



Ottawa, Tuesday, February 25, 1992

Review No.: RR-91-003

IN THE MATTER OF a review, under subsection 76(2) of the *Special Import Measures Act*, of the review finding made by the Canadian Import Tribunal on February 17, 1987, in Review No. R-6-86, continuing without amendment the finding of material injury made by the Anti-dumping Tribunal on October 7, 1982, in Inquiry No. ADT-8-82, respecting:

**TWISTED POLYPROPYLENE AND NYLON ROPE ORIGINATING
IN OR EXPORTED FROM THE REPUBLIC OF KOREA**

ORDER

The Canadian International Trade Tribunal, under the provisions of subsection 76(2) of the *Special Import Measures Act*, has conducted a review of the review finding made by the Canadian Import Tribunal on February 17, 1987, in Review No. R-6-86, continuing without amendment the finding of material injury made by the Anti-dumping Tribunal on October 7, 1982, in Inquiry No. ADT-8-82.

Pursuant to subsection 76(4) of the *Special Import Measures Act*, the Canadian International Trade Tribunal hereby continues the above-mentioned finding with respect to the subject goods originating in or exported from the Republic of Korea (Member Hines dissenting).

Charles A. Gracey

Charles A. Gracey
Presiding Member

Michèle Blouin

Michèle Blouin
Member

Michel P. Granger

Michel P. Granger
Acting Secretary



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**TWISTED POLYPROPYLENE AND NYLON ROPE ORIGINATING
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Special Import Measures Act - Whether to rescind or continue, with or without amendment, the review finding made by the Canadian Import Tribunal on February 17, 1987, in Review No. R-6-86, continuing without amendment the finding of material injury made by the Anti-dumping Tribunal on October 7, 1982, in Inquiry No. ADT-8-82.

Place of Hearing: Ottawa, Ontario
Date of Hearing: December 11, 1991

Date of Order and Reasons: February 25, 1992

Tribunal Members: Charles A. Gracey, Presiding Member
W. Roy Hines, Member
Michèle Blouin, Member

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and for Canadian Rope and Twine Institute
**(A Party Supporting the
Manufacturers' Position)**

Witnesses:

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**TWISTED POLYPROPYLENE AND NYLON ROPE ORIGINATING
IN OR EXPORTED FROM THE REPUBLIC OF KOREA**

TRIBUNAL: CHARLES A. GRACEY, Presiding Member
W. ROY HINES, Member
MICHÈLE BLOUIN, Member

STATEMENT OF REASONS

THE BACKGROUND

This is a review, under subsection 76(2) of the *Special Import Measures Act* (SIMA) of the review finding made by the Canadian Import Tribunal (CIT) on February 17, 1987, in Review No. R-6-86, continuing without amendment the finding of material injury made by the Anti-dumping Tribunal on October 7, 1982, in Inquiry No. ADT-8-82, concerning twisted polypropylene and nylon rope originating in or exported from the Republic of Korea.

In Notice of Expiry No. LE-91-002, dated June 17, 1991, the Canadian International Trade Tribunal (the Tribunal) informed interested parties of the scheduled expiry date for the review finding and asked for submissions from interested parties requesting or opposing the initiation of a review.

The Tribunal initiated a review pursuant to section 76 of SIMA and issued a notice of review on September 13, 1991. The notice was forwarded to all known interested parties and was published in Part I of the Canada Gazette on September 28, 1991.¹

As part of this review, the Tribunal sent questionnaires to known manufacturers and importers of the subject goods. From the replies to these questionnaires and other sources, the Tribunal's research staff prepared public and confidential pre-hearing staff reports. In addition, the record of this review consists of all relevant documents,

1. A notice of change of date of public hearing was issued on September 27, 1991, and published in Part I of the Canada Gazette on October 5, 1991.

including the original finding, the review finding, the notice of review, the notice of change of date of public hearing, and public and confidential replies to the questionnaires. All public exhibits were made available to interested parties, while confidential/protected exhibits were provided to independent counsel only. Public and *in camera* hearings were held in Ottawa, Ontario, on December 11, 1991.

