must first determine whether the Canadian industry is vulnerable to resumed dumping or lower prices in the Canadian market. They submitted that the industry is vulnerable on a wide range of fronts and that pricing from China is only one factor.

Mordo and Liyang argued that the domestic producers are themselves responsible for any vulnerability, due in part to competition among themselves with too many competitors present in the market, as well as restrictive sales and marketing policies that impair their ability to satisfy their large customers.

While Mordo and Liyang acknowledged that Procycle is very innovative and follows design trends, they submitted that the evidence shows that little has changed in the domestic industry. They argued that after 10 years of protection from dumping, the Canadian producers still manufacture only some frames locally and assemble parts from around the world, more specifically, from China.

Finally, Mordo and Liyang argued that the domestic industry cannot compete with the most efficient producers in the world across the full range, except with its nationally branded merchandise, which it is reluctant to sell to mass merchandisers.

Accordingly, Mordo and Liyang submitted that the order should be rescinded.

Specialized Bicycle Components Canada, Inc. (Specialized)

Specialized argued that it should be excluded from a continuation of the order or, in the alternative, that such an exclusion be limited to Chinese Taipei as the source country or, in the further alternative, that the exclusion price point for bicycles be lowered to CAN\$200 or CAN \$225 FOB Chinese Taipei or China.

Specialized argued that there is uncontradicted evidence that it is a fully co-operative and compliant importer. It argued that it is not motivated by price shopping but, rather, by non-price factors, such as quality, product development and innovations, long-term relationships and acceptable delivery times. While it acknowledged that the mass merchandiser market is price sensitive, Specialized argued that it supplies completely different market segments.

Specialized submitted that the evidence shows that a very small number of high-end Canadian producers make bicycles that are priced in the higher-end price range of the subject goods, the segment that it supplies. Specialized, therefore, argued that it should be excluded from a continuation of the order.

With respect to the exclusion of goods imported by Specialized from Chinese Taipei only, Specialized argued that these imports must be distinguished from the bicycles from China because they are focussed primarily on higher-value products. Thus, Specialized argued, the order should be rescinded with respect to its imports from Chinese Taipei.

Finally, Specialized argued that, since the domestic industry does not sell a significant proportion of bicycles in the upper segment of the market for the subject goods, the exclusion price point should be lowered to correspond to a retail level of \$400 rather than \$800, as there is no likelihood of injury to producers in this segment of the market.

Canadian Association of Specialty Bicycle Importers (CASBI)

CASBI submitted that the order should be rescinded or, in the alternative, that the exclusion price point for bicycles should be lowered to CAN\$225 FOB Chinese Taipei or China.

CASBI submitted that the market for bicycles has remained unchanged since the 1992 finding and that there are two markets for bicycles in Canada: (1) the mass merchandiser market, which is primarily served by Canadian producers; and (2) the specialty market, which is primarily served by specialty importers like CASBI. It argued that the overlap, which occurs at its retail level when imported bicycles and those produced domestically are offered at the same price, is of very little significance to the financial health of Canadian manufacturers. Accordingly, CASBI submitted that the exclusion price point for bicycles should be lowered to CAN\$225 FOB Chinese Taipei or China.

ANALYSIS

Pursuant to subsection 76.03(1) of SIMA, an order expires after five years unless it is reviewed and continued by the Tribunal. In expiry reviews, when the Commissioner makes a determination that the expiry of the order in respect of the subject goods is likely to result in the continuation or resumption of dumping, the Tribunal is required, pursuant to subsection 76.03(10), to determine whether the expiry of the order in respect of the subject goods is likely to result in injury. Paragraph 76.03(12)(b) requires the Tribunal to make an order continuing, with or without amendment, the order in respect of any goods for which it has determined such a likelihood.

These legislative provisions, which are consistent with Article 11.3 of the World Trade Organization *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*,⁶ establish the same requirements for all expiry reviews, regardless of whether or not the order being reviewed has been continued. That article of the Anti-dumping Agreement also indicates that an order should be in place only as long as it is necessary to counteract the injurious effect of dumping.

Before proceeding with its analysis concerning the likelihood of injury, the Tribunal will, first, determine what domestically produced goods are like goods to the subject imports and, second, determine whether the analysis must be done separately for each subject country or cumulatively for both countries.

