

**CANADA BORDER SERVICES AGENCY**

**NON-CONFIDENTIAL COMPLAINT**

**The Dumping of Certain Gypsum Board Originating in or Exported from  
The United States of America Imported into Canada for Use or Consumption  
West of the Manitoba-Ontario Border**

**Submitted by: CertainTeed Gypsum Canada Inc.**

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4	Statistics Canada, Canadian import data for HS 6809.11.00.10 in 2013, 2014, and 2015.	CONFIDENTIAL
5	Gypsum Association, North American plant directory of gypsum boards.	CONFIDENTIAL
6	Cape Breton Post, "Georgia-Pacific indefinitely idles operations in Strait area" (December 2, 2011) and The Hamilton Spectator, "Caledonia drywall plant to be 'idled'" (January 28, 2016).	Public
7	Matthew Walker's declaration and the associated attachments.	CONFIDENTIAL
8	Regional market analysis and apparent market for Western Canada 2013-2015 for subject gypsum board.	CONFIDENTIAL
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10	Market information from 2016.	CONFIDENTIAL
11	United States Securities and Exchange Commission, CBP Form 8-K (November 4, 2015).	Public
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28	USITC, U.S. domestic export data for 2013, 2014, 2015, and 2016 YTD.	Public
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1. This Complaint is filed with the Canada Border Services Agency (“CBSA” or the “Agency”), pursuant to section 31 of the *Special Import Measures Act* (“SIMA”), by CertainTeed Gypsum Canada Inc. (“CTG Canada” or “Complainant”) regarding the dumping of certain gypsum board originating in or exported from the United States of America into Canada for use or consumption in Western Canada (defined below).

2. CTG Canada submits that certain gypsum board originating in or exported from the United States is being imported into Canada for use or consumption in Western Canada at significantly dumped prices. These unfairly traded goods have caused material injury and are threatening to cause further material injury to CTG Canada’s operations in Western Canada. CTG Canada therefore requests that the President of CBSA initiate an anti-dumping investigation into the material injury caused by the dumped gypsum boards originating in or exported from the U.S.

**1. Identification of the Complainant**

3. CTG Canada is the sole domestic producer of like goods in Western Canada. For the purposes of this Complaint, “Western Canada” includes Manitoba (“MB”), Saskatchewan (“SK”), Alberta (“AB”), British Columbia (“BC”) as well as the Yukon (“YK”) and the Northwest Territories (“NT”).

4. Contact information for CTG Canada is as follows:

CertainTeed Gypsum Canada  
2424 Lakeshore Road West,  
Mississauga, Ontario  
L5J 1K4

Matthew Walker  
Telephone Number: (905) 403 3030  
Email: matthew.walker@saint-gobain.com

5. CTG Canada is represented by legal counsel with respect to this Complaint as follows:

Cassidy Levy Kent (Canada) LLP  
Suite 1470, 55 Metcalfe Street  
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Contact: Christopher J. Kent                      Christopher J. Cochlin  
Email: ckent@cassidylevy.com                      ccochlin@cassidylevy.com

6. CTG Canada owns three gypsum board manufacturing plants in Western Canada located in Vancouver, BC, Calgary, AB, and Winnipeg, MB, and a gypsum mine in Windermere, BC. These three plants are the only active gypsum board manufacturing facilities in Western Canada. No other company currently produces gypsum board in Western Canada.

7. CTG Canada also owns gypsum board manufacturing plants in Eastern Canada in Mississauga, ON, Montreal, QC, and McAdam, NB. CTG Canada is headquartered in Mississauga, ON. For the purposes of this Complaint, “Eastern Canada” includes Ontario, Quebec, Nova Scotia, Newfoundland and Labrador, New Brunswick, Prince Edward Island, and Nunavut.

## 2. Imported Goods

### A. Product Description

8. The goods that are the subject of this Complaint (“Subject Goods” or “Subject Imports”) are defined as:

*Gypsum board, sheet, or panel ("gypsum board") originating in or exported from the United States of America, imported into Canada for use or consumption in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba, as well as the Yukon and Northwest Territories, composed primarily of a gypsum core and faced or reinforced with paper or paperboard, including gypsum board meeting or supplied to meet ASTM C 1396 or ASTM C 1396M or equivalent standards, regardless of end use, edge-finish, thickness, width, or length, excluding (a) gypsum board made to a width of 54 inches (1,371.6 mm); (b) gypsum board measuring 1 inch (25.4 mm) in thickness and 24 inches (609.6 mm) in width regardless of length (commonly referred to and used as "paper-faced shaft liner"); (c) gypsum board meeting ASTM C 1177 or ASTM C 1177M (commonly referred to and used primarily as "glass fiber re-enforced sheathing board" but also sometimes used for internal applications for high mold/moisture resistant applications); (d) double layered glued paper-faced gypsum board (commonly referred to and used as "acoustic board"); and (e) gypsum board meeting ISO16000-23 for sorption of formaldehyde. All dimensions are plus or minus allowable tolerances in applicable standards.*

## **B. Product Characteristics and Product Use**

9. In Canada, including in Western Canada, there are a variety of gypsum board products available for various specific applications, including: the surface layer of interior walls and ceilings; a base for ceramic, plastic and metal tile; elevator and other shaft enclosures; area separation fire walls between occupancies; and the fire-resistant layer over structural elements.

10. Standard size gypsum boards may be produced to widths of 48 or 54 inches and lengths of 8, 10, 12 or 14 feet.<sup>1</sup> The vast majority of gypsum board (i.e., approximately 90%) is manufactured to the 48 inch width. The 48 inch width size is compatible with standard framing methods in which studs or joists are spaced 16 inches and 24 inches apart. Excluded from the scope of this Complaint are 54 inch width gypsum boards, which are used for horizontal laying applications, as opposed to vertical laying applications, for which the standard 48 inch width gypsum boards are used. Under ASTM C1396, there is a specified tolerance of  $\pm 3/32$ " or 3mm for the specified width. Specific

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<sup>1</sup> Nominal widths include board manufactured to a maximum tolerance of plus or minus 1/8 of an inch.

lengths and widths of gypsum board are available from producers on special order. Volumes of gypsum board are measured in the North American industry and wider construction sector in imperial units of measure, with typical units of measure used being thousands of square feet (“msf”), millions of square feet (“mmsf”), and billions of square feet (“bsf”).

11. In Canada, including in Western Canada, gypsum board is available in a number of edge styles, including rounded, tapered, beveled, square edge, and tongue and groove (V-edge).

12. For greater certainty, the gypsum board considered to be Subject Goods includes but is not limited to:

- **Abuse-resistant gypsum panels** offering greater resistance to surface indentation, abrasion and penetration than standard gypsum panels.
- **Eased edge gypsum board**, which has a tapered and slightly rounded or beveled factory edge. It may be used as an aid in custom finishing of joints.
- **Gypsum base** for veneer plaster serves as a base for thin coats of hard, high strength gypsum veneer plaster.
- **Impact-resistant gypsum panels** offer greater resistance to the impact of solid objects from high traffic and vandalism than standard gypsum panels
- **Mold-resistant board or Mold and moisture resistant gypsum board** has a mold/moisture resistant gypsum core and paper incorporates various methods of preventing the growth of mold and mildew on the board’s surface.
- **Regular gypsum board** (gypsum wallboard) is used as a surface layer on walls and ceilings.
- **Sag-resistant board** is a ceiling panel that offers greater resistance to sagging than regular gypsum products used for ceilings where framing is typically spaced 24 inches.
- **Type C or Proprietary Type-X gypsum board** is available in 1/2 inch and 5/8 inch thicknesses and is required in some fire rated assemblies. Additional additives give this product improved fire resistive properties.
- **Type X gypsum board** is available in 1/2 inch and 5/8 inch thicknesses and has an improved fire resistance made possible through the use of special core additives. Type X gypsum board is used in most fire rated assemblies.

13. Gypsum board is available in Canada in several thicknesses which are typically used in the specific following applications:

- **1/4 inch:** Typically used as a base in a multilayer application for improving sound control, used to cover existing walls and ceilings in remodeling and for curved surfaces.
- **5/16 inch:** Typically used in the production of manufactured housing and in laminated double thickness for special sound control panels.
- **3/8 inch:** Typically applied in a double-layer system over wood framing and as a face layer in repair or remodeling.
- **1/2 inch:** Typically used as a single layer wall and ceiling material in residential work and in double-layer systems for greater sound and fire ratings.
- **5/8 inch:** Typically used in quality single-layer and double-layer wall systems. The greater thickness provides additional fire resistance, higher rigidity, and better impact resistance.
- **3/4 inch:** Typically used in interior partitions, shaft walls, stairwells, chaseways, area separation firewalls and corridor ceilings. Special edged panels are used in some interior partitions.
- **1 inch:** Typically used in interior partitions, shaft walls, stairwells, chaseways, area separation firewalls and corridor ceilings. Special edged panels are used in some interior partitions.

14. Set out in **Public Appendix 1** are examples of the range of products sold in Canada by the main suppliers of paper-faced gypsum board producers and a table summarizing their products and brands. **CONFIDENTIAL Appendix 2** contains the full specifications of ASTM C 1396, ASTM C 1177, and ISO 16000-23.

### C. Production Process

15. To make gypsum board, gypsum rock is crushed and heated to about 150 Celsius, drying out roughly 75% of the chemically combined water in a process called calcining. Typically, roughly 45 kilograms of gypsum rock contains approximately 8.5 kilograms of water. The calcined gypsum powder (commonly referred to as “plaster of Paris”) is then used in producing the core of the board. The board is formed by introducing a slurry of calcined gypsum (also known as stucco), along with water, foam, pulps, starch and set control agents between two unwinding rolls of absorbent paper resulting in a continuous “sandwich” of wet board resting on a continuous belt

line. To manufacture fire-resistant or water-resistant gypsum board, additional chemical components are added to the core when introducing the slurry of calcined gypsum.

16. As the board moves down the production line, the calcined gypsum rehydrates and recrystallizes reverting to a solid gypsum matrix, and the paper sheets become firmly bonded to the rehydrated core. After moving down the line for approximately 4 to 5 minutes, the continuous “sandwich” is firm enough to be cut to length and is then conveyed through dryers to remove excess moisture. The board is conveyed afterwards to a “take-off” point, where it is packaged, bundled, stacked, and removed to storage or shipped directly.

17. A high-level diagram illustrating the gypsum plasterboard manufacturing production process is provided in **CONFIDENTIAL Appendix 3**. Based on CTG Canada’s experience, this process is standard in North America in that the main stages of production process do not differ materially between the U.S. and Canadian plants, although the production process from one plant to another may vary depending on the type of gypsum they use and the design and configuration of the production facility.

#### **D. Tariff Classification of the Subject Goods**

18. The Subject Goods are normally imported under the following tariff code for gypsum board (*Customs Tariff – 2016*):

- 6809.11.00.10: Boards, sheets, panels, tiles and similar articles, not ornamented: - Articles of plaster or of compositions based on plaster. – Gypsum wallboard.