Canada Cordage Inc. (Canada Cordage) and Poli-Twine Canada (Poli-Twine), the major Canadian manufacturers of the subject goods, and the Canadian Rope and Twine Institute were represented by counsel at the hearing, submitted evidence and made argument in support of continuing the finding.

Written submissions were received from two Korean exporters as well as from the Korean Trade Centre in Toronto. However, these parties did not appear at the hearing.

THE PRODUCTS

The subject goods in this review are twisted polypropylene and nylon rope. The subject ropes are manufactured from synthetic fibres. Synthetic ropes are available in three different constructions: twisted, braided or plaited. Twisted rope (i.e., the subject rope) is commonly known as three-strand rope. Braided and plaited ropes do not generally compete for the same markets as twisted rope because of their higher costs, product specifications and characteristics. The size of the rope produced depends upon the number of fibres in the yarn. It is manufactured in Canada in diameters ranging from 3/16 in. (4.5 mm) to 3 1/4 in. (83.0 mm) and is generally sold by weight (lbs or kg).

Polypropylene rope is manufactured from resins to which colour pigments are added. The resins are converted from granules or pellets into continuous monofilaments by the extrusion process. The monofilaments are then bundled or twisted together to form rope yarn. A number of yarns are twisted together to form strands, which in turn are twisted to form finished rope. Polypropylene rope is light, durable, flexible, and is less costly than nylon rope. It is suitable for a wide variety of marine, farm and general-purpose applications. Being a low cost multi-purpose rope, it has a wide appeal in the retail hardware market.

Production of nylon rope follows the same manufacturing process as polypropylene, but the domestic manufacturers do not extrude nylon yarn. Yarn requirements are met by purchases in Canada. Nylon rope is stronger than polypropylene rope, is able to absorb greater shockloads and has greater resistance to abrasion. Consequently, it is considered highly suitable for marine applications such as anchor lines, hawsers and tie-up lines.

THE DOMESTIC INDUSTRY

In the period following the last review of this case in 1987, the vast majority of the subject goods have been produced by two firms, Canada Cordage and Poli-Twine, who together constitute the domestic industry for the purposes of this review.

Canada Cordage was formed in February 1979, through the amalgamation of two former manufacturers: Canada Western Cordage Ltd. and Doon Twines Ltd. and was under the control of Doon Twines, with production consolidated in Kitchener, Ontario. On January 1, 1989, Canada Cordage was amalgamated with its parent, Doon Twines,

and continued operations under the name Canada Cordage Inc. It produces both twisted natural fibre and synthetic fibre rope, and cord of varied descriptions and applications. The subject goods are produced in the size range 3/16 in. (4.5 mm) to 3 1/4 in. (83.0 mm) in diameter. The company's products are marketed nationally and warehouse facilities are maintained in Kitchener, Montréal and Vancouver.

In 1982, Poli-Twine was a wholly owned subsidiary of Imperial Oil Ltd. In April 1984, Imperial Oil Ltd. sold the firm to TecSyn International Inc. of St. Catharines, Ontario. During 1985 and 1986, TecSyn acquired GWB Rope and Twine in Orillia, Ontario, and NovaStran Rope and Twine in Saint John, New Brunswick. GWB Rope was amalgamated with Poli-Twine in Belleville; NovaStran Rope was renamed NovaStran (1986) Ltd. (NovaStran) and became an operating division of Poli-Twine. NovaStran, which was a major independent producer of the subject goods at the time of the original inquiry, was closed in October 1989, and some of its production equipment was moved to a sister company, Poli-Twine Southern, Alabama, United States. Poli-Twine currently has one plant located in Belleville, which produces twisted polypropylene rope and nylon rope as well as baler twine. The subject goods are produced in the size range 3/16 in. (4.5 mm) to 2 in. (51.0 mm) in diameter and are marketed nationally by Poli-Twine. The firm maintains a warehouse located in Dartmouth, Nova Scotia.

