

GYPSUM BOARD

Reference No. GC-2016-001

January 4, 2017

Canadian International Trade Tribunal

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REPORT

This report completes an inquiry by the Canadian International Trade Tribunal (the Tribunal) to determine whether the imposition of provisional duties or duties applicable to gypsum board imported from the United States for markets in Manitoba, British Columbia, Saskatchewan, Alberta, Yukon and the Northwest Territories is contrary to Canada's economic, trade or commercial interests, and specifically whether such an imposition has or would have the effect of substantially reducing competition in those markets or causing significant harm to consumers of those goods or to businesses who use them.

The inquiry was referred to the Tribunal on October 13, 2016, by His Excellency the Governor General in Council, on the recommendation of the Minister of Finance, pursuant to section 18 of the *Canadian International Trade Tribunal Act*.¹ The Governor General in Council directed that the Tribunal report to the Governor General in Council on those matters no later than January 4, 2017, and submit to the Governor General in Council, within 15 days after that date, its findings and recommendations on any remedy that could be taken.

It is a well-recognized feature of the trade remedy system that imposing anti-dumping and/or countervailing duties on a particular good will affect the Canadian market price and may impose higher costs on the downstream industry that uses those goods. However, there may be consequences on the downstream industry that are either unintended or unwanted. This inquiry process provided a public forum for interested parties to express their concerns and inform the Tribunal of their views or experience about unintended or unwanted consequences that arose from the imposition of the provisional duties and that might arise from the imposition of final duties. It also allowed them to present the options that they favoured and believed viable to deal with any unintended downstream consequences arising from the imposition of the provisional duties and the possible imposition of final duties.

After reviewing the documentary and oral evidence presented to the Tribunal, it has come to the conclusion that the imposition of provisional duties or duties applicable to gypsum board imported from the United States for markets in Manitoba, British Columbia, Saskatchewan, Alberta, Yukon and the Northwest Territories, in its full amount, is contrary to Canada's economic, trade or commercial interests, and specifically that such an imposition has or will substantially reduce competition in those markets, or cause significant harm to consumers of those goods or to businesses who use them.

Accordingly, the Tribunal hereby recommends as follows:

- That provisional duties collected be retained by the federal government and used to refund, either wholly or in part, the higher costs for imported and domestically produced gypsum board purchased since the imposition of the provisional duties on September 6, 2016, up to but not including January 4, 2017;
- That all of the final duties imposed on cooperating exporters be remitted to them through a simplified process until the earlier of a) six months, from the date of this report, i. e. from January 4, 2017, up to and including July 4, 2017, or b) the date the subject imports reach a maximum volume of 229 million square feet, allocated on the basis of historical export shares; this temporary elimination of the duties would give

1. R.S.C., 1985, c. 47 (4th Supp.).

time for the downstream market participants (especially drywall installers) to perform existing fixed-price contracts and, going forward, to give them an opportunity to reflect the duties in new contracts;

- That final duties for any cooperating exporters on any export transaction involving subject gypsum board to Canada should not exceed 43 percent of the export price at any time on and after the earlier of July 5, 2017, or the date the subject imports reach a maximum volume of 229 million square feet, a reduced rate which should allow either U.S. exports or domestic shipments from Eastern Canada to continue to supply the Western Canadian market;
- That, considering the limited amount of data available to the Tribunal at the time of the inquiry in GC-2016-001, the reduced final duty be reviewed at the appropriate time; and
- That, if the Government considers the measures mentioned above as insufficiently alleviating the hardship suffered by certain residents of the Regional Municipality of Wood Buffalo (the Fort McMurray region) as a result of the May 2016 wildfires, and considering the consent by the domestic industry to a special remission in connection with the Fort McMurray region, the Government grant a special remission in an amount equivalent to the dumping duties collected on gypsum board specifically used for the rebuilding of the Fort McMurray region, on terms and conditions that ensure that the end users or consumers benefitting from the measure do not pay more than the amount that they would have paid for that gypsum board in the absence of duties. This special remission should cover subject imported gypsum board which is specifically linked to the reconstruction effort, and is purchased and installed between September 6, 2016, and December 31, 2019.

The reasons for its findings and recommendations will be issued within 15 days from this date.

Serge Fréchette
Serge Fréchette
Presiding Member

Jean Bédard
Jean Bédard
Member

Jason W. Downey
Jason W. Downey
Member