*(Measured in square meters, “MTK.”)*

19. The Subject Goods may also be imported under the following tariff code:

- 6809.11.00.90: Boards, sheets, panels, tiles and similar articles, not ornamented: - Articles of plaster or of compositions based on plaster. – Other.

*(No unit of measure specified.)*

#### **E. Country of Export**

20. This Complaint is with respect to gypsum board originating in or exported from the U.S. into Western Canada. According to the Canadian import data from Statistics Canada (“StatsCan”), gypsum board imports from all other countries cleared in one of the Western provinces or territories are negligible, accounting for less than 1 mmsf (0.44 mmsf in 2013, 0.48 mmsf in 2014 and 0.83 mmsf in 2015), or less than 0.1% of total U.S. imports, in each of 2013 (0.04%), 2014 (0.04%), and 2015 (0.08%). Full StatsCan import data for the period 2013-2015 have been provided at **CONFIDENTIAL Appendix 4**.

#### **F. Known Exporters to Western Canada**

21. Based on information available to CTG Canada, the following U.S. manufacturers are known to be exporting Subject Goods to the Western Canadian market:

<b>Name</b>	<b>Known Contact Information</b>
Continental Building Products, Inc. (“CBP”)	12950 Woeldgate Drive, Suite 700 Herndon, Virginia, USA, 20170 (*Note that CBP acquired the U.S. and Canadian gypsum operations of Lafarge in September 2013).
Georgia-Pacific Gypsum LLC (“GP”)	133 Peachtree Street NE Atlanta, Georgia, USA, 30303
USG Corporation (“USG”)	550 West Adams Street Chicago, Illinois, USA, 60661-3676

22. The following U.S. manufacturers may be exporting Subject Goods to the Western Canadian market:

Name	Known Contact Information
National Gypsum Company (“NGC”)	2001 Rexford Road, Charlotte North Carolina, USA, 28211
PABCO Gypsum, a division of PABCO Building Products, LLC	PO Box 419074, Rancho Cordova, California, USA, 95741
American Gypsum Company (“AGC”) a subsidiary of Eagle Materials	3811 Turtle Creek Blvd., Suite 1200 Dallas, Texas, USA, 75219

23. In addition, [REDACTED].

24. **CONFIDENTIAL Appendix 5** is the latest 2016 Global Gypsum Directory, which provides a full list of all the gypsum board manufacturing plants in the U.S. and Canada, including owner names and plant addresses. CTG Canada has supplemented this Appendix by providing public reports regarding the idling of plants since 2011 and therefore these plants would have had no production in the 2013 to 2015 period. See **Public Appendix 6**. CTG Canada understands that all the producers of gypsum boards produce essentially the same range of goods, as seen in **Public Appendix 1**.

**G. Known Canadian Importers**

25. Based on information available to CTG Canada, the following Canadian companies are known to import Subject Goods from their affiliated U.S. manufacturers:

Name	Known Contact Information
CGC Inc. (“CGC”), directly or indirectly owned by USG.	350 Burnhamthorpe Road West, 5th Floor, Mississauga, Ontario, Canada, L5B 3J1

Continental Building Products Canada, Inc. (“CBP Canada”), directly or indirectly owned by CBP US.	8802 Chambly, Quebec, Canada, J3L 4X3
Georgia-Pacific Canada LP (“GP Canada”), directly or indirectly owned by GP US.	2180 Meadowvale Blvd, Suite 200, Mississauga, Ontario, L5N 5S3

26. As discussed above, [

].

27. In addition, the following is a list of other major distributors of gypsum board in Canada, which may or may not import Subject Goods into Western Canada:

Name	Known Contact Information
Allroc, a division of Superior Plus LP	4949-51st Street, Calgary, Alberta, T2B 3S7
Timber Mart	20 Floral Parkway, Unit A, Vaughan, ON, L4K 4R1
WSB Titan	50 Royal Group Crescent, Unit 2, Vaughan, ON, L4H 1X9
ILDC	596 Kingston Rd W., Suite 100, Ajax, ON, L1T 3A2

**H. Marketing, Distribution and Pricing**

28. The Canadian gypsum board industry, including in Western Canada, can be described in its simplest form as being made up of the three typical tiers: manufacturers, distributors, and end-users. Manufacturers generally do not sell gypsum board to end-users but rather to distributors of various types. End-users are either large or small contractors installing interior wall and ceiling systems for new or renovation residential and commercial building projects, or home-owners installing “do it yourself” (“DIY”) renovations to their homes.

(i) *Distribution*

29. CTG Canada's distribution of gypsum board in Western Canada occurs through two main distribution channels.

30. In one channel are the building supply retail outlets, which purchase directly from Canadian manufacturers and sell to consumers, i.e., home-owners doing DIY home renovation, smaller applicators, or contractors. This distribution chain includes such retail operations as Home Depot, Rona, Lowes, and Home Hardware.

31. In the other distribution channel are larger volume Gypsum Specialty Dealers ("GSD") and Lumber Merchants ("LBM"), who in turn generally sell gypsum board to larger professional contractors installing dry-walling on commercial projects. GSDs and LBMs possess specialized delivery equipment and sell primarily gypsum board and related products almost exclusively to larger commercial applicators and building developers. Both retail outlets, and GSDs and LBMs require that domestic suppliers carry sufficient inventory to supply their needs with limited order lead time as they do not typically stock considerable inventory themselves. Prompt service from manufacturers on a wide range of product types and sizes is therefore necessary for customer service expectations.

32. Most individual GSD and LBM companies arrange their purchase and supply of building materials through buying groups. Buying groups consist of groups of distributors of the same type, or of different types, coming together to be able to aggregate supply and negotiate lower prices from manufacturers of gypsum board, through their higher volume of purchases, and potential ability to support suppliers' brands and market positions. Buying Groups have existed as key

distributors for Canada for many years, and the number and diversity has increased in the last 10 years. As a general rule, delivery of gypsum board is made directly to the individual distributors, but billing and payment in respect of such deliveries is made by the buying group. Thus, in Canada, the buying groups provide suppliers with an aggregated sales party, one credit risk and a contracting party for what are usually annual sales contracts or programs.

33. Based on information available to CTG Canada, Subject Goods are sold into Canada through the same channels of distribution. That is, the Subject Goods are marketed and sold to the same retail, and GSD and LBM purchasers in Western Canada. U.S. exporters typically sell their Subject Goods to their related companies in Western Canada, who, in turn, distribute the Subject Goods throughout the region.

*(ii) Marketing*

34. CTG Canada, although not involved in making sales to end-users, does assist distributors in making their sales by providing technical support services, marketing assistance and through digital and other marketing communication. CTG Canada has developed and maintained a sizeable sales force across all provinces in Western Canada to support distributors, contractors and architects, and has national marketing and technical resources to support market development, create pull for distributors and provide technical support to all customers. As a Western Canadian manufacturer CTG Canada is committed to supporting the local Western Canadian market, to call upon distributors of all types and their customers, often acting in a customer service and support role.

35. The U.S. suppliers of board with no Canadian manufacturing presence do not provide, or only provide in a more limited way, such services and support to Canadian distributors. With less, and relatively limited, local commercial support resources, U.S. exporters of Subject Goods seek to acquire volume and market share principally by reducing prices materially lower than those of CTG Canada (as the only domestic producer in Western Canada). As discussed below with respect to the material injury and injurious price effects caused by the Subject Imports, CTG Canada lost market share and was forced to reduce prices and suppress price increases in Western Canada due to the injurious pricing of the dumped Subject Imports from the U.S. in order to stay competitive

*(iii) Pricing*

36. In Canada, including in Western Canada, the terms on which board products are sold to customers are fairly standard. There are typically volume rebates on purchases over specified thresholds or plateaus within a negotiated accounting period. There may also be off-invoice discounts that are not volume-based. These are described in more detail below. In special circumstances, competitive allowances may be given to designated customers or stores to meet temporary competitive pressures.

37. Typically, customer contracts in Canada are negotiated on an annual basis. These customer contracts typically provide for rebates which, when deducted, result in the “Net, Net, Net” (i.e. “Triple Net”) price, which is the level at which price comparisons should be made because this represents the true, bottom-line price to the customer. The starting point for these contract negotiations is the manufacturer’s gross list price. From there, volume plateaus are negotiated to incentivize the customer to make a larger volume commitment over the course of the year. The higher the volume commitment, the lower the initial price. Customer contracts then typically

provide for some or all of following rebates which, when deducted, result in the Triple Net price.

The availability of these rebates will vary by product category and product type:

- a. Face of Invoice Rebate (monthly rebate used to lower the cost to the dealer);
- b. Monthly Rebates (largest of all rebates, used to reduce the list price and carrying cost of product);
- c. Marketing Rebates (used to promote the product brand, or trial of product);
- d. Business Development Funds (monies directed to support the product & relationships of the business);
- e. Loyalty Rebate (funds used to reward share of business with a customer);
- f. Distribution Allowances (funds used for customers to offset shipping of products);
- g. Administrative Allowance (funds used for managing the paper trails of the business);
- h. Cash Discounts/Terms (incentives for securing of payments); or
- i. Contractor Usage Allowances (loyalty monies paid to an installer for using a manufacture's product).

38. All negotiated annual prices within Canada are also subject to "In-Year Pricing Adjustments." These "In-Year Pricing Adjustments" arise when CTG Canada's competitors provide further discounts over and above volume and off-invoice rebates, including in situations involving:

- a. competitors seeking to maximize capacity utilization by increasing sales volume and market share during the year;
- b. promotional pricing offered at customer Trade Shows or Industry Events to support bulk purchase of products;
- c. project pricing (i.e., a manufacture provides additional support for a specific project tender that requires increased investment to secure a job); or
- d. contractor support.

39. CTG negotiates annual price programs with customers with regional price variations, however these price programs may be adjusted from time to time. Sales invoices are normally per truck of product, on which there may be multiple SKUs. So the annual number of invoices are very numerous with many thousands generated over a year (see **CONFIDENTIAL Appendix 7** at para 11) given:

- the number of truck loads per year;
- the number of customers groups and then the large number of members and stores spread across multiple regions;
- the number of SKUs CTG Canada sells; and
- the number of deliveries to each customer per year.

40. Unless otherwise stated, prices presented in this Complaint have been presented as average net prices (i.e. net of delivery charges). Invoiced prices to CTG customers are invoiced at a delivered price (which included delivery charges). Most prices are presented as CAD per thousand square feet (“msf”); however, retail stores typically advertise their gypsum board in CAD per sheet (which is typically 4 ft by 8ft (or 32 ft squared); which translates approximately to 31.25 sheets per msf).