There are three other small producers in the industry: Scotia Twines in Halifax, Nova Scotia; Bridgeline Ropes in Belleville, Ontario; and Braids and Laces Ltd. in Richmond Hill, Ontario. Scotia Twines produces both subject ropes, Bridgeline Ropes produces only twisted polypropylene rope, while Braids and Laces Ltd. produces only twisted nylon rope.

THE SUMMARY OF THE 1982 FINDING AND 1987 REVIEW FINDING

On October 7, 1982, in Inquiry No. ADT-8-82, the Anti-dumping Tribunal found material injury to domestic production due to the dumping of twisted polypropylene rope and twisted nylon rope from the Republic of Korea, but found no material injury respecting the dumping of twisted polyethylene rope.²

With respect to polypropylene rope, which accounted for about 85 percent of the combined volume of twisted rope sales, it was apparent that, in 1979 and 1980, the market outlook was promising. The industry expanded production capacity, sales volume increased and profitability improved. In 1981, Korean prices began to fall and continued to drop into 1982. While NovaStran and Canada Cordage suffered injury to a limited degree, it was Poli-Twine's production that was particularly hard hit. The Anti-dumping Tribunal found that Poli-Twine had suffered substantial price erosion and a deterioration in its financial performance with respect to twisted polypropylene rope.

In considering material injury with respect to twisted nylon rope, the Anti-dumping Tribunal noted that, until 1981, competition in the domestic market occurred exclusively between Canada Cordage and the Korean product. It was not until that year that NovaStran and, to a lesser extent, Poli-Twine became significant suppliers of twisted nylon rope. By 1982, Korean prices had narrowed the complainants' margins

2. Portuguese imports formed part of the original complaint to Revenue Canada in 1982. As negligible dumping was found, the Deputy Minister terminated his investigation.

on nylon rope and, while the dumped imports were not the only cause of deterioration in the financial performance of the producers, the dumping was sufficient to cause material injury.

In finding no material injury to domestic production of twisted polyethylene rope, the Anti-dumping Tribunal noted that the twisted polyethylene rope market was small (it did not exceed 4 percent of the combined rope market during the period 1979-82); that domestic production had been relatively insignificant; that polyethylene rope, while functionally substitutable, had not been able to make inroads into the polypropylene rope market; and, that Portugal, and not Korea, had been the dominant supplier of polyethylene rope.

On February 17, 1987, the CIT decided to continue the 1982 finding without amendment. The CIT observed that, despite the introduction of anti-dumping measures against Korean rope, the Canadian industry had enjoyed no respite from low-priced twisted rope offerings from Korea as well as Portugal. The conditions of price suppression and unsatisfactory financial performance that afflicted the industry prior to the CIT's finding of injury had continued.

The CIT observed that dumping of Korean rope had continued throughout the period since the finding in 1982. It also noted a shift in Korean rope exports to the non-subject polyethylene rope. This rope was being sold in Canada at prices that made it competitive with the subject polypropylene rope, even though polyethylene rope was a higher-cost rope. In the circumstances, the CIT was persuaded that the finding should be continued.

THE POSITION OF PARTIES

The Industry

According to counsel, there were two questions which had to be addressed. Did Korean producers have a "propensity" to dump? If so, was the domestic industry "vulnerable" to such dumping? Counsel cited several past tribunal decisions as authority for posing the questions in this way.

On the first question, counsel contended that Korean producers had a clear propensity to dump. They had dumped in the past in Canada and would do so again at the first opportunity if the finding were rescinded. Moreover, there were indications that Korean producers were currently dumping in the United States, where complaints against dumping had been initiated by U.S. rope producers. In addition, the existence of excess capacity in Korea made renewed dumping probable.