Like Goods

Subsection 2(1) of SIMA defines “like goods”, in relation to any other goods, as:

- (a) goods that are identical in all respects to the other goods, or
- (b) in the absence of any goods described in paragraph (a), goods the uses and other characteristics of which closely resemble those of the other goods.

Based on the evidence, the Tribunal is not persuaded that the suggested retail prices for bicycles with an FOB Chinese Taipei or China selling price of CAN\$325 have changed since the last review. Also, price considerations aside, there is no indication that domestically produced bicycles with wheel diameters of 16 inches (40.64 cm) and greater are significantly different from the subject goods. Therefore, the Tribunal is still of the opinion that domestically produced bicycles with a suggested retail price of \$800 or

6. 15 April 1994, online: World Trade Organization <http://www.wto.org/english/docs_e/legal_e/final_e.htm> [hereinafter Anti-dumping Agreement].

less are identical to the subject imports or have uses and characteristics that closely resemble those of the subject imports.

Consequently, the Tribunal concludes that domestically produced bicycles with wheel diameters of 16 inches (40.64 cm) and greater and a suggested retail price of \$800 or less constitute like goods to the subject goods.

Cumulation

Subsection 76.03(11) of SIMA provides that the Tribunal shall make an assessment of the cumulative effects of dumping, if the Tribunal is satisfied that this is appropriate, considering the conditions of competition between the subject goods from the subject countries and between the subject goods and the domestically produced like goods.

In argument, a number of parties submitted that the prerequisite conditions to cumulate exist in the present expiry review.

On reviewing the evidence, the Tribunal finds that the subject goods from each country compete with each other in the Canadian market on product quality and price and, as such, are highly fungible. It notes, in this context, that the evidence demonstrates that importers can easily switch from one country to the other to purchase the subject goods. The Tribunal is also of the view that the subject goods from both countries compete with the like goods in the same market segments, given that the evidence indicates that many purchasers of the subject goods also bought like goods. On the basis of the above, the Tribunal considers it appropriate to assess cumulatively the likely effect of resumed dumping from the subject countries.

Likelihood of Injury

In considering whether the expiry of the order is likely to result in injury, the Tribunal may consider the factors enumerated in subsection 37.2(2) of the Regulations.

The various factors that the Tribunal considers relevant in this case, all of which are encompassed in subsection 37.2(2) of the Regulations, are set out under the following subheadings: “Likely Volumes of Dumped Imports”; “Likely Prices of Dumped Imports”; “Likely Effects of Dumped Imports on the Domestic Industry”; and “Other Factors Affecting the Domestic Industry”.

Likely Volumes of Dumped Imports

In the 1997 review concerning bicycles and frames, the Tribunal found that there was a clear indication that the bicycle industries in both Chinese Taipei and China had available capacity and possessed a strong export orientation necessary to maintain production volumes. It also found that both bicycle industries had been the subject of anti-dumping actions in other jurisdictions.

The evidence, in the present review, indicates a similar situation concerning the available capacity and export orientation of the bicycle industries in Chinese Taipei and China.

The evidence shows that China’s bicycle industry continues to be the largest in the world. At present, it consists of over 1,000 plants⁷ that manufacture bicycles, components and accessories. About

7. Tribunal Exhibit RR-2002-001-03A, Administrative Record, Vol. 1 at 115.

450 plants are dedicated to the manufacture of whole bicycles. The current production capacity of these plants is estimated to be 70 million units per year.⁸ To take advantage of lower costs of production, new plants are being added, typically as joint venture companies or private investments from companies located around the world.⁹ A substantial portion of Chinese Taipei's bicycle production migrated to China in the last 10 years.

Bicycles serve as the primary mode of transportation for about three quarters of China's population. However, motorized vehicles are slowly replacing bicycles, as the population's standard of living improves. The size of the domestic market for bicycles is expected to slowly shrink in the future.¹⁰

In 1995, the industry in China produced approximately 45 million bicycles. However, as demand for the product declined, both domestically and in export markets, output fell to 38 million units by 1999. Nonetheless, China remains a major exporter of bicycles. In 1999, the latest year for which figures are available, China exported approximately 23 million bicycles. This volume amounted to about 60 percent of its total production and constituted some 70 percent of world trade of the product. In comparison, the size of the entire Canadian market for bicycles subject to this review is only approximately 1.5 million units.