### 3. “Regional Market” under the *Special Import Measures Act*

41. This Complaint concerns the dumping of Subject Goods into Western Canada and the material injury caused by Subject Imports to the Western Canadian industry of Like Goods pursuant to SIMA. As elaborated below in detail, Western Canada meets the very particular requirements to be treated as a “regional market” within the meaning of subsection 2(1.1) of the SIMA. This is in part due to high freight costs associated with gypsum boards, which limit the extent to which gypsum board can be delivered outside of the region.

42. The Western Canadian market is also distinct because market conditions in Western Canada differ significantly from those in the rest of the country. First, CTG Canada is the only domestic producer located in Western Canada, whereas there are two additional major domestic producers in Eastern Canada: CGC and Cabot. Second, demand conditions differ in Western Canada, with demand for gypsum board in Western Canada, particularly in Alberta and to lesser degree in the prairies, forecast to drop precipitously in the wake of the collapse in oil prices. Third, as discussed below, the Western Canadian market has been particularly adversely impacted by a significant concentration of dumped Subject Goods. As elaborated below, consistent with the Agency’s and Tribunal’s prior determinations regarding regional markets, the Western Canadian market clearly constitutes a “regional market” under subsection 2(1.1) of the SIMA and there has been a concentration of imports of Subject Goods into the Western Canadian market.

#### A. Western Canada is a Regional Market under the *Special Import Measures Act*

43. The evidence provided in this Complaint establishes that, pursuant to section 2(1.1) of SIMA, Western Canada (i.e., BC, AB, SK, MB, YK and NT), is a regional market with a domestic

industry that is separate and distinct from the rest of Canada. For clarity, Nunavut has been excluded from the scope of this Complaint because CTG Canada does not ship any of its product directly to Nunavut.

(i) *All or Almost All Western Canadian Production of Gypsum Board is sold into Western Canada*

44. As discussed above, and as shown in the evidence provided in **CONFIDENTIAL Appendix 5**, CTG Canada is the only domestic producer of like goods in Western Canada. See also **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at para. 3. As such, CTG Canada's production in Western Canada constitutes the entire domestic industry capable of producing like goods in Western Canada. In this regard, the regional market table in **CONFIDENTIAL Appendix 8** shows that more than [ ]% of CTG Canada's Western Canadian production was consumed in Western Canada in each of the last three years from 2013 to 2015. These proportions [ ] the 80% threshold previously recognized by the Tribunal as meeting the "all or almost all" requirement for limited outflows leaving the regional market.<sup>2</sup>

(ii) *Western Canadian Demand is Not Substantially Supplied by Production Located Elsewhere in Canada*

45. The evidence provided in the regional market table in **CONFIDENTIAL Appendix 8** also establishes that, between 2013 and 2015, total Western Canadian demand for gypsum board was not to any substantial degree supplied by producers located elsewhere in Canada. Specifically, it is estimated that [ ]

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<sup>2</sup> *Whole Potatoes*, RR-2009-002 at para. 92.

] in 2013, 2014 and 2015, respectively. In terms of the [ ] in 2013, 2014 and 2015, respectively. Measured either way, these inflow proportions are [ ] the 11.5% inflow ratio previously found by the Tribunal to be “not substantial.”<sup>3</sup>

46. The demand for domestic production in Western Canada is, therefore, not supplied by production from elsewhere in Canada to any substantial degree.

47. Taken together, the above analysis demonstrates that Western Canada is a regional market for gypsum board within the meaning of section 2(1.1) of SIMA.

**B. Injury to the Western Canadian Domestic Industry**

48. The evidence provided with this Complaint also establishes that, pursuant to subsection 42(5) of SIMA: (i) there is a “concentration” of Subject Goods imports into Western Canada; and (ii) the dumped imports are causing and are threatening to cause injury to the sole domestic producer in the Western Canadian market.

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<sup>3</sup> *Solid Urea*, CIT-9-87 at 11. See also *Certain Malt Beverages*, CDA-1904-01 at 22, discussing the CIT’s determination in *Solid Urea*, “{w}hat this means is that shipments of solid urea from western Canada accounted for 11.5 percent of the total demand in the eastern Canadian market (i.e., domestic products plus imports), and were considered “not substantial” in relation to total demand.” As the NAFTA Panel in *Malt Beverages* made clear, the CIT’s finding in *Solid Urea* must be read carefully: only the inflow ratio that was calculated by removing subject imports from the denominator (which by definition was higher than the 11.5% found to be “not substantial”) was found to be “substantial”. This makes complete sense as it would be absurd to interpret “not to any substantial degree” more restrictively than the 20 percent outflow ratio recognized as still allowing the “all or almost all” requirement to be met. In any event, [ ] percent is [ ] 11.5 percent.

(i) *Concentration of Subject Imports into Western Canada*

49. The evidence demonstrates that, pursuant to subsection 42(5) of SIMA, there has been a “concentration” of Subject Imports into Western Canada over the course of the period relevant to this Complaint. Indeed, all three of the tests employed by the Agency and the Tribunal in prior cases to assess “concentration” pursuant to SIMA, namely the distribution test, the density test, and the ratio test, are satisfied by the data supporting this Complaint, as summarized below and shown in detail further below:

Tests	2013	2014	2015
Distribution Test	[REDACTED]		
Density Test			
Ratio Test			]

a) *Distribution Test*

50. The distribution of Subject Imports into Western Canada is high and has increased over the past three years. StatsCan data for Subject Goods are provided in **CONFIDENTIAL Appendix 4**.<sup>4</sup> Based on the StatsCan data and the best information available to CTG Canada, approximately [REDACTED] of Subject Goods were imported into Western Canada, while the total estimated imports of Subject Goods to Canada was [REDACTED] in 2013, 2014 and 2015, respectively. As such, the distribution of Subject Imports going into Western Canada was approximately [REDACTED]%, [REDACTED]% and [REDACTED]% in 2013, 2014 and 2015 respectively.<sup>5</sup> The Tribunal has previously found a concentration of imports into Western

<sup>4</sup> These values were converted from the MTK, i.e., square meter, provided by StatsCan using the standard conversion factor of 10.7639 square feet per 1 MTK.

<sup>5</sup> Based on the section 15 normal values as used in section 6 of the Complaint for the purpose of estimating the margin of dumping (**CONFIDENTIAL Appendix 14**) and the StatsCan data (**CONFIDENTIAL Appendix 4**), it

Canada when the distribution of imports into the region was only 35% of the total imports coming into Canada.<sup>6</sup>

*b) Density Test*

51. The Subject Import density (i.e., share of the Western Canadian regional market), in Western Canada is high and has increased over the last three years. Indeed, the regional market table in **CONFIDENTIAL Appendix 8** shows that Subject Imports have grown as a percentage of the total Western Canadian market, indicating that their share of the Western Canadian market increased between 2013 and 2015 from an estimated [ ]% in 2013, to [ ]% in 2014 and [ ]% in 2015. During the same period, the market share of Subject Imports in the Eastern market has been [ ] the share in Western Canada at [ ]% in 2013, [ ]% in 2014, and [ ]% in 2015. The Tribunal has previously recognized a concentration of imports even where the density test result was as low as 8%.<sup>7</sup>

*c) Ratio Test*

52. Western Canada's share of total Subject Imports is also disproportionately high compared to Western Canada's share of the total Canadian market.

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is estimated that all (i.e., 100 percent) of the Subject Imports coming into Canada as a whole have been dumped. Moreover, import data show that the average unit value of Subject Goods imported into Western Canada is significantly lower than the average unit value of Subject Goods imported into Eastern Canada (**CONFIDENTIAL Appendix 4**), further indicating that severely dumped Subject Imports have been concentrated into the Western Canada. Finally, as discussed at paragraph 109 below, CTG's financial performance on sales in Western Canada from domestic production, which [ ]

<sup>6</sup> *Certain Grain Corn*, NQ-2000-005 at para. 120.

<sup>7</sup> *Certain Beer*, NQ-91-002 at para. 39.

53. As discussed above with respect to the distribution test, Western Canada's share of total Subject Imports has increased from [ ]% in 2013 to [ ]% in 2014, before decreasing slightly to [ ]% in 2015. During the same period, Western Canada's share of the total Canadian market went from [ ]% in 2013 up to [ ]% in 2014, and then down to [ ]% in 2015. As such, the ratios between these two indicators were [ ] in 2013, [ ] in 2014, and [ ] in 2015. This means that, for example, in 2015, Western Canada received [

] it should be expected to receive if Subject Imports were distributed across the entire Canadian market in proportion to the size of the regional markets. Notably, the Tribunal has previously found that a concentration of imports when the ratio of import distribution to market distribution in the region was only 1.22.<sup>8</sup>

*(ii) Injury and Threat of Injury caused to the Sole Producer of Like Goods in Western Canada*

54. CTG Canada is the only producer of like goods in Western Canada. Accordingly, material injury to CTG Canada (discussed in detail below in section 8) constitutes injury to the domestic Western Canadian industry as a whole, and is directly caused by the Subject Imports as the market is essentially composed of only two sources of Subject Goods, those of CTG Canada and Subject Imports.

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<sup>8</sup> *Fresh Iceberg (Head) Lettuce*, NQ-92-001 at para. 66.

4. Single Class of Like Goods

55. CTG Canada's facilities located in Western Canada produce all goods within the scope of this Complaint. As such, and for the additional reasons listed below, there is a single class of like goods coterminous with the scope of Subject Goods:

- all or most types of the gypsum wallboard that are the subject of this Complaint are produced on the same machinery and by the same personnel;
- all or most boards are made of gypsum cores and paper facing that have substantially the same chemical composition, physical properties and appearance; and
- all or most types of gypsum wallboard are distributed and marketed the same way.

5. The Canadian Industry

56. As discussed above, CTG Canada is the only producer of like goods in Western Canada, with plants in Vancouver, BC, Calgary, AB, and Winnipeg, MB. See **CONFIDENTIAL Appendix 5**. As such, CTG Canada's Western Canadian production represents 100% of all like goods produced in Western Canada. Also as discussed, [ ] of CTG Canada's production in Western Canada is sold in Western Canada.

57. Aside from CTG Canada, three companies produce gypsum board in Eastern Canada. They are CGC, Cabot and Atlantic. However, it has been publicly announced that Atlantic and CGC entered into a strategic alliance whereby Atlantic's like goods are sold under the CGC brand. See **Public Appendix 9**.

58. CTG Canada understands that CGC, GP and CBP are the significant importers of Subject Goods into Western Canada. Notably, none of CGC, GP or CBP currently produces or produced any gypsum board in Western Canada between 2013 and 2015.

59. Canadian gypsum board market demand is driven by building construction. The main sectors of demand are as follows:

- New residential construction for single family houses and multi-unit residential buildings (e.g., townhouses, apartment and condominium towers). Approximately [ ] of the demand for gypsum boards is believed to be driven by this.
- Renovation and repair such as replacement of old interior walls and ceilings in buildings. Approximately [ ] of the demand for gypsum boards is believed to be driven by this.
- New commercial and institutional construction, such as construction for leisure, school, hospitals, etc. Approximately [ ] of the demand for gypsum boards is believed to be driven by this.