In counsel's view, if the finding were rescinded, Korean goods would quickly reestablish a dominant presence in the B.C. market. They would also return to the important east coast market, where they had been a major supplier prior to the original finding in 1982. After penetrating the coastal markets, they would seek out large volume purchasers in all parts of Canada. This re-entry of Korean goods without the protection of anti-dumping duties, coupled with the ongoing Portuguese competition in polypropylene rope, would drive Canadian prices down, resulting in job losses, lower profits and financial losses.

On the question of vulnerability, counsel submitted that the industry was weak in terms of all performance indicators. Moreover, the industry had made significant efforts to reduce its vulnerability by improving quality and reducing production costs. There were now few additional economies to be realized, leaving the industry particularly vulnerable to the price cutting that would occur if the 1982 finding were allowed to expire.

Finally, counsel submitted that if the Korean producers find themselves subject to anti-dumping duties in the United States and the dumping duties are removed in Canada, this might divert exports to the Canadian market, seriously jeopardizing the future of the Canadian rope industry.

The Exporters

In letters to the Tribunal, Dae Sung Rope Mfg. Co. Ltd. and Man Ho Rope Mfg. Co. Ltd., submitted that 10 years is sufficient time for the existence of an injury finding; and that the finding has resulted in third country exporters replacing Korea in the Canadian market. They also noted that there has been a significant upward trend in Korean labour rates, causing Korean export prices of subject goods to rise steadily since 1987.

THE ECONOMIC INDICATORS

The data collected for this review cover the period 1986 to the first half of 1991. The peak year during this period was 1988, with the volume of sales and production as well as imports all at their highest levels. There were sharp declines in domestic production of the subject goods subsequent to the peak year 1988. These declines were caused in large part by the closure of the Poli-Twine subsidiary, NovaStran, in October 1989. As the industry was unable to replace the production lost as a result of this closure, production declined to its lowest annual level over the review period in 1990. Production continued to decline steeply over the first half of 1991, dropping by close to 30 percent from the level reported for the corresponding period in 1990.

Total imports of the subject goods, after peaking in 1988, also declined in 1989 and 1990. However, the reduced levels were still much higher than the levels recorded in 1986 and 1987.

During the review period, imports from non-subject countries averaged over 80 percent of the total imports. Among the non-subject countries, the United States replaced Portugal as the dominant source of imports during the period. This displacement began in 1988 when the volume of U.S. imports increased by five-fold from 1987. In 1990, U.S. and Portuguese imports represented 40 percent and 20 percent, respectively, of total imports.

Korean imports, as a percentage of total imports, averaged under 20 percent between 1986 and 1990. In 1990, they represented 16 percent of total imports and, in 1991, they accounted for 14 percent of total imports.

The market share of imports doubled over the review period. The domestic industry's market share dropped by a corresponding amount. The gains made by imports largely accrued to non-subject countries, especially the United States.

In terms of financial performance, the domestic industry's losses more than doubled between 1987 and 1989. Losses, during this period, were at their highest level of the decade. Subsequent to NovaStran's closure in 1989, the industry's losses have moderated, although they remain substantial.

THE REASONS FOR DECISION (Majority Opinion)

We note that, in a review under section 76 of SIMA, two basic questions must be addressed. First, is there a likelihood that the dumping, which led to the original finding, would resume if the finding were rescinded? Second, if the dumping were to resume, would it be likely to cause material injury to Canadian production? According to industry counsel, the questions to be addressed are whether Korean producers have a "propensity" to dump and whether the industry is "vulnerable" to dumping. In our view, these are simply different ways of describing the key issues. Regardless of how the questions are posed, to continue this finding, we must be satisfied from the evidence that there is a threat of injurious dumping by Korean producers if the finding is removed.

THE LIKELIHOOD OF DUMPING

The majority of the Tribunal is of the view that there is a likelihood of a resumption of dumping by Korean manufacturers of the subject goods if the finding is rescinded. The considerations, which are discussed below, that have led us to this conclusion apply to both polypropylene and nylon rope.