In volume terms, the bicycle industry in Chinese Taipei is the third largest in the world. There are over 400 manufacturers of bicycles and components, including frames and accessories, in Chinese Taipei.¹¹ The industry is heavily export oriented, typically exporting well over 90 percent of its output.

The evidence regarding Chinese Taipei indicates that, in 1999, it exported 7.8 million bicycles. This volume declined to only 4.8 million units in 2001.¹² The decline is partly due to companies shifting production to China and Vietnam. Although production has shifted to China and Vietnam, the Chinese Taipei manufacturers still maintain their manufacturing plants in Chinese Taipei, which suggests that a significant excess manufacturing capacity still remains available in Chinese Taipei.

In addition to these published aggregate data, exporter-specific data were received from two foreign producers that responded to the exporter's expiry review questionnaire, i.e. Giant Manufacturing Co., Ltd. (Chinese Taipei) and Shen Zhen Bo An Bike Co., Ltd. (China), and from two trading companies, i.e. Krane Corporation (Krane) and Specialized Bicycle Components Inc. The responses show that both foreign producers that exported to Canada had available capacity for 2001 and that both planned to increase exports to Canada.¹³ In addition, Krane stated that there would be a flood of subject imports priced well below normal values, if the order were rescinded.^{14,15}

8. *Ibid.*

9. Tribunal Exhibit RR-2002-001-03A, Administrative Record, Vol. 1 at 115; Tribunal Exhibit RR-2002-001-25.04, Administrative Record, Vol. 5.2 at 219; Importers' and Other Parties' Exhibit B-09/C-08, para. 2, Administrative Record, Vol. 13.

10. Tribunal Exhibit RR-2002-001-03A, Administrative Record, Vol. 1 at 115.

11. *Ibid.* at 116.

12. *Ibid.*

13. Tribunal Exhibit RR-2002-001-25.04, Administrative Record, Vol. 5.2 at 219; Tribunal Exhibit RR-2002-001-26.02 (protected), Administrative Record, Vol. 6.2 at 56, 58; Tribunal Exhibit RR-2002-001-26.04 (protected), Administrative Record, Vol. 6.2A at 75.

14. Tribunal Exhibit RR-2002-001-25.01, Administrative Record, Vol. 5.2 at 93.

15. The Tribunal notes Mr. Lippé's protected evidence in this regard. See Importers' and Other Parties' Exhibit B-10/C-09 (protected), para. 27, Administrative Record, Vol. 14.

It is clear from this evidence that the bicycle industries in both Chinese Taipei and China have significant available capacity to produce bicycles and frames for export and can easily switch production between Chinese Taipei and China to maximize use of capacity.

There was also evidence that the bicycle producers in Chinese Taipei and China have fewer market opportunities left to them. Recent domestic demand for bicycles is stagnant or is down in both Chinese Taipei and China and has also declined worldwide.¹⁶ This is contributing significantly to excess capacity and will likely cause an increased reliance on export sales for the two subject countries and increased pressure to sell at dumped prices to achieve sales volume.

The Tribunal notes that imports from China increased their share of the Canadian market over the 1999 to 2001 period and accounted for one quarter of the Canadian market in 2001, an unprecedented level of market participation. Imports from Chinese Taipei, although experiencing a decline in market share between 1999 and 2001, continued to hold a 6 percent share of the market in 2001. The Tribunal also notes that products from Chinese Taipei and China have established dealers in Canada, which have been importing for a number of years.¹⁷ The Tribunal has no doubt that these dealers are in a position to readily increase their imports from the two subject countries, if the order is rescinded.¹⁸

Furthermore, the Tribunal notes that anti-dumping duties against exports of bicycles and/or bicycle components from Chinese Taipei and China are currently in place in other jurisdictions. Most of these measures have been put in place or renewed from 1997 to date.¹⁹ Argentina instituted anti-dumping measures against bicycles from both subject countries in 1995 and renewed the order in 2000. In 1993, the European Commission instituted anti-dumping measures against bicycles from China and, in 1997, expanded the scope of the order to include bicycle frames. In 1999, anti-dumping measures were also instituted to cover Chinese Taipei. These measures were then renewed in 2000.²⁰

These anti-dumping measures on imports of the subject goods from Chinese Taipei and China put in place in other jurisdictions led the Commissioner to conclude that there exists a propensity to dump on the part of exporters in the two subject countries. In the Tribunal's view, the fact that the access of exports from the subject countries to these markets is restricted makes Canada a likely outlet for the significant volumes available from the subject countries, if the order is rescinded.