60. The 1/2 inch standard, or light-weight, tapered edge board four foot wide board, is the most common board type of board produced and sold in Canada, which CTG Canada estimates comprises approximately [ ] of the total Canadian paper-faced gypsum board produced and sold. The next most common board thickness is the 5/8 inch, which accounts for approximately [ ] of the Canadian market, and is used mainly for fire-resistant board and in commercial applications. All other thicknesses and types of board account for the remainder about [ ] of Canadian market for paper-faced gypsum board.

61. As noted, gypsum board is used for interior walls and ceilings, in commercial and residential construction, in both new and renovation applications. Gypsum has been used as a building material for centuries because of its remarkable fire-resistant properties. When processed into gypsum board, it provides durable, economical, non-combustible and easily decorated surfacing material for interior walls, ceilings and partitions. In fact, gypsum board is now the most widely used material for ceilings and interior walls of residential, commercial and institutional buildings in developed countries. Paper-covered gypsum board is well suited to the application for which it was designed, that is interior non-load bearing wall-construction.

62. In Canada, including in Western Canada, gypsum board is a relatively “mature product” in its development life with near 100% penetration of all potential markets in Canada. The end market use of gypsum board is divided into three categories, which have traditionally been segmented as follows: new residential, repair and renovation, and new non-residential construction. Gypsum board differs from other products used in Canada for wall and ceiling construction business such as plywood, hardboard, fiber board, or wood paneling, mostly because of its non-combustible core. While functionally gypsum board competes with these other wall or ceiling construction materials, these other products (such as wood paneling) are much more expensive and are less fire-resistant. These other producers therefore do not provide effective competition to gypsum board and their use is restricted to high-end, niche markets. Plastered walls also compete functionally with gypsum board, but plastered walls are likewise much more expensive. In CTG Canada’s estimation, not more than 2% of the interior wall and the concealed (as opposed to the tiled) ceiling construction business by value is represented by these other products.

63. In addition, the Tribunal has previously found in *Gypsum Board Originating in or Exported From the United States*, NQ-92-004, that gypsum board is a price-driven commodity product for purposes of injury assessment under SIMA:

*The Tribunal notes that gypsum board has the characteristics of a commodity product, in the sense that, within each product type, gypsum board is physically undifferentiated and virtually fully interchangeable between suppliers. This means that customers will have a marked tendency to switch from one supplier to another on the basis of price alone, even where price differences may be relatively small. It also means that, over time, the prices of all suppliers in the market tend to converge on the lowest priced offerings, where such offerings are backed by ample supply. Suppliers that fail to lower their prices run a risk of losing their market share.*

64. The main characteristics of the gypsum wallboard market in Canada have not changed since these 1992 findings, and can be summarized as follows:

- gypsum board is essentially a fungible commodity of homogeneous features as product needs to conform to American Society for Testing and Materials (“ASTM”) code requirements;
- the Canadian market demand for gypsum board is highly price inelastic, which means that the total quantity consumed in the market does not depend, to any important extent, on the product’s price, given the limited degree of substitutable products for interior walls and ceiling construction;
- Canadian gypsum board customers therefore purchase, and gypsum board manufacturers have to sell, principally on the basis of price; and
- price is therefore largely driven by competitive pressure in the market between competing manufacturers, and overall supply-demand tension in the market. CTG Canada seeks to obtain a price premium through supply service, customer marketing, market and technical support, quality, and to a smaller degree product range with certain differentiated products. However, for distribution customers especially, the main determinant by far is relative price levels negotiated through pricing programs which include initial price levels and rebate programs usually dependent on volume levels and possibly product mix, and other commercial objectives.

65. There are no known associations of producers of gypsum board in Canada. There is the Gypsum Association of producers in the U.S.

## 6. Dumping

66. There is overwhelming evidence demonstrating that the Subject Goods are being dumped into the Western Canadian market at very significant and injurious margins of dumping.

67. U.S. suppliers can ship gypsum board across multiple states, and currently into Canada, through railroads and long distant trucking. The contiguous land border, common ASTM product certification and testing standards, and sometimes [

] make Canada especially accessible to the U.S. manufacturers. As such, the

U.S. manufacturers would consider Canada to be an attractive location to dump additional marginal gypsum board volumes at injurious price to improve their U.S. plants utilization. For U.S. manufacturers with no Western Canadian manufacturing presence Canadian export sales can be seen as marginal and opportunistic. Although directly contrary to shareholders' interests of maximizing profitability, these export sales by the U.S. exporters can be strategically advantageous in order to:

- boost U.S. plant utilizations and therefore improve plant operational efficiencies. This is reported to have been stated by [REDACTED]; and
- injure and reduce pan North American producers' (such as CTG Canada) profitability in Canada, therefore impacting their ability to invest and compete as effectively in the U.S.

68. The long distances from one U.S. state with a manufacturing plant to another U.S. state naturally create conditions for the manufacturers to sell their products in those far away states at substantially lower prices, and produces a natural tendency and potential temptation for U.S. exporters to extend their supply radius and to engage in unfair trade practice of dumping externally into Canada. Given that Canada shares the same land mass and is similar to the U.S. in terms of building codes, gypsum board demand, and usage, some U.S. manufacturers see Western Canada as a ready sales opportunity and disregard price to secure incremental marginal sales.

69. There is also information available in the public domain demonstrating independently that CBP is selling at dumped pricing into Canada. Specifically, in the Quarter 3, 2015 FORM 8-K U.S. Securities and Exchange Commission ("SEC") filing dated November 4, 2015 (**Public**

**Appendix 11**), on page 10, CBP states its total North American gypsum board sales in mmsf, its average North American Mill net price, and its average Mill net price U.S. only. In the Quarter 3, 2015 FORM 10-Q SEC filing for the period ended September 30, 2015 (**Public Appendix 12**), on page 25, CBP states its export sales to Canada as a share of the total for the 3 months and 9 months ending at the end of September, which it gives as 8% and 9%, respectively. From these data their average FOB prices for Canada can be calculated, as shown in detail in **Public Appendix 13** and summarized below:

Account	2015 Q1	2015 Q2	2015 Q3	2015 Q1-Q3
North America Volume (mmsf)	469	567	567	1603
Canadian Export Sales Share	9.55%	9.55%	8.00%	9.00%
US Sales Share	90.45%	90.45%	92.00%	91.00%
Canadian Export Sales Volume (mmsf)	44.78	54.13	45.36	144.27
US Sales Volume (mmsf)	424.22	512.87	521.64	1458.73
Canadian Avg. Selling Price (USD/msf)	107.82	113.65	107.05	109.76
US Avg. Selling Price (USD/msf)	162.70	161.41	157.05	160.23
Total Avg. Selling Price (USD/msf)	157.46	156.85	153.05	155.68
Price Difference (USD/msf)	54.88	47.76	50.00	50.46
Price Difference as % of Canadian Price	50.91%	42.03%	46.71%	45.97%
Exchange Rate (CAD\$/USD\$)	1.24	1.23	1.31	1.26
Price Difference (CAD\$)	68.12	58.73	65.45	63.58

70. As shown in the table above, the total estimated dumping margin in the first 9 months of 2015 i.e., CBP's export price (Canadian avg. selling price) is lower than the company's normal value (US average selling price) by 46% or USD 50.47, equivalent to CAD \$63.59 at the average exchange rate of 1.26 over the same period (see **Public Appendix 15** for the exchange rates published by the Bank of Canada). In other words, the evidence of CBP public SEC filings indicates that they have been dumping at a margin of 46% for the first 9 months of 2015. CTG Canada does not have a split of CBP data between their East and Western Canada sales, and

products with width of 54 inches, but it is highly likely this level of dumping margin applies to their sales of Subject Goods in Western Canada.

71. As discussed in more detail below, the precise magnitude of estimated injurious dumping illustrated by these CBP data is entirely in line with the pricing of Subject Goods as a whole.

**A. Normal Values**

72. For the purpose of dumping analysis, the Complainant has determined normal values based on section 15 of the SIMA,<sup>9</sup> i.e., sales prices of gypsum boards in the U.S. market, as shown in **CONFIDENTIAL Appendix 14** and summarized in the table below.

Product		Normal Value (CAD\$/msf)
All	High	[ 2015 ]
	Low	2015
1/2"	High	2015
	Low	2015
5/8"	High	2015
	Low	2015 ]

73. Specifically, the Complainant has used average monthly U.S. sales prices, as well as monthly U.S. sales prices for the two benchmark products, i.e., standard board with thickness of

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<sup>9</sup> The Complainant has not conducted section 19 normal value determination because, based on the best information available to the Complainant, it appears that the U.S. exporters had a significant volume of profitable home market sales of gypsum boards in 2015. For example, see CBP’s third quarter report (10-Q) in **Public Appendix 12** at page 15 shows that the company made operating income of over \$23 million on its overall sales of wallboard during the first three quarters of 2015, during the same period in which the company also reported earning higher unit sales values in the U.S. market than the unit sales values of its total sales (see CBP’s 8-K at page 10 in **Public Appendix 11**).

In addition, to the extent that section 19 normal value determination is warranted because of U.S. home market sales at less than cost of goods under section 16 of the SIMA, the use of section 15 normal values would result in a conservative analysis as the cost plus normal value under section 19 would be higher than the section 15 normal values.

1/2” and type X board with thickness of 5/8”, realized by the Complainant’s sister company CTG US and reported in CTG US’s accounting system, which has produced and sold gypsum boards in the U.S. during 2015. The two benchmark products accounted for the [ ], i.e., [ ]%, of CTG Canada’s sales of Subject Goods in Western Canada from Western production in 2015, with sales of gypsum boards with thickness of 1/2 inches and 5/8 inches accounting for approximately [ ]% and [ ]% respectively.<sup>10</sup> In addition, in the U.S., like in Canada, sales prices are determined by market forces. As such, CTG US’s price represents the U.S. market price for the purpose of determining normal values under section 15 of SIMA. The estimated U.S. dollar normal values have been converted to Canadian dollars using Bank of Canada monthly average exchange rates provided at **Public Appendix 15**.

## **B. Export Price**

74. For the export price, the Complainant has used monthly average import unit value data from StatsCan for the imports of gypsum boards, i.e., tariff code 6809.11.00.10, originating from the U.S. and cleared in one of the Western Provinces (i.e., British Columbia, Alberta, Saskatchewan and Manitoba),<sup>11</sup> as shown in **CONFIDENTIAL Appendix 14** and summarized below.

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<sup>10</sup> In 2015, of the total sales from Western production of [ ], sales of gypsum boards with thickness of 1/2 inches accounted for [ ], while sales of gypsum board with thickness of 5/8 inches accounted for [ ].

