

CANADIAN TAX HIGHLIGHTS

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Editor: Vivien Morgan, LL.B.

CBSA Makes Barbequing More Expensive

The summer became a bit gloomier when the Canada Border Services Agency (CBSA, formerly Canada Customs) announced on August 27, 2004 that it will impose a provisional anti-dumping duty on imports of outdoor barbeques originating in or exported from the People's Republic of China (PRC) to prevent injury to Canadian production. The CBSA says the Chinese barbeques were dumped into Canada at prices that were also subsidized, resulting in a flood of low-priced barbeques into the Canadian market. The ensuing harm to Canadian barbeque manufacturers--price erosion, price suppression, lost sales, lost market share, lower capacity utilization, reduced employment, and reduced profitability--reflected a classic dumping situation.

Dumping occurs when goods are sold to importers in Canada at prices less than the selling prices in the exporter's domestic market or at unprofitable prices. Subsidizing occurs when goods imported into Canada benefit from foreign government financial assistance. The Special Import Measures Act protects Canadian producers from the damaging effects of both such unfair trade practices. An earlier complaint from a Canadian barbeque manufacturer instigated a preliminary investigation by the CBSA, which concluded that imported barbeques from the PRC were dumped into Canada at an estimated margin of dumping of 34.6 percent (as a percentage of export price); the estimated government subsidy was 16.0 percent. On June 11, 2004, the Canadian International Trade Tribunal (CITT) also made a preliminary determination that the evidence then available disclosed a reasonable indication that the imports had caused injury to the domestic industry. The CITT will now begin its inquiry into the question of injury to the Canadian industry; the CBSA will continue its investigation regarding dumping and subsidizing and issue a final decision by November 25, 2004.

Robert G. Kreklewetz
Millar Kreklewetz LLP, Toronto