It is noted that the original finding in this case was made in October 1982. This case marks the second time the 1982 finding has been reviewed. In the first review dated February 17, 1987, the finding against Korea was continued because, among other reasons, the evidence showed that Korean manufacturers had not stopped dumping after the 1982 finding. In the 1987 review, the CIT also found evidence to support the contention that Korean producers had been able, in effect, to circumvent the 1982 finding by increasing their shipments of a rope which had been excluded from the 1982 finding, namely, polyethylene rope. Although this is a higher quality rope than the subject rope, the CIT found that, at the low prices offered by Korean producers, it was being substituted for the subject polypropylene rope and being sold at a price below the Canadian polypropylene rope.

Moreover, the evidence shows that, shortly after the 1987 review finding, Korean manufacturers decided not to cooperate with Revenue Canada in the process of determining normal values for their subject goods. As a result, since then, normal values for Korean subject goods have been set by ministerial specification, under subsection 29(1) of SIMA. This provision makes Korean goods liable to substantial anti-dumping duties by automatically levying a duty on the goods, based on a percentage of the export price. However, the imposition of these punitively high anti-dumping duties has not prevented Korea from maintaining its Canadian market share in the subject goods since 1987. The apparent reason for this is that the anti-dumping duties that have been paid by the Canadian importers of Korean goods have been refunded. Pursuant to provisions in the *Financial Administration Act*, refunds (duty drawbacks) are granted where imports are reexported or are transformed into other products that are reexported. In this case, the Korean rope imports were manufactured into loading slings and reexported for use on ships.

Our examination of these Korean imports indicates an average landed value that is some 15 percent to 20 percent below the lowest-priced domestically produced goods. This price gap is even more significant considering that the Korean sling rope is a premium-quality rope. Although this low pricing has so far been restricted to slings, a niche market, it may well represent what could happen in the market at large if Korean producers were not subject to the price discipline of a finding. Since the Korean producers have not cooperated with Revenue Canada and have not appeared in the present proceedings, we cannot determine whether such low values reflect fair or normal values.

In this connection, testimony provided by an industry witness indicates that Korean rope exports to the United States are being priced at levels that are, as in the case of Korean rope exports to Canada (for sling production), some 15 percent to 20 percent below prevailing Canadian prices (on a common currency basis). These prices have prompted the American Cordage Institute to consider launching an anti-dumping complaint against Korea (and other countries) with the U.S. Department of Commerce. Although the outcome of this proceeding is not yet known, it appears that the low prices of Korean rope are of major concern to U.S. rope producers.

Further, it is noted that, although Korean exporters did not appear at the hearing, two Korean producers did provide brief written submissions. In their submissions, both producers claimed that, over the past few years, their costs of production, especially labour costs, had risen substantially. On the face of it, this information about rising costs appears to be inconsistent with the apparently low Korean prices in North America and it, therefore, raises further questions about whether these prices fully reflect costs of production.

Finally, the evidence shows that Korea's total capacity to produce the subject goods is over five times the size of the entire Canadian market. Indeed, Korean excess capacity alone, according to data provided by the Korean Trade Centre in Toronto, currently exceeds the total Canadian subject rope consumption. It is clear that Korean producers have the capacity to take significant market share, even with only a relatively small shift in capacity targeted towards Canada. Such a shift could quickly occur if U.S. producers are successful in their anti-dumping action against Korean producers, while the finding in Canada against Korean producers is removed. The absence of restrictions in Canada would tend to increase the attractiveness of the Canadian market.

THE LIKELIHOOD OF MATERIAL INJURY

The uncontroverted evidence in this case establishes that the Canadian rope industry is in weak financial condition. On sales of the subject goods, the industry has reported losses every year since 1980. Over the past several years, the industry has made efforts to stem these losses by rationalizing operations through mergers, plant closures and cost-cutting measures, and by investing in new production processes and facilities. Despite this, losses in 1987, 1988 and 1989 were at their highest levels in 12 years. Although losses have come down in 1990 and the first half of 1991, they are still substantial.