<sup>11</sup> In Canadian tariff schedule, there is only one tariff code for gypsum wallboards and thus it is not possible to differentiate between the two benchmark products. See *Customs Tariff*, S.C. 1997, c. 36 at Schedule Chapter 68. However, given that separate normal values are calculated for the two benchmark products, the comparison of the export price based on total imports with each of the benchmark normal values results in a conservative low-end of the potential dumping margins (i.e., margin of dumping between the low normal value for standard boards with thickness of 1/2 inches and the undifferentiated export price). As shown in the Margin of Dumping section, even this low-end bottom of the possible range of dumping margins is [ ]%.

Product	Normal Value (CAD\$/msf)
High	[ ]
Low	[ ]

75. It is noted that the Canadian tariff codes do not distinguish gypsum boards by their widths, and, as such, gypsum boards with width of 54 inches cannot be separated out. Given that these products are significantly higher-priced premium products compared to standard products with width of 48 inches, using an undifferentiated average import unit value results in a conservative dumping analysis in that the export price for the margins of dumping calculation is likely overstated due to the inclusion of gypsum boards with width of 54 inches.

**C. Margin of Dumping**

76. Based on the analysis discussed above, and as shown in **CONFIDENTIAL Appendix 14**, and summarized below, Subject Goods have been dumped into the Western Canadian market on average by between \$[ ]/msf and \$[ ]/msf, or at margins of between [ ]% and [ ]%. In addition, standard boards in 1/2" thickness were dumped by between \$[ ]/msf and \$[ ]/msf, or at margins of between [ ]% and [ ]%, while the type X boards in 5/8" thickness were dumped by between \$[ ]/msf and \$[ ]/msf, or at margins of between [ ]% and [ ]%.

Product	Margin of Dumping (% of export price)	Margin of Dumping (CAD/msf)
All	[ ]	[ ]
1/2"	[ ]	[ ]

5/8''			
			1

**7. Subsidizing**

77. CTG Canada is not aware of any government subsidy for U.S. gypsum manufacturers.

**8. Injury and Threat of Injury to the Domestic Industry**

78. CTG Canada has suffered ongoing material injury caused directly by the Subject Imports both prior to and during the period of inquiry (“POI”, i.e. from 2013 to 2015). While CTG Canada has presented only injury data and evidence that pertains to the POI, CTG Canada strongly believes that it entered into 2013 in what was already a state of material injury as a result of the consistent and ongoing dumping of Subject Imports – and these injurious effects have continued to increase over the POI to the point that the *status quo* is simply not sustainable for CTG Canada, and threatens to become even more dire as demand in the Western Canadian market contracts.

79. Indeed, CTG Canada was already facing heavily dumped prices in 2013. Based on CTG US’s all board 2013 average US domestic selling price of [REDACTED] (at the Bank of Canada’s 2013 average FX rate of 1.03, see **Public Appendix 15**), it is estimated that Subject Imports were dumped at a margin of more than [REDACTED] when expressed as a percentage of the average 2013 export price derived from StatsCan data of CAD [REDACTED].<sup>12</sup> These heavily dumped prices significantly undercut CTG’s pricing, resulting in significant losses of sales volume and market share, as well as price depression and suppression. The unfairly traded prices have resulted in a distressing rate of market penetration both prior to the period (i.e., starting

<sup>12</sup> See **CONFIDENTIAL Appendix 4**.

already at [ ]% in 2013) and increasing through the POI (i.e., accumulating to [ ]% market share in 2015). To put this market share into context, the market share of U.S. imports in the 1992 Gypsum case, which were found to have caused material injury, hovered between [ ] 8 and 9 percent.

80. This overwhelming presence of unfairly priced goods in the Western Canadian market has had a dramatic impact on CTG Canada's net income. Prior to and continuing into 2013, CTG Canada [ ] at [ ]. While CTG Canada undertook certain actions discussed below and posted a [ ], the unfairly traded imports caused even further damage in 2015, with [ ]. None of these profit levels is [ ] the \$21.73/msf (or 18% of net sales value) that existed at the beginning of the period of investigation of the 1992 Gypsum case, and are [ ] (See **Public Appendix 32**). These profit levels are, however [ ].

81. This stark reality has had injurious effects on CTG Canada which have manifested themselves through CTG Canada's lost market share, lost sales volumes, reduced production, lower capacity utilization,<sup>13</sup> reduced employment, reduction in its ability to raise capital, lost

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<sup>13</sup> Unless specifically stated otherwise, the term "capacity" used in this Complaint means "practical capacity" as defined by the Tribunal in producer questionnaires, that is "the greatest level of output from the machinery and equipment used in the production of {product} that... plants can achieve on a continuous basis within the framework of a realistic work pattern.". The equivalent in industry parlance is "nameplate capacity."

profits reduction to its working capital and [ ]]. This already significant injury threatens to grow and weigh even heavier on CTG Canada and its operations into 2016 and 2017 as the Western Canadian housing market is forecasted to contract and [ ]].

82. As discussed above, gypsum board sold in Western Canada is a commodity product.<sup>14</sup> In particular, gypsum board is essentially fungible with homogeneous features. Gypsum board must conform to ASTM requirements, which apply across North America. In addition, Western Canadian market demand for gypsum board is very inelastic. As such, Western Canadian gypsum board customers purchase, and gypsum board manufacturers have to sell, principally on the basis of price.

83. In addition, gypsum board traditionally has a limited market delivery range because of high-unit weight and friability. As such, there are high movement costs and risk of friability associated with transportation of gypsum boards, which generally dictated that markets be supplied by the nearest producer.<sup>15</sup> However, the 2008 financial crisis and downturn in the U.S. construction market has brought fundamental changes in the North American gypsum board industry. Specifically, the U.S. industry has suffered from a substantial and prolonged downturn in demand following the precipitous fall in constructions led by the financial crisis in 2008. See **Declaration**

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<sup>14</sup> *Gypsum Board Originating in or Exported From the United States of America*, NQ-92-004 at page 9.

<sup>15</sup> *Ibid.*

of Matthew Walker, CONFIDENTIAL Appendix 7. The magnitude of lingering adverse effects of this historic downturn to the U.S. producers' production levels can be seen from the Gypsum Association report. See CONFIDENTIAL Appendix 27. These adverse effects in turn led the U.S. producers to aggressively target Canada, which is by far the number one export market for the U.S. exporters (see Public Appendix 28), and in particular the Western Canadian market. In this regard, the estimated margin of dumping of the Subject Goods from the U.S. in Western Canada is no less than [ ]% and as high as [ ]%.

84. The use of Canada as a dumping ground by U.S. producers has been particularly pronounced in Western Canada. As shown above in the context of the regional market analysis, the market share of the Subject Imports in Western Canada has grown year after year during the POI, from [ ] to [ ]. During the same time, the ratio of Subject Imports to Western Canada as a proportion of total Subject Imports to Canada has also grown from [ ] to [ ]. In comparison to the size of the Western Canadian market relative to the total Canadian market – which was never more than [ ]% between 2013 and 2015 – [ ] volumes of Subject Imports have been imported into the Western Canadian market. This has occurred at a time when the Western Canadian market demand for gypsum board has been [ ] to [ ]. See below, CONFIDENTIAL Appendix 8, and Declaration of Matthew Walker, CONFIDENTIAL Appendix 7 at paras. 13-14.

Account	2013	2014	2015
Apparent Western Market (mmsf)	[ ]	[ ]	[ ]
Subject Import Market Share	[ ]	[ ]	[ ]
Western Market Share of Total Canadian Market	[ ]	[ ]	[ ]
Subject Imports to the West as % of Total Imports from the US	[ ]	[ ]	[ ]

85. The material injury to the domestic industry in Western Canada caused by significant volumes of dumped Subject Goods is supported by substantial and positive evidence. As elaborated in the following sections:

- a. there has been a significant increase in the volume of dumped Subject Goods, both in absolute and relative terms, into Western Canada during the POI increasing by [ ] from 2013 to 2015, which represents a [ ]% increase in the Western market share held by Subject Imports;
- b. during the same time, CTG Canada's overall domestic sales from domestic production in Western Canada decreased by [ ] and its Western market share decreased by [ ]%, which are entirely attributable to the increased dumped and injurious Subject Imports;
- c. the dumped Subject Goods have significantly undercut the price of like goods by estimated margins of between [ ]% to [ ]% of CTG Canada's price;
- d. due to the significant underselling by dumped Subject Imports, CTG Canada was forced to reduce its prices by rescinding, reducing or delaying the newly announced prices, and offering price discounts;
- e. due to the significant price pressure by dumped Subject Imports, CTG Canada was unable to reflect the changes of its costs in its pricing;

- f. the increasing volume of significantly dumped Subject Goods at an injuriously low price level has had a materially adverse impact on the financial and operational performance of the domestic industry in Western Canada.

**A. Significant Increase in the Volume of Dumped Subject Imports**

86. As shown in **CONFIDENTIAL Appendix 8**, the total volume of Subject Imports into the Western Canadian market increased by approximately 11% between 2013 and 2014, from [ ] in 2013 to [ ] in 2014, before decreasing by a small margin to [ ] in 2015. Over the entire period 2013-2015, the volume of Subject Imports increased by more than [ ].

87. During the same time period, there were [ ] CTG Canada of [ ].<sup>16</sup> Disregarding these [ ], Subject Imports grew from [ ] in 2013 to [ ] in 2014, before decreasing slightly to [ ] in 2015. This represents a significant increase of import volume of [ ], an increase of nearly 13% from 2013 to 2015.

88. Most importantly, as shown in **CONFIDENTIAL Appendix 8**, the Subject Imports started the period with an already [ ] share of the Western Canada market, but U.S. exporters of Subject Goods have used their aggressive dumping practices to earn what has now become a [ ] share of a domestic market in which CTG Canada is the only domestic producer. In other words, Subject Imports' market share grew by nearly [ ]

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<sup>16</sup> CTG Canada's [ ] and the Declaration of Matt Walker **CONFIDENTIAL Appendix 7**, at para. 13, CTG Canada has [ ] of the injurious dumped Subject Imports. That

[ ]. The Subject Imports' current [ ] is clear evidence of the ongoing and losing battle that CTG Canada has been fighting for more than the past three years and [ ] to the 8-9 market share levels that existed for subject imports from the U.S. in 1992. Finally, as a percentage of Western Canadian domestic production, Subject Imports also grew significantly and steadily from [ ]].

Account	2013	2014	2015	Δ 2013 to 2015
Subject Import Volume (mmsf)	[ ]			
Subject Import Market Share in Western Canada				
Subject Imports Ratio to Western Canadian Domestic Production				]

\* Change of market share from 2013 to 2015 as a percentage of market share in 2013.