Finally, the Tribunal observes that some exporters have continued to dump bicycles and frames in Canada despite the current anti-dumping order. In fact, anti-dumping duties collected by the CCRA on bicycles totalled \$1.3 million between 1999 and 2001, while anti-dumping duties collected on frames amounted to \$412,000 during this period.²¹ Although this represents only a small proportion of total imports of the subject goods, the fact that some of the subject goods are being dumped, even while an anti-dumping order is in effect, leads the Tribunal to believe that the subject countries will likely dump in much larger volumes, if the order is rescinded.

16. Tribunal Exhibit RR-2002-001-13.04, Administrative Record, Vol. 3C at 226-27; Tribunal Exhibit RR-2002-001-13.04, Administrative Record, Vol. 3D at 210-11, 234; Manufacturers' and Other Party's Exhibit A-02, paras. 36-37, Administrative Record, Vol. 11.

17. Manufacturers' and Other Party's Exhibit A-02, para. 20, Administrative Record, Vol. 11.

18. *Transcript of Public Hearing*, Vol. 3, 23 October 2002, at 467, 494.

19. Tribunal Exhibit RR-2002-001-03A, Administrative Record, Vol. 1 at 119-20.

20. *Ibid.*

21. *Public Pre-hearing Staff Report*, revised (8 October 2002), Tribunal Exhibit RR-2002-001-05A, Administrative Record, Vol. 1A at 140.

For these reasons, the Tribunal is of the opinion that, if the order were rescinded, the volume of dumped imports from Chinese Taipei and China would likely increase significantly.

Likely Prices of Dumped Imports

Despite the arguments made by certain importers that non-price factors, such as quality and service, are important, there is clear evidence that, where quality and service are equivalent, which is the case for many of the established suppliers in Chinese Taipei and China currently shipping to the Canadian market, price is the determinant factor.²² In this regard, the Tribunal notes, in particular, the evidence of two of the largest Canadian mass merchandisers, Canadian Tire Corporation, Limited (Canadian Tire) and Zellers Inc. (Zellers).

Canadian Tire stated that the retail bicycle environment in Canada is very price competitive and that, in order to meet customer demand and maintain market share, mass merchandisers must be able to match or better the price and specifications offered by competitors.²³ Canadian Tire's protected submission contains further evidence that highlights the importance of price.²⁴ Zellers, for its part, emphasized its policy change from a mid-low pricing practice to an everyday low pricing strategy in 2002 in reaction to aggressive competition.²⁵ The importance of price is further demonstrated by the shifting of sourcing by major retailers to non-subject Asian sources for lower-cost product, as is the winning or losing of business on the basis of price concessions.²⁶ The record also shows serious concerns raised by low-price offerings made by competitors, such as Wal-Mart, for certain bicycle models and the responsive steps taken by Canadian Tire and Zellers in reaction to Wal-Mart's offerings.²⁷ In the Tribunal's view, all this evidence points to the high degree of price competitiveness in the mass merchandiser segment of the Canadian bicycle market.

The Tribunal is convinced that, given the high degree of price competitiveness, a rescission of the order would lead quickly to a decline in prices for the subject goods in the mass merchandiser segment of the Canadian market. In this regard, the Tribunal notes that the CCRA has conducted an analysis regarding the level of proposed import prices for the subject goods. The CCRA indicates that, for the 2002 model year, 31 exporters applied for 861 interim normal values for bicycles and frames. Of these 861 requests, 472 (55 percent) proposed selling prices that would have been dumped by an average margin of dumping of 28.4 percent.²⁸

22. *Transcript of Public Hearing*, Vol. 2, 22 October 2002, at 285; *Transcript of Public Hearing* Vol. 3, 23 October 2002, at 356.

23. Importers' and Other Parties' Exhibit C-01, para. 3, Administrative Record, Vol. 13.

24. Importers' and Other Parties' Exhibit C-06 (protected) at 8, Administrative Record, Vol. 14; Importers' and Other Parties' Exhibit C-07A (protected) at 9, 12, Administrative Record, Vol. 14.

25. Importers' and Other Parties' Exhibit B-01, para. 33, Administrative Record, Vol. 13.

26. Importers' and Other Parties' Exhibit B-02 (protected), paras. 8-9, 28-39, Administrative Record, Vol. 14; Importers' and Other Parties' Exhibit C-02 (protected), paras. 30-66, Administrative Record, Vol. 14.