The severity of these losses is a reflection of persistently depressed prices for the subject goods, especially for polypropylene rope in the smaller size ranges. In volume terms, polypropylene rope comprises about 90 percent of the industry sales. One of the

principal markets for this rope is the Canadian coastal fishing industry which consumes a high volume of small diameter rope. Imports have tended to concentrate in this area because, among other things, smaller diameter rope for use in the fishing industry is allowed to enter Canada duty free. Price competition is intense, as the rope is essentially sold as a commodity, on a price-per-pound basis. In other words, except for price, there is little to distinguish foreign from domestically produced goods.

Portuguese imports are currently an important factor in this market on the east coast, as they have been for many years. In recent years, imports from other sources, especially the United States, have increased their market penetration and added to the existing competitive pressures. Prior to the 1982 finding, Korean rope manufacturers had an important presence in both east and west coast markets. If the finding were rescinded and Korea were to compete for market share against these other export sources, it is likely that this could erode prices substantially from their current unprofitable levels. This likelihood is magnified by the severe slump which is currently affecting the fishing industry and which is not expected to abate in the near future.

Other important markets for the subject goods include the agricultural and industrial sectors. Weak demand and soft prices have characterized sales to both of these sectors as a result of the general economic downturn and the particular problems affecting agriculture. These poor conditions in its major markets have depressed industry sales in both the subject polypropylene and nylon ropes as well as in other non-subject rope and twine products. As a result, production costs have had to be spread over a smaller sales base, thereby generally pushing up unit costs and squeezing margins.

It is evident that the industry's current difficulties are the result of a variety of competitive and economic factors unrelated to dumping. Nevertheless, these difficulties have weakened the industry to such an extent that a resumption of dumping could quickly put at least one major producer out of business. Indeed, the testimony of industry witnesses representing this producer revealed that the company has been given two years to improve its performance or face drastic restructuring. This suggests that, whether or not this finding is continued, the industry of today might be quite different from the industry of two years from now. Given the ongoing restructuring of the Canadian industry, a continuation of the injury finding would be appropriate in the circumstances.

However, according to subsection 76(2) of SIMA, "the Tribunal may, on its own initiative or at the request of the Deputy Minister [of National Revenue for Customs and Excise] or any other person or of any government," review this decision at any time after it has been made. This provision is consistent with Article 9 of the GATT Anti-Dumping Code. The provisions of SIMA and the Code are designed to ensure that protection from dumping is provided only for as long as necessary.

As indicated earlier, the industry may undergo a radical restructuring in two years time that may render inappropriate the imposition of anti-dumping duties. Therefore, while SIMA enables the above-noted persons to request a review of the finding at any

time after the Tribunal's decision has been made - indeed, SIMA stipulates that a review shall be initiated if such person or government satisfies the Tribunal that a review is warranted - the Tribunal would contemplate a review of this decision two years from now should the circumstances so warrant.

Charles A. Gracey
Charles A. Gracey
Presiding Member

Michèle Blouin
Michèle Blouin
Member

DISSENTING OPINION (Member Hines)

The material injury finding against Korean producers in this case has been in place for 10 years, after being continued in 1987. This review was undertaken to determine whether the material injury finding should be continued a second time. If a second continuation is confirmed, as the industry requests, the finding could be in place for 15 years before coming up again for review, in 1997.

Subsection 76(5) of SIMA provides for the expiry of an order or finding after five years unless the order or finding has been reviewed and continued by the Tribunal. In my view, in specifying this five-year time period, Parliament has made it clear that anti-dumping duties, once imposed, should not continue indefinitely. This provision is also consistent with paragraph 1 of Article 9, of the GATT Anti-Dumping Code which states: "An anti-dumping duty shall remain in force only as long as, and to the extent necessary to counteract dumping which is causing injury."