**B. Injurious Price Effects**

*(i) Price Undercutting in Western Canada*

89. A comparison between the StatsCan data and CTG Canada's average unit selling price in Western Canada from production in the region shows very significant undercutting by Subject Imports. As shown below, Subject Imports have undercut CTG Canada's average unit selling price in the Western Canadian market from Western Canadian production by between [ ]% to [ ]% of CTG Canada's pricing during the POI.

Account (Prices in CAD\$/msf)	2013	2014	2015
CTG Canada's delivered unit sales price for Western sales from Western production (A)	[ ]		
Average unit value for Subject Imports* (B)			
Underselling (assuming AUV is delivered) (C=B-A)			
Underselling as % of CTG Canada's price (C/A)			

Underselling (assuming AUV is not delivered) (D=C-\$25)**			
Underselling as % of CTG Canada's price (D/A)			

\* To be conservative, the import AUV is based on total imports of gypsum boards (i.e., HS code 6809.11.00.10) cleared in the West, which would include products with 54" in width (see **CONFIDENTIAL Appendix 4**). This is conservative because products with 54" in width are premium products that are sold at higher average unit selling price than the standard 48 inch width products.

\*\* For the purpose of this analysis, freight cost from the U.S. to Canadian customers of \$25/mmsf was assumed. See **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at para 21.

90. The macro level data showing significant price undercutting by Subject Imports are consistent with and confirmed by repeated feedback CTG Canada has received from its customers.

Specifically, [REDACTED].<sup>17</sup>

Likewise, [REDACTED].<sup>18</sup> As discussed above, CTG Canada is the only producer in Western Canada and the only other meaningful source of gypsum board in the region is the Subject Goods from the U.S.

91. More concerning is the fact that the injurious price effects of dumping appear to have become more acute throughout the POI. In this regard, [REDACTED]. See **CONFIDENTIAL Appendices 18 and 7, and CONFIDENTIAL Attachment E.**

<sup>17</sup> **CONFIDENTIAL Appendix 7** at paras. 45-46 and Attachment E  
<sup>18</sup> **CONFIDENTIAL Appendix 7** at paras. 36-38 and Attachments A – C.

(ii) *Material Price Suppression and Depression over the POI*

92. In order to remain competitive in Western Canada in the face of significant and growing volumes of dumped Subject Goods, CTG Canada has been forced to match dumped prices or risk losing market share. CTG Canada's failed attempts to raise its prices are summarized in the table below. CTG Canada was forced to forego price increases sought to offset cost inflation and [REDACTED] (see CONFIDENTIAL Appendix 19):

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED].



]. See, e.g., **Declaration of Matthew Walker, CONFIDENTIAL**

**Appendix 7 at Section VII.**

95. During 2015, [REDACTED]. See **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at paras. 48-

59.

96. Moreover, [REDACTED]. See **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at

para. 67. In particular, [REDACTED]

].

97. These circumstances, as well as customer-specific instances of CTG Canada having no choice but to reduce its prices in the face of unfairly traded, low-priced subject imports described in the declaration of Matt Walker (See **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7**) are directly reflected in the steady downward average delivered sales values observed by CTG Canada in Western Canada during the last three quarters of 2015. [

]. With Subject Imports now accounting for [ ], these adverse price effects only promise to worsen in 2016.

	1/2" Standard	5/8 Fire Type X	All Board Average
[			
			]

98. In summary, between [ ], CTG Canada announced to customers price increases in Canada of [ ] but [ ].

Finally, during the second half of 2015, CTG Canada has experienced significant price depression and price suppression.

99. The case of [

[REDACTED]

Walker, CONFIDENTIAL Appendix 7 at paras. 64-66.

100. In addition, the U.S. exporters of the Subject Goods into Canada have [REDACTED]. See

Declaration of Matthew Walker, CONFIDENTIAL Appendix 7 at paras. 62-63. Other than in

[REDACTED]

[REDACTED]. However, CTG Canada was [REDACTED]. In this regard, based on CTG Canada's calculations, CTG Canada has suffered [REDACTED]. See **CONFIDENTIAL Appendices 18 and 24.**

101. For these reasons, the Subject Goods have depressed the price of like goods in Western Canada.

102. One of the most significant adverse effects of the significant underselling margin between the prices of Subject Imports and domestic like goods in Western Canada has been that CTG Canada has quite simply been unable to increase its prices to reflect [REDACTED]. The [REDACTED]. See **CONFIDENTIAL Appendix 25.**

103. As discussed in detail above, due to these [REDACTED] pressures, CTG Canada announced price increases to its Canadian customers to [REDACTED]. CTG Canada tried to pass on these [REDACTED] in Canada but to no avail because Subject Imports continued to undersell CTG Canada. Specifically, on a delivered basis CTG Canada's average unit selling price in Western Canada from Western Canadian production [REDACTED] from [REDACTED]/msf in 2013 to [REDACTED]/msf in 2015 (see **CONFIDENTIAL Appendix 25**), while the

Subject Import AUV increased by [ ] \$14 per msf from \$99/msf in 2013 to \$113/msf in 2015 (see **CONFIDENTIAL Appendix 4**). Between 2013 and 2015, CTG Canada's [

]. See **CONFIDENTIAL Appendix 25**.

104. As such, the relentless flow of unfairly traded Subject imports into Western Canada has caused critical price suppression to CTG Canada's Western production.

**C. Impact on Domestic Western Canadian Industry**

105. As a result of the significant and growing volume of dumped Subject Goods, CTG Canada's Western production has been materially injured, including in the form of deteriorating financial and operational performance in Western Canada. In addition to the indicators of injury discussed below, it is noteworthy that CTG Canada's [

] after facing sustained pricing pressures prior to 2013 and suffered further significant injury throughout the period. Specifically, CTG Canada earned [

] net unit income in 2013, but this [

].

*(i) Lost Market Share in Western Canada*

106. In the face of Subject Imports, which are estimated to have been dumped by as much as [ ]% as discussed in section 6 above, CTG Canada first tried to maintain its profitability on its Western Canadian sales in 2014. By doing so, however, the market share of CTG Canada's

Western Canada sales from Western production decreased [ ] percentage points (from [ ] or [ ] of the apparent Western Canadian market in 2013 to [ ] or [ ] of the apparent Western Canadian market in 2014. CTG Canada’s market share was lost to Subject Imports, which increased by [ ] over the same period. This was a [ ] loss of market share for CTG Canada. In fact, at a variable gross margin of approximately [ ], these [ ] mmsf represented lost revenues of more than [ ]. In 2013, CTG Canada’s market share in Western Canada was [ ] the market share commanded by Subject Imports, but Subject Imports moved to supply the Western Canadian market with a [ ] market share by 2014.

107. In response to the loss of [ ] market share, as elaborated above, CTG Canada [ ]. As a result, the rate of decline of CTG Canada’s market share [ ], decreasing by [ ], all of which was lost to Subject Imports, whose market share increased by [ ] percentage points from [ ] in 2014 to [ ] in 2015.

Market Share (%)	2013	2014	2015
CTG Canada Western Sales from Western Production	[ ]	[ ]	[ ]
<i>Change</i>	[ ]	[ ]	[ ]
Subject Imports	[ ]	[ ]	[ ]
<i>Change</i>	[ ]	[ ]	[ ]

\* The [ ]

(ii) *Reduced Western Canadian Sales, Production and Capacity Utilization*

108. From 2013 to 2015, CTG Canada saw a reduction in its Western Canadian sales, which dropped from [ ] in 2013 to [ ] in 2015. See **CONFIDENTIAL Appendix 8**

and **CONFIDENTIAL Appendix 25**. This [ ] overall reduction in CTG Canada's sales volumes occurred at the same time as CTG Canada's net pricing [ ]. CTG

Canada's account specific allegations provide granularity to these macro Western Canadian losses and are discussed in more detail below and in the **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7**.

109. Moreover, CTG Canada's domestic sales volumes must be viewed in connection with its [ ] over the period. CTG Canada [ ]. However, even though CTG Canada [ ]

110. CTG Canada's Western Canadian production has also decreased over the period. CTG Canada's overall Western Canadian production decreased from [ ] in 2013 to [ ] in 2014, and then down again to [ ] in 2015. In other words, from 2013 to 2015, CTG Canada's production in the West decreased by over [ ], or [ ].

111. Similarly, CTG Canada's capacity utilization rate, which sat at [ ]% in 2013, was reduced further to [ ]% in 2015 (See **CONFIDENTIAL Appendix 25**). Given that [ ] of CTG Canada's Western production was sold in the Western Canadian market, the loss in CTG Canada's Western production translated almost [ ] into a loss of CTG Canada's Western sales from Western production.

Account	2013	2014	2015
CTG Canada Western Production (in mmsf)	[		
CTG Canada Western Sales from Western Production (in mmsf)			
CTG Canada Western Capacity Utilization Rate (%)			]

112. At the plant-specific level, capacity utilization rate [ ] of CTG’s Canada plants operating in Western Canada [ ]. The Winnipeg plant [ ]. The Calgary plant [ ]. (See **CONFIDENTIAL Appendix 25**).

**CTG Canada Western Capacity Utilization Rate (%) by Plant**

CTG Canada’s Gypsum Plants	2013	2014	2015
Winnipeg	[		
Calgary			
Vancouver			]

*(iii) Employment*

113. From 2013 to 2015, CTG Canada was forced to lay off [ ] and an additional [ ]. Moreover, CTG Canada has cancelled a further [ ] that it expected to complete in 2015 and January 2016 as a result of declining profitability in Canada.

114. Please note that the employment data provided in **CONFIDENTIAL Appendix 26** do not necessarily reflect exactly the employment reductions we have alleged because CTG Canada’s employment numbers vary both month to month and year to year based on (1) vacancies in the



(v) *Lost Profits*

117. CTG Canada was only able to slow the market penetration of Subject Imports at an expense of profitability. Specifically, CTG Canada's gross margin decreased from [ ] in 2014 to [ ] in 2015, falling to its [ ] as a percentage of net sales during the POI.<sup>19</sup> More critically, CTG Canada's net margin was [ ] in 2015, dropping from more than [ ] in 2014 to [ ] in 2015. By contrast, [ ]. See **CONFIDENTIAL Appendix 25**.

118. The situation in Western Canada for CTG Canada is extremely serious. In this regard, if the onslaught of the dumped Subject Imports continues and CTG Canada is forced to make a massive loss and lose sales, CTG Canada will [ ], and the ability to have a remedy against dumped U.S. Subject Goods. See **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at para. 19.

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<sup>19</sup> The 2015 gross margin rate is once again [ ] the percentage rates that was reported by the Tribunal in 1989 and 1990 and [ ].