27. *Transcript of In Camera Hearing*, Vol. 2, 22 October 2002, at 239-41; *Transcript of Public Hearing*, Vol. 2, 22 October 2002, at 321-24; *Transcript of Public Hearing*, Vol. 3, 23 October 2002, at 350-51.

28. Tribunal Exhibit RR-2002-001-03A, Administrative Record, Vol. 1 at 119.

The witness for The Lippé Group (Lippé), an agent representing large exporters in Chinese Taipei and China, indicated that, in his view, the normal values for goods from China should be set significantly lower by the CCRA.²⁹ This suggests to the Tribunal that Lippé would like to sell goods from China at significantly lower prices, prices that the CCRA currently considers to be dumped prices.³⁰

Furthermore, there is other evidence that indicates that prices for the subject goods would go down, if the order were rescinded. Mordo, a large importer of the subject goods, estimated that prices in the market would decline,³¹ while Krane, a major exporter of the subject goods, stated that there would be a flood of subject imports, priced well below normal values, if the order were rescinded.³²

In light of the above evidence, the Tribunal is persuaded that, if the order were rescinded, exporters in Chinese Taipei and China would price their exports to Canada below current pricing levels, at dumped prices, and that, as discussed below, this would contribute significantly to a decline in market prices, given the high degree of price competitiveness for bicycles sold in Canada.

Likely Effects of Dumped Imports on the Domestic Industry

While the evidence indicates that the order has had some positive effects in terms of financial performance and employment, the current financial situation of the Canadian industry is weak. The consolidated industry statement for domestic sales shows that net income before taxes, as a percentage of net sales, declined from 3 percent in 1999 to a loss of 3 percent in 2001.³³ The historically thin profit margins present in the domestic bicycle industry, particularly on goods being sold to mass merchandisers, leave little or no room to decrease prices and still maintain a reasonable return. Given the vulnerable state of the domestic industry, and the fact that domestic sales of mass merchandiser goods account for the vast majority of the industry's production, the Tribunal believes that even a small decrease in prices would be material to the industry's overall financial viability.

The CCRA's figures indicate that the proposed selling prices provided by exporters in Chinese Taipei and China would have been dumped by a combined average margin of dumping of 28.4 percent in the absence of the order. The witness for Lippé indicated that, in his view, normal values for China should be lowered by the CCRA to the same level as the normal values for Chinese Taipei.³⁴ This suggests that, in his view, a significant drop in import prices for the subject goods from China would be reasonable. According to Procycle's evidence, the dumping of bicycles at even a 10 percent margin of dumping would make domestic producers vulnerable to price declines and affect their volume of sales. Raleigh and Victoria submitted that a rescission of the order would lead to a termination of their domestic production and would force them to import bicycles.

29. Importers' and Other Parties' Exhibit B-10B (protected), para. 10, Administrative Record, Vol. 14.

30. While one witness disputed the results of the CCRA's calculations of dumping margins, the Tribunal has no jurisdiction to challenge the accuracy of the potential margins of dumping found by the Commissioner.

31. Importers' and Other Parties' Exhibit D-01, para. 34, Administrative Record, Vol. 13; Tribunal Exhibit RR-2002-001-RI-04C (protected), Administrative Record, Vol. 10.

32. Tribunal Exhibit RR-2002-001-25.01, Administrative Record, Vol. 5.2 at 93.

33. *Public Pre-hearing Staff Report*, revised (8 October 2002), Tribunal Exhibit RR-2002-001-05A, Administrative Record, Vol. 1A at 177.

34. Importers' and Other Parties' Exhibit B-10B (protected), para. 10, Administrative Record, Vol. 14.

The Canadian market for bicycles is expected to remain flat over the foreseeable future.³⁵ Under the circumstances, both domestic and import suppliers will have to compete aggressively on price or risk a loss of volume. Given the likely volume and prices of dumped imports from both subject countries, as discussed above, the Tribunal has no doubt that the dumped subject goods from Chinese Taipei and China would contribute significantly to a general decline in market prices in the mass merchandiser market segment, if the order were rescinded.