Although the legislation does not set any specific limits on the number of extensions which may be granted, the Tribunal, in considering a request for an extension, must weigh the evidence and testimony it receives in the context of the legislation as a whole and in recognition of the protection previously afforded by the material injury finding. In my view, the onus is on the domestic industry to make a persuasive argument, supported by substantive evidence, and not mere allegations, as to why the continuation should be granted. After considering the arguments and examining the evidence, I am not convinced that the finding should be continued in this case.

Industry counsel have adduced no evidence to show that Korean producers have been a disruptive influence in the Canadian market since the last review in 1987. Indeed, industry counsel have argued that Korea's present status in the Canadian market is "irrelevant." As I understand it, counsel's argument boils down to the contention that since Korean producers have dumped in the past, this establishes that they will have a "propensity" or "tendency" to dump in the future and cause material injury. I agree that past behaviour can sometimes be a guide to future actions. However, I also believe that, at some point, the past must be left behind, otherwise a material injury finding could remain in place indefinitely, contrary to the intention of SIMA and the GATT.

The fact is that, over the past five years, Korean producers have been virtually absent from the principal markets served by Canadian producers. The only subject rope market segment served by Korean producers is the small and specialized sling export market on the west coast. According to the information provided by Canadian sling manufacturers in their replies to the questionnaire prepared by the research staff of the Tribunal, the required sling rope strength and quality is unavailable in Canada. Therefore, the servicing of this small market by Korean producers is not prejudicial, in my view, to Canadian producers. As for polyethylene rope, which can sometimes substitute for the subject polypropylene rope, import statistics indicate negligible shipments from Korea since 1987. The issue that apparently arose in the 1987 review in connection with this product does not arise in this case.

Moreover, I find the evidence presented in this case in respect to Korean activities to be meager and inconclusive. In this connection, the witnesses for the industry could only provide anecdotal information concerning the capacity situation in South Korea, could not provide any evidence of lost sales to the South Korean product and could not

substantiate that the subject goods were being dumped in Canada. The only evidence on Korean prices in the Canadian market relates to the sling business. In my view, this is a special situation. The Korean rope is reexported in the form of slings and, consequently, it does not enter the internal commerce of Canada. It is not apparent to me that any general conclusions about Korean prices can be drawn from this evidence.

As for Korean prices in the United States, the evidence submitted amounts to a single price quote obtained over the telephone during a break in the Tribunal hearing. This is hardly a basis on which to draw any meaningful conclusions about Korean prices in the United States. Furthermore, the anti-dumping action that may be taken by the American Cordage Institute against Korea and others is at a very preliminary phase. The eventual outcome may or may not be relevant to Canadian trade interests affecting the subject goods, but no conclusions can be drawn at this time. I find it interesting to note, however, that the U.S. action is also aimed against Portugal. Yet, there has been no suggestion in this case that Portugal is dumping in Canada. On the contrary, the evidence shows that Portuguese rope is able to take market share in Canada without dumping.

I have noted the information provided by the Korean Trade Centre in Toronto, which shows that Korea has substantial export capacity. However, the Canadian market does not appear to be a particularly prominent export destination for Korean rope. Indeed, according to this information, Korea has several large markets for its capacity around the world, including the United States and Asia. Moreover, the capacity utilization rates indicated for Korean producers do not appear to be especially low, hovering around the 70 percent range over the past six years. In fact, these capacity utilization rates appear good compared to Canadian rates over a comparable period.

Finally, it is clear from the evidence that the domestic industry is in poor financial health for a variety of reasons unrelated to dumping. Indeed, as a whole, the industry seems weaker today than it was 10 years ago, when the material injury finding was put in place. The factors which have contributed to this situation, including weaknesses in major markets as well as intense competitive pressures from low-priced Portuguese, U.S. and other imports, are likely to continue over the near term. The finding evidently has not served to improve the industry's performance in the past nor, in my estimation, is it likely to do so in the future, if it is continued.

For the foregoing reasons, I am of the view that the finding of material injury against Korean producers of the subject rope should be allowed to expire.

W. Roy Hines

W. Roy Hines

Member