(vi) *Adverse Effects on CTG Canada's Working Capital*

119. As discussed above and in **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at paras. 67-69, CTG Canada understands that [

[REDACTED]

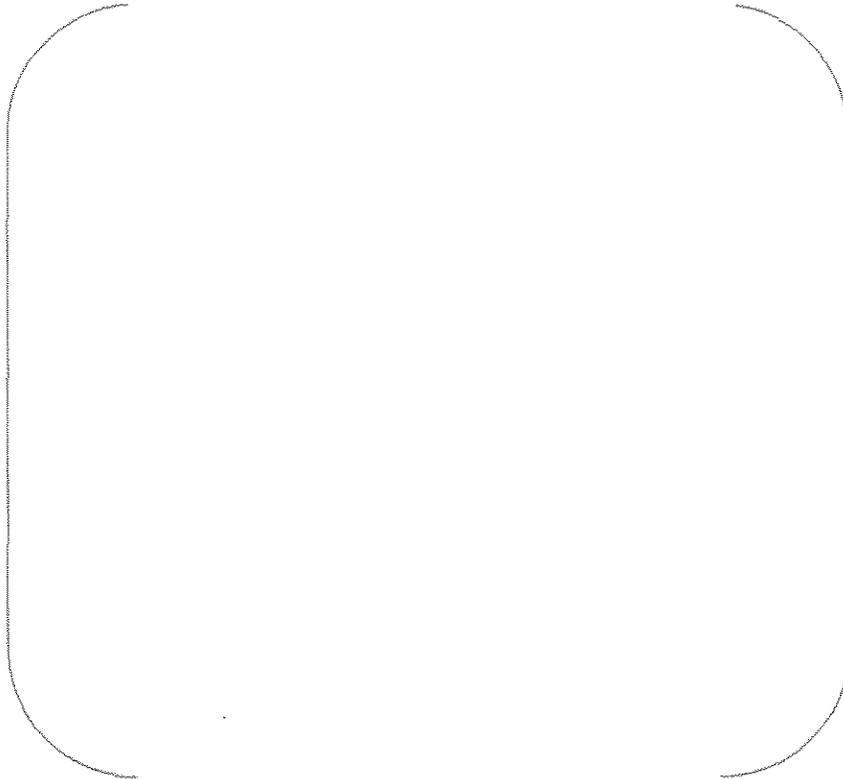
120. CTG Canada has [REDACTED]. In 2016 due to the high pressure from customers for CTG Canada to match its competitors' prices or lose sales, CTG Canada has been [REDACTED]. This has had a significant impact on cash flow and working capital for CTG Canada. The injury to CTG Canada's working capital and cash flow [REDACTED] in Western Canada.

**9. Causation**

**A. Correlation of Market Share Trends**

121. As discussed in detail above, the Western Canadian market for gypsum board is essentially a two-dimensional market, where there are only two major sources of supply, CTG Canada and Subject Imports from CTG Canada's competitors in the U.S. As such, CTG Canada's loss of

market share is gain for Subject Imports from CTG Canada's competitors, and vice versa. In such a market, increased volume of Subject Imports at dumped and injurious price has a direct result of causing reduction of CTG Canada's sales and market share, as shown below.



**B. “But For” Analysis**

122. The direct causal link between the dumped Subject Imports and material injury suffered by CTG Canada in its Western Canadian production is also evident through an analysis of what CTG Canada's financial position would have been in 2015 but for injurious dumping by U.S. exporters using conservative assumptions with respect to the price and volume effects attributable to the Subject Imports. As shown below, assuming that CTG Canada managed to obtain a mere [ ], which is only one of many failed price increase attempts made by CTG Canada between April 2014 and August 2015 as discussed in section 8 above (which represents an extremely conservative

measure of price effects given the very significant margins of dumping and margins of underselling evidenced in this Complaint), CTG Canada's per unit sales value would have increased by \$[ ]/msf, which would have represented incremental revenue of [ ] on total domestic sales of [ ]. This would have lifted CTG Canada's total net domestic sales value over \$[ ]. At this price level, CTG Canada would have earned a [ ].

123. As to volume effects, as shown below, if CTG Canada was able to maintain its market share of [ ]% in 2013, it would have resulted in additional sales of [ ] mmsf for a total sales volume of [ ] mmsf in 2015. At CTG Canada's variable gross margin of [ ], this additional [ ] mmsf would result in additional gross margin of [ ]. At this increased sales level, [ ]. As such, CTG Canada would have earned a [ ].

124. When both the injurious volume and price effects based on extremely conservative assumptions are taken into account in terms of price and sales volume in Western Canada which CTG Canada would have been able to achieve absent of dumping, CTG Canada would have earned over [ ] in sales, [ ] in gross margin, and a healthy net income of over [ ].

### C. Account Specific Lost Sales and Lost Revenue Allegations

125. CTG Canada has provided account-specific allegations, detailing evidence of material injury through lost sales, price suppression and price depression. See **Declaration of Matthew Walker, CONFIDENTIAL Appendix 7** at Sections VII and VIII. This information serves to corroborate the correlational market share evidence and relative average price information discussed above by providing direct examples of the commercial impact to CTG Canada by the dumped Subject Goods at an account-specific level.

126. Notably, these account-specific allegations demonstrate that CTG Canada has suffered material injury and will continue to suffer material injury if antidumping duties are not put into place. CTG Canada has suffered the loss of market share, sales volumes and critical orders. At the same time, CTG Canada has been forced to reduce its prices and refrain from increasing its prices [ ] to defend its weakening market share. As demonstrated by several of the account-specific allegations, CTG Canada has found itself in the unenviable position of having to decide between (1) competing with the Subject Goods at prices that prevent it from fully

recovering its operating costs or (2) foregoing the business-critical volumes associated with those sales.

127. Taken together, these account-specific allegations indicate that CTG Canada has lost approximately [ ] to unfairly priced imports from 2013 to 2015, and has suffered total revenue losses of approximately [ ]. Although CTG Canada managed to recover some of these losses elsewhere in Western Canada by implementing targeted responses to the unfairly traded imports (as described in Section V of **CONFIDENTIAL Appendix 7**), these losses overwhelmed CTG Canada's efforts and resulted in a [ ] for 2015.

#### **10. Threat of Injury**

128. The dumping of Subject Goods from the U.S. into Western Canada also poses an imminent and foreseeable threat of injury to the domestic industry over the next 12 to 18 months. The Complainant submits that the threat of injury analysis is most appropriately conducted over a 12 to 18-month period because purchases of gypsum board are ordinarily made on very short lead times. The imminent and foreseeable threat of injury is evidenced by the following factors:

- the likelihood that the significant increase in the volume of Subject Imports into Western Canada, and the corresponding reduction of domestic market share, will continue;
- the excess practical capacity in the U.S. is massive compared to the Western Canadian market, and the magnitude and extent of such excess capacity demonstrate a likelihood of a substantial increases in imports of the Subject Goods into Western Canada;
- Western Canada is in no position to absorb any increase in dumped Subject Goods because Western Canadian demand for gypsum board is forecast to decrease considerably in 2016 and 2017;
- the increased imports are entering Western Canada at such low prices that significant price undercutting is likely to continue, which will deepen the price depression and

suppression suffered by the domestic industry and increase the demand for Subject Goods in Western Canada;

- the presence of dumped Subject Goods in the Western Canadian market has, and will continue, to prevent CTG Canada from increasing its domestic production, despite the company's efforts to [REDACTED];
- CTG Canada is vulnerable to continued injury from unfairly traded imports;
- [REDACTED]; and
- the significant magnitude of dumping supports the likelihood that imports of Subject Goods are likely to increase and gain market share in Western Canada.

#### A. Significant Rate of Increase of Dumped Goods

130. The total Western Canadian consumption of gypsum board [REDACTED] from [REDACTED] in 2013 to [REDACTED] in 2015.<sup>20</sup> However, over the same period, imports of Subject Goods, other than [REDACTED], increased significantly in absolute terms, despite the appreciation of the U.S. dollar against the Canadian dollar, by almost [REDACTED] percent from [REDACTED].<sup>21</sup> As also discussed above, this represents a market share increase of [REDACTED]%, from [REDACTED]% in 2013 to [REDACTED]% in 2015.<sup>22</sup>

131. This rate of increase indicates a likelihood of a continued increase of imports into Western Canada of dumped gypsum wallboard. Given that the Western Canada market is shrinking, as discussed below, the steady and material increase of subject imports in both absolute and relative terms is particularly troubling and indicative of an imminent threat of injury.

<sup>20</sup> CONFIDENTIAL Appendix 8.

<sup>21</sup> *Ibid.*

<sup>22</sup> *Ibid.*

**B. Excess Capacity in the United States is Massive Relative to the Size of the Western Canadian Market**

132. According to the Gypsum Association, in 2015, capacity utilization in the United States for the Subject Goods was [ ] percent of its total capacity of [ ] billion sf. See **CONFIDENTIAL Appendix 27**. Therefore, there was approximately [ ] billion sf of unused U.S. gypsum board practical capacity in 2015.<sup>23</sup> This represents more than [ ] times the total Western Canada apparent market of [ ] in 2015.<sup>24</sup> CTG Canada is not aware of any publicly available information concerning changes in the U.S. capacity, and in particular the situation of excess capacity, which took place during the last three years or are planned for the future. CTG Canada therefore expects the U.S. total production capacity to remain at similar levels into 2016 and 2017.

133. The availability of this excess capacity in the U.S. that is [ ] of the Western Canadian market alone indicates a high probability of a substantial increase of dumped goods into Western Canada; however this likelihood is made even more certain for the following five reasons:

- a. First, Canada is by far the number one destination for U.S. exports of gypsum board. **Public Appendix 28** shows that Canada accounted for more than 90% of the total U.S. exports by volume in each of the last three years and in fact appears

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<sup>23</sup> See **CONFIDENTIAL Appendix 27**. In fact, total capacity utilization has remained in the 60 percent range from 2013 to 2015.

<sup>24</sup> **CONFIDENTIAL Appendix 8**.

to be increasing slightly in 2016 from 91.4% to 93.7%, based on year-to-date comparisons between 2015 and 2016.

- b. Second, Western Canada receives a disproportionate share of those significant U.S. exports. Indeed, Western Canada has consistently received about [ ]% of the total Canadian imports of U.S. gypsum board but accounted for only about [ ]% of the total Canadian apparent market for gypsum board between 2013 and 2015. Moreover, U.S. manufacturers have demonstrated a propensity to focus their exports of excess volume into the Western Canadian market. CTG Canada believes that this is because some U.S. exporters do not have established presence in the Western market (e.g., CGC has no production in Western Canada, whereas it has production in Eastern Canada) and as confirmed by markedly higher relative volume of U.S. imports at lower AUVs into the West (see **CONFIDENTIAL Appendices 4 and 8**);
- c. Third, CTG Canada has been made aware by its customers that [ ] (see **CONFIDENTIAL Appendix 10**);
- d. Fourth, Canadian imports of gypsum board from other countries into Western Canada account for less than 1 mmsf;<sup>25</sup> and

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<sup>25</sup> **CONFIDENTIAL Appendix 4.**

e. Fifth and finally, U.S. exports of gypsum board into Western Canada have increased over the last three years (from [ ])<sup>26</sup> despite the fact that the domestic U.S. demand for gypsum board has recovered from [ ] bsf to [ ] bsf<sup>27</sup> over the same period and the fact that the Canadian dollar has depreciated significantly beginning in 2014.<sup>28</sup> U.S. exporters are therefore expected to continue their dumping practices into Western Canada regardless of a forecasted gradual recovery in the U.S. housing market, if any.