The Tribunal does not accept the argument that the profit motive would keep prices of the subject goods from China above dumped levels, if the order were rescinded. It notes that there is a strong presence of low-cost imports from non-subject countries³⁶ and that, in the face of price pressures from mass merchandisers, imports from Chinese Taipei and China will have to match these low prices in order to remain competitive. The enforcement statistics compiled by the CCRA also indicate that a number of exporters in both subject countries are willing to sell even in today's Canadian market at dumped prices. The Tribunal is convinced that other exporters that have so far chosen to sell at normal values would have no choice but to join them in selling at dumped prices, if the order were rescinded.

Even allowing for a price premium that one mass merchandiser indicated that it would pay for Canadian produced bicycles, in some cases,³⁷ the domestic industry would have to follow the reductions in price of the dumped goods in order to maintain reasonable production volumes. In the Tribunal's view, this would cause the industry significant financial deterioration, through a combination of price and volume effects.

The evidence of the domestic producers focussed strongly on the injury that would be caused, in the absence of an order, by dumped subject goods in the mass merchandiser segment of the market. It is clear to the Tribunal that a rescission of the order would quickly lead to a flow of dumped imports from the two subject countries and that, given the intense price competition in this segment, other suppliers would be forced to respond to protect market share, thereby contributing to a likely downward spiralling of prices.

The Tribunal is further convinced that, because of its financial impact, a rescission of the order is likely to have a strong negative impact on employment³⁸ and on the producers' ability to invest in research and development.³⁹

Therefore, the Tribunal is convinced that a rescission of the order would result in material injury to the domestic industry.

35. Importers' and Other Parties' Exhibit B-02 (protected), para. 40, Administrative Record, Vol. 14; Importers' and Other Parties' Exhibit C-02 (protected), para. 67, Administrative Record, Vol. 14; *Transcript of In Camera Hearing*, Vol. 1, 21 October 2002, at 34.

36. *Public Pre-hearing Staff Report*, revised (8 October 2002), Tribunal Exhibit RR-2002-001-05A, Administrative Record, Vol. 1A at 160.

37. Importers' and Other Parties' Exhibit C-01, para. 13, Administrative Record, Vol. 13.

38. Manufacturers' and Other Party's Exhibit A-02, para. 65, Administrative Record, Vol. 11; Manufacturers' and Other Party's Exhibit H-01 at 7, 9, Administrative Record, Vol. 11.

39. Manufacturers' and Other Party's Exhibit A-02, para. 70, Administrative Record, Vol. 11; Manufacturers' and Other Party's Exhibit A-04, paras. 21-22, Administrative Record, Vol. 11.

Other Factors Affecting the Domestic Industry

The Tribunal also reviewed the factors unrelated to dumping that could adversely affect the domestic industry. The principal factors raised by parties opposing a continuation of the order are the presence of low-cost imports from non-subject countries, the presence of undumped, low-cost imports from the subject countries, the alleged lack of product innovation by the domestic producers, the domestic producers' refusal to offer their national brands to mass merchandisers, self-induced injury caused by selling at low prices and the domestic producers' strategy to focus on low-margin products.

The Tribunal notes that imports from non-subject countries were present in significant volumes over the period of review and currently hold approximately one fifth of the market. In some cases, these imports have been landed or sold in Canada at very low average prices,⁴⁰ and the domestic industry submitted that these imports were the cause of some concern. There was also some evidence, however, that a high proportion of imports from these low-priced non-subject countries were children's and juvenile bicycles, which carry lower prices than adult bicycles,⁴¹ thus driving the average price down. There is no reason to believe that, in the future, imports from non-subject countries will not continue to be present in the Canadian market to the same extent and compete with the domestic producers and other import suppliers. However, in the Tribunal's view, the evidence does not indicate that low-cost imports from non-subject countries would be an important enough factor to render not material the injury due to the dumped subject imports. Indeed, in the Tribunal's view, the continued presence of low-priced imports from non-subject countries is a factor that will contribute to a downward spiralling of prices and, hence, render the domestic industry more vulnerable to renewed dumping from the subject countries.

The Tribunal also notes that undumped, low-cost imports have entered Canada from the subject countries since the last review. In the Tribunal's view, the success of undumped imports from the subject countries in the current market does not mean that a resumption of dumping would not cause material injury. In fact, the finding of likelihood of injury is supported by the evidence that, even at undumped prices, the subject goods are competitive in this market.