134. For all of these reasons, it is likely that the excess practical capacity in the U.S. industry that is simply massive in comparison to the Western Canadian market will result in excess production being sent into Western Canada. The excess capacity will permit U.S. manufacturers to flood the Western Canadian market with dumped gypsum boards several times over.

**C. Western Canada Cannot Absorb any Increase in Dumped Imports**

135. The apparent Western Canadian market for gypsum board is expected to shrink over the next 12 to 18 months, as evidenced by the current decrease in the number of housing starts and housing completions. Western Canadian housing completions are predicted to see a total decline of approximately 13% between 2015 and 2017. The Western Canadian gypsum market will likely see a similar decline in demand over the same period because housing completion forecasts are the most accurate predictor of the trends in gypsum board demand in Canada.

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<sup>26</sup> CONFIDENTIAL Appendix 8.

<sup>27</sup> CONFIDENTIAL Appendix 27.

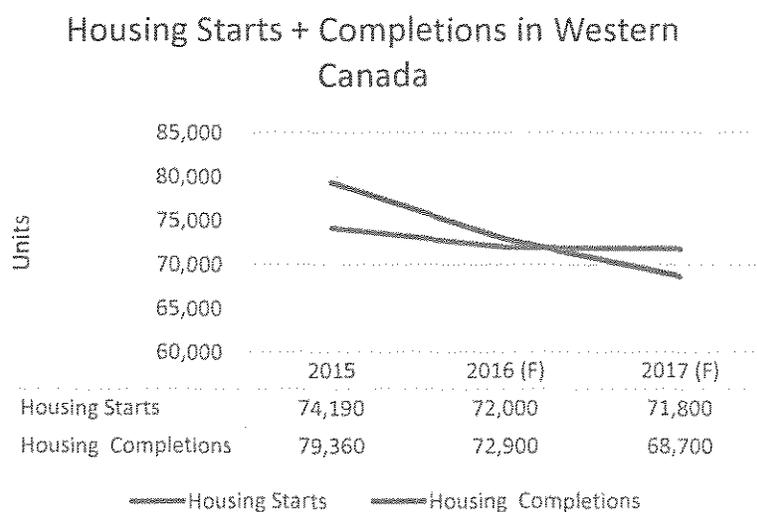
<sup>28</sup> Public Appendix 15.

Housing Completions in Western Canada				
	Man/Sask.	Alberta	BC	West Ca.
2013	14,746	33,008	26,372	74,126
2014	14,666	35,574	26,115	76,355
2015	12,692	40,065	26,605	79,362
2016	10,800	29,800	32,300	72,900
2017	11,375	26,625	30,700	68,700

Source: Public Appendices 29 and 30, CMCH (historical) and Altus Group Economic Consulting Forecasts

136. Indeed, as shown in **Public Appendix 29**, in the first quarter of 2016, the number of housing completions in Western Canada, particularly in Alberta, is expected to “fall off a cliff”. It is expected that there will be a 20% drop, starting from around 20,500 units in Q4 2015 and dropping to around 16,150 units in Q1 2016. In particular, as a result of the significant reduction in the price of oil since late 2014, Alberta’s economy is expected to fall particularly hard in Q1 2016,<sup>29</sup> with a drop in forecasted housing completions of nearly 34%, from 9,912 units in Q4 2015 to 6,475 units in Q1 2016.

### Housing Starts and Housing Completions Trends in 2016 and 2017



<sup>29</sup> Public Appendix 16.

137. This negative trend is corroborated by the housing starts data provided in **Public Appendix 30**, which show that the number of housing starts in the Prairies (i.e., Manitoba, Saskatchewan, and Alberta) for January 2016 was at an all-time low of approximately 2,440 units.<sup>30</sup>

138. In January 2016, the total number of housing starts in Canada West was around 15,210 units, the lowest it has been since February 2013. Notably, in the second quarter of 2015, there was a significant drop of over 6% in housing starts in Western Canada, starting from around 19,600 units in Q1 2015 and dropping to 18,370 units in Q2 2015.<sup>31</sup> Despite moderate growth in British Columbia, Alberta experienced a near 25% drop in housing starts over that single quarter, undoubtedly caused by the economic downturn that hit the province hard towards the end of 2014.<sup>32</sup>

139. CTG Canada is particularly vulnerable given that the total apparent market for gypsum board over the next 12 to 18 months will shrink significantly in Western Canada, and the massive and growing volumes of dumped Subject Goods from the U.S. Without the ability to compete with unfairly traded Subject Imports on a fair and level playing field, the potential injury to CTG is likely to be extremely severe.

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<sup>30</sup> The Complainant reviewed data going back to January 2013.

<sup>31</sup> See **Public Appendix 30**. Units are represented by the following method: Seasonally Adjusted at Annual Rate (SAAR) – “the result of adjusting monthly or quarterly statistics to provide an indication of the annual total which would be achieved if activity in all other months or quarters were at the same level of performance relative to past seasonal patterns”.

<sup>32</sup> **Public Appendix 30**.

**D. Likely Impact of the Pricing of Subject Goods in Western Canada**

140. Subject Goods are entering Western Canada at prices that have had a significant depressing and suppressing effect on the price of CTG Canada's like goods. Moreover these unfairly low prices are likely to increase demand for further imports of Subject Goods over the next 12 to 18 months.

141. Between 2013 and 2015, CTG Canada lost about [ ] in revenue due to unfairly priced Subject Goods.<sup>33</sup> Moreover, the dumped Subject Goods have undersold CTG Canada in Western Canada at estimated margins varying between [ ] as shown in section 8(i) above. Between 2013 and 2015, Subject Imports undercut CTG Canada's delivered sales price by anywhere between an estimated [ ]% and [ ]%. There is no reason to believe that significant price undercutting will not persist – or even worsen over the next 12 to 18 months as the market declines.

142. As noted in section 8 above and in **CONFIDENTIAL Appendix 7**, the Subject Goods have already had a significant depressing and suppressing effect on the prices of like goods in Western Canada. Given the fact that import volumes and the margins of undercutting are increasing, it is likely that these price effects will continue to impact domestic prices over the next 12 to 18 months. As discussed above, CTG Canada has experienced material price suppression over the 2013 to 2015 period as well as price depression, particularly in the latter part of 2015.

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<sup>33</sup> **CONFIDENTIAL Appendix 7** at Sections VII and VIII.

143. Given the predominance of price as the decisive factor in purchasing decisions for gypsum board in Western Canada and given the overwhelming evidence that the significant growth of market share by U.S. exporters has been propelled by very large margins of dumping and underselling (which have led to price suppression and depression to CTG Canada), the only reasonable conclusion that can be drawn is that these price effects will only worsen as demand declines in the Western Canadian market and purchasers of gypsum board become even more sensitive to costs.

**E. CTG Canada has been and Will be Unable to Increase Western Canadian Production, Despite [ ]**

144. As indicated in **CONFIDENTIAL Appendix 7**, CTG Canada is particularly proud of serving the Western Canadian market with regionally produced gypsum board. During the 2007 sub-prime crisis, CTG Canada maintained all six of its Canadian gypsum producing plants, despite strong market pressures to do otherwise (i.e., GP has closed down all three of its Canadian plants, and now just imports Subject Goods into Western Canada).<sup>34</sup> As the only domestic producer in Western Canada, CTG Canada has sought to [ ]. These [ ].<sup>35</sup> However, dumped Subject Goods coming into the region have limited, and will continue to limit, the success of CTG Canada's [ ]. The increasing import volumes, their increasing margin of undercutting and CTG Canada's failure to replace sales from its own U.S. imports with sales from

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<sup>34</sup> Public Appendix 6.

<sup>35</sup> CONFIDENTIAL Appendix 8.

its Western Canadian production indicate that it will likely continue to be unsuccessful in [ ] which will, ultimately, threaten the business viability of the only domestic producer of like goods in Western Canada.

**F. CTG Canada's Vulnerability to Injury**

145. CTG Canada's current precarious financial health will remain at risk in 2016 and is likely to worsen in 2017 if dumped U.S. imports are allowed to continue to enter into Western Canada at unfair prices. As noted above, CTG Canada [ ] as a direct result of the increased imports from the U.S. See **CONFIDENTIAL Appendix 8.**

146. Given the expected decline in the Western Canadian gypsum board market in 2016 and 2017, customers are likely to look to reduce inventory costs by sourcing low priced gypsum board, which will allow the unfairly traded U.S. board to cause even greater injury to CTG Canada, [ ].

**G. [ ]**

147. [ ]

].

148. [REDACTED]

**H. The Magnitude of the Margin of Dumping**

149. As set out above in Section 6, exporters of Subject Goods have resorted to substantial dumping margins in order to secure orders for gypsum board in Western Canada. Indeed, CTG Canada estimates that exporters in the U.S. are dumping Subject Goods at rates ranging from [REDACTED] to [REDACTED] (see CONFIDENTIAL Appendix

14). In a commodity market, such as the Canadian gypsum board market, the Tribunal determined

that “even small price differences can lead to large shifts in purchases by customers.”<sup>36</sup> In that case, a weighted average of 27 percent margin of dumping was found,<sup>37</sup> which is [ ] margin of dumping ranging between [ ] percent to [ ] percent in the present case (see **CONFIDENTIAL Appendix 14**). Based on the magnitude of these dumping margins, the threat posed by the dumped Subject Goods to Western Canada is real and imminent.

### **11. Conclusion**

150. Subject Imports from the U.S. at dumped prices have caused injury to the domestic industry in Western Canada. The domestic industry in the region has suffered lost sales, price depression and price suppression, lost revenues, reduced profitability, loss of market share, and increasing underutilization of capacity.

151. Production in Western Canada is further threatened with material injury. This threat is based on: evidence of the significant rate of increase of dumped imports; the massive practical excess capacity in the U.S. relative to the Western Canadian market; the outlook for materially decreased demand in Western Canada; and the substantial margins of dumping.

152. The Complainant therefore submit that the dumping of Subject gypsum boards originating in or exported from the U.S. has caused material injury to domestic production of like goods in Western Canada, and further threatens to cause additional material injury if not remedied.

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<sup>36</sup> *Gypsum Board Originating in or Exported From the United States of America*, NQ-92-004 at 17.

<sup>37</sup> *Ibid.* at 5.

153. Accordingly, the Complainant hereby request that the President of the Agency initiate an investigation into the injurious dumping and subsidization of these Subject Goods originating in or exported from the U.S.