The Tribunal does not accept the argument that the domestic industry has failed to introduce product innovations and, further, that a lack of product innovation on its part will have a significant impact on its performance. The Tribunal notes that, in some instances, Procycle was the first to introduce some of the new features found on bicycles to the mass merchandiser segment of the market.⁴² In this same connection, the Tribunal further notes that, while it may look at whether the domestic industry has made any improvements to become more competitive in the Canadian market, there is no explicit requirement under SIMA for the domestic producers to do so.

It was argued that another important factor is the domestic producers' business strategy of not offering their national brand names to mass merchandisers. The Tribunal observes that the protection of national brand names is not unique to the bicycle industry and can form part of a normal marketing strategy that seeks to diversify and maximize returns on sales. The Tribunal is not convinced that this strategy is

40. *Protected Pre-hearing Staff Report*, revised (8 October 2002), Tribunal Exhibit RR-2002-001-06A (protected), Administrative Record, Vol. 2A at 169.

41. *Protected Pre-hearing Staff Report*, revised (8 October 2002), Tribunal Exhibit RR-2002-001-06A (protected), Administrative Record, Vol. 2A at 220-22; Importers' and Other Parties' Exhibit B-09/C-08, para. 21, Administrative Record, Vol. 13; *Transcript of Public Hearing*, Vol. 2, 22 October 2002, at 341.

42. *Transcript of Public Hearing*, Vol. 2, 22 October 2002, at 327; *Transcript of Public Hearing* Vol. 3, 23 October 2002, at 373; *Transcript of In Camera Hearing*, Vol. 2, 22 October 2002, at 291-92.

unreasonable, and the evidence does not support the conclusion that any negative impact of such a strategy would be important enough to render not material the injury due to the dumped subject imports.

It was further argued that the domestic producers have contributed to their own injury by selling to mass merchandisers, in some instances, at low prices. The Tribunal believes that, in a normal market, all suppliers, including domestic producers, must be competitive and respond to market pressures. It is unlikely that the domestic producers would lead prices down more than necessary to compete with low-cost imports, given their weak financial position. Dumped imports from the subject countries would exacerbate the current pricing pressures in the market. Accordingly, the Tribunal is not convinced that low pricing by the domestic producers would be an important enough factor to render not material the injury caused by the dumped subject imports. Rather, it is convinced that the dumped subject goods would likely lead prices down, for the reasons outlined above.

Finally, the domestic producers' decision to continue attaching importance to mass merchandiser low-margin products was argued to be a poor business strategy by parties opposing a continuation of the order. The Tribunal is not convinced that the industry's strategy is unreasonable. The domestic producers' evidence indicates that the industry needs volume at the lower-priced, mass merchandiser segment of the market, in order to provide a solid base to cover fixed costs and ensure the appropriate level of investments in plant and production technology.⁴³ According to the industry, this is critical to provide a solid foundation for producing the higher-margin goods at the higher end of the market.

In summary, while some of the other factors discussed above may have an impact on the future performance of the domestic industry, the Tribunal is persuaded that the impact would not be important enough to render not material the injury caused by the continued dumping of bicycles and frames from Chinese Taipei and China, if the order were rescinded.

EXCLUSIONS

The Tribunal is of the view that an exclusion is warranted for bicycles originating in or exported from the subject countries with an FOB Chinese Taipei or China selling price exceeding CAN\$225 and for frames with an FOB Chinese Taipei or China selling price exceeding CAN\$50.

The Tribunal is persuaded that, if the order were rescinded, virtually all the injury likely to be caused by the dumped subject goods would occur as a result of the subject goods competing at a suggested retail price of \$400 or less. Accordingly, the protection afforded to the domestic industry should be limited to this retail price segment.

The evidence indicates that, for 2001, the last full year for which this information is available, 95 percent of the domestic industry's sales, in volume, were made at or below the \$400 suggested retail price point.⁴⁴ Similarly, in 2000, 97 percent of sales were made at or below this price point.⁴⁵

43. *Transcript of Public Hearing*, Vol. 1, 21 October 2002, at 42, 43, 47; *Transcript of In Camera Hearing*, Vol. 2, 22 October 2002, at 54.

44. *Protected Pre-hearing Staff Report*, revised (8 October 2002), Tribunal Exhibit RR-2002-001-06A (protected), Administrative Record, Vol. 2A at 172.

45. *Ibid.*

The evidence also indicates that most of the bicycles sold by mass merchandisers fall within the \$400 or less suggested retail price segment. Canadian Tire and Zellers, which account for approximately 80 percent of sales in the mass merchandiser segment⁴⁶ and are major importers of the subject goods from the subject countries, did not import any bicycles from the subject countries that retail for more than \$400.⁴⁷ Also, they did not import any bicycles from non-subject countries over this retail price point.⁴⁸ As noted above, the evidence of likely injury focussed strongly on the injury that would be suffered in the mass merchandiser segment of the market.

In these circumstances, the Tribunal considers that it would not be appropriate to continue the order for bicycles with suggested retail price points over \$400.

Several witnesses gave evidence about the relationship, in their view, between suggested retail prices for bicycles and FOB prices. Because virtually all the injury would likely occur in the segment in which suggested retail prices are \$400 or less, the Tribunal gave particular weight to the evidence of witnesses who had experience involving this market segment. Based on the evidence, the Tribunal considers that, in today's market, a suggested retail price of approximately \$400 equates to an FOB Chinese Taipei or China selling price of CAN\$225.⁴⁹

The Tribunal also heard testimony from witnesses for the domestic industry concerning the FOB price of bicycle frames with a suggested retail price of \$400. Based on this evidence, the Tribunal concluded that these frames would likely have an FOB Chinese Taipei or China selling price of CAN\$50 or less.⁵⁰

An exclusion is also warranted for folding bicycles. Testimony from a number of witnesses indicated that these bicycles, which incorporate foldable frames and stems, are in very limited demand, are not manufactured in Canada and do not compete with the bicycles produced domestically.⁵¹ Moreover, while Procycle indicated an interest in producing these bicycles, the Tribunal is of the view that such production is unlikely, considering that Procycle stated that it would need a minimum order of 1,000 units⁵² and that it gave no indication that it has any imminent plans to start up production.

Finally, the Tribunal finds no justification to grant the request by Specialized to exclude its imports from the subject countries or, alternatively, from only Chinese Taipei. While Specialized operates in the IBD market, where the subject imports are less prevalent, it still imports several bicycle models at lower price points that compete with the products of the domestic industry. Furthermore, there is evidence that production of these bicycles can be switched easily from China to Chinese Taipei.⁵³

46. *Transcript of Public Hearing*, Vol. 3, 23 October 2002, at 433.

47. *Supra* note 44.

48. Tribunal Exhibit RR-2002-001-20.06 (protected), Administrative Record, Vol. 6C at 70-73; *Ibid.* at 89; Tribunal Exhibit RR-2002-001-20.09 (protected), Administrative Record, Vol. 6C at 249-50, 253-58.

49. *Transcript of Public Hearing*, Vol. 1, 21 October 2002, at 202; *Transcript of In Camera Hearing*, Vol. 3, 23 October 2002, at 304-305, 324.

50. *Transcript of Public Hearing*, Vol.1, 21 October 2002, at 205; *Transcript of In Camera Hearing*, Vol. 2, 22 October 2002, at 108-109, 214.

51. *Transcript of Public Hearing*, Vol. 1, 21 October 2002, at 205-207, 229; *Transcript of Public Hearing*, Vol. 2, 22 October 2002, at 341-42; *Transcript of Public Hearing*, Vol. 3, 23 October 2002, at 420-22, 554-55.

52. *Transcript of Public Hearing*, Vol. 1, 21 October 2002, at 208-209.

53. *Transcript of Public Hearing*, Vol. 3, 23 October 2002, at 444-45, 539-40.

CONCLUSION

Pursuant to paragraph 76.03(12)(b) of SIMA, the Tribunal hereby:

- (1) continues its order concerning bicycles, assembled or unassembled, with wheel diameters of 16 inches (40.64 cm) and greater, originating in or exported from Chinese Taipei and China, with an amendment to exclude bicycles with an FOB Chinese Taipei or China selling price exceeding CAN\$225 and to exclude bicycles with foldable frames and stems originating in or exported from Chinese Taipei and China; and
- (2) continues its order concerning bicycle frames, originating in or exported from the aforementioned countries, with an amendment to exclude bicycle frames with an FOB Chinese Taipei or China selling price exceeding CAN\$50.

Ellen Fry
Ellen Fry
Presiding Member

Richard Lafontaine
Richard Lafontaine
Member

James A. Ogilvy
James A. Ogilvy
Member