

## **Appendix 7**

**CANADA BORDER SERVICES AGENCY**

**COMPLAINT  
OF  
CERTAINTEED GYPSUM CANADA INC.**

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

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**NON-CONFIDENTIAL DECLARATION OF MATTHEW WALKER**

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I, the undersigned MATTHEW WALKER, of the City of Mississauga, in the Province of Ontario,  
do solemnly declare as follows:

**I. INTRODUCTION**

1. I am the General Manager of CertainTeed Gypsum Canada Inc. ("CTG Canada"), with full responsibility for the entirety of CTG Canada's commercial and manufacturing operations. I have worked in the gypsum board manufacturing business for over 15 years in a number of international roles relating to strategy, M&A, business development, sales and marketing and in national and international regional Managing Director roles. I have been in my position with CTG Canada since September 2014. As such, I have personal knowledge of the matters herein declared.
2. CTG Canada (formerly known as WestRoc Industries Limited) opened its first manufacturing plant in 1929 in Winnipeg. This was one of the world's first gypsum board plants. CTG Canada has been the leading gypsum board producer in Canada since the 1950s. CTG Canada is

currently the largest producer of gypsum board in Canada, with six board manufacturing plants from “the Rock to the Rockies”, supplying the drywall market from coast to coast, and is proudly committed and dedicated to serving the Canadian market. Our “Proudly Canadian, Coast-to-Coast” heritage is demonstrated in the logo, and the Maple Leaf branding we place



on our products.



3. We are the only company with domestic manufacturing plants located in Western Canada (i.e. British Columbia, Alberta, Saskatchewan, Manitoba, the Yukon and Northwest Territories), with three plants located in Vancouver, Calgary and Winnipeg.
4. Although US Exporters are dumping paper-faced gypsum board in significant volumes at large dumping margins of [ ] across Canada, the scope of our Complaint is limited to Western Canada because:
  - a. Western Canada is an isolated region and there has been a significant concentration of US imports into Western Canada;
  - b. US import volumes going into Western Canada are disproportionate to the size of the Western Canadian market;

- c. US imports into Western Canada have obtained a [ ] of the Western Canadian market in 2015;
  - d. The Western Canadian US import volumes and market share have increased significantly in the last 3 years;
  - e. US import dumping margins into Western Canada are very large and increasing;
  - f. CTG Canada is the only domestic producer in Western Canada and therefore all price erosion, undercutting and volume loss is caused directly by the dumping of US exporters, which has resulted in material injury to CTG Canada;
  - g. Following the significant drop in oil and commodity prices since mid-2014 and the resulting material negative impact on the macro-economies and construction markets in Alberta, Saskatchewan and Manitoba, there is a forecasted slowdown in construction activity and gypsum board demand in Western Canada for 2016. This will lead to further imminent and foreseen injury to CTG Canada as US exporters seek to secure sales at increasing dumping margins in a declining market.
5. Accordingly, while CTG Canada is suffering material injury from US Exporters dumping across the entire Canadian market, the magnitude of dumping and injury is most pronounced in Western Canada.
6. I make this solemn declaration in support of CTG Canada's Complaint and its allegations of lost sales and lost revenue at specific sales accounts, as I describe in further detail below.

## **II. THE NATURE OF THE WESTERN CANADIAN GYPSUM BOARD MARKET**

7. The Canadian gypsum board market is characterised by a few domestic manufacturers: CTG Canada (six plants), CGC (three plants, one of which is through a strategic alliance with

Atlantic Wallboard – all of which are located east of the Manitoba - Ontario border) and Cabot (one plant located in Nova Scotia). Only CTG Canada has plants in Western Canada. In addition to domestic production a significant proportion of the market is supplied by three US exporters (the “US Exporters”) which export gypsum board to all regions in Canada, but are especially active in Western Canada:

- a. USG, which transfers and sells its gypsum board into Canada through its Canadian subsidiary CGC;
  - b. Georgia Pacific (“GP”), which sells through a local Canadian legal entity; and
  - c. Continental Building Products (“CBP”), which also sells through a local Canadian legal entity.
8. The US Exporters, as reported by CTG Canada’s customers, [REDACTED].
  9. The Canada-wide customer base comprises of retailers (such as Rona, Lowes and Home Depot), Gypsum Speciality Dealers (“GSDs”) often held under large buying groups (such as WSB Titan, Timber Mart, Allroc and Independent Lumber Dealers Co-operative (“ILDC”)) and lumber merchants (“LBMs”) (such as Timber Mart and Castle LBMs). Some customers are a hybrid of these groups e.g., Home Hardware which combines retail and LBMs, and Timber Mart and Castle which contain both GSDs and LBMs.
  10. Canadian customers are large and normally negotiate individual annual supply programs which determine volume targets, prices, price rebates for target achievement or marketing support. These deals are negotiated with the customer’s central headquarters which are usually located

in Ontario or Quebec, but the pricing deals are usually negotiated on a regional basis. Each of these groups has a large number of members, with a large number of stores spread across Canada, some with pan-national coverage, and some with regional or provincial coverage.

11. In order to implement these regional, annual deals, each supplier serving the Western Canadian market ships product to individual stores on a regular basis and each delivery is individually invoiced citing a delivered price. In Western Canada, CTG Canada generates literally thousands of invoices every year which correspond to the thousands of shipments that fall under a handful of annual contracts negotiated for Western Canada. For this reason, unless stated otherwise, prices discussed here are CTG's average prices. I have not provided individual invoices because individual prices vary by customer, store location and region.

12. [REDACTED]

].

### III. OVERVIEW OF THE WESTERN CANADIAN MARKET FROM 2013 – 2015 AND OUTLOOK FOR 2016 AND 2017

13. After the sub-prime crisis in 2007, the subsequent global financial crisis in 2008, and the resulting massive downturn in the US construction market, the gypsum board producers in North America made substantial capacity reductions given the materially reduced demand for gypsum board in the US and Canada. This resulted in the closure, mothballing and downshifting of a number of board manufacturing plants or lines in the US and in Canada. Indeed, in the last five years, GP made the decision to close all three of its manufacturing plants in Canada. Two of these GP plants were located in the west; one each in BC and Alberta; and the third in Ontario (see **Public Appendix 6**). From 2013 to 2015, the total apparent market in Western Canada for gypsum board has been relatively stable standing at [REDACTED]. Notwithstanding this, CTG Canada has seen its Western Canadian sales and production of gypsum board drop significantly as a result of aggressively priced imports from the United States. To date, CTG Canada has maintained all three of its domestic manufacturing plants in Western Canada, but has had to make material reductions in capital investment, SG&A expenditure and headcount in order to preserve its domestic manufacturing base in Canada. In further response to the flat Western Canadian market, a falling market share and the resulting lower production volumes, we [REDACTED]. However, although we [REDACTED] in our domestic sales from our domestic production. The

[ ] due to the aggressive dumping of US Exporters, who have taken sales and market share from CTG Canada as the only domestic manufacturer in Western Canada. CTG's commitment to Canada is now threatened [ ].

14. While the Western Canadian market demand for gypsum board has been relatively stable in the last 3 years, the US gypsum board market has gradually grown as the US housing market recovers, but still remains well below 2005 peak demand of [ ] billion sf ("Bsf"). US gypsum board demand was [ ] Bsf in 2015. This compares to a current US board industry capacity of [ ] Bsf, so there remains over [ ] Bsf of practical capacity in the US (see **CONFIDENTIAL Appendix 27**). This additional capacity equates to [ ] of the total apparent Western Canadian market.

15. In both absolute and relative terms, the volume of subject imports into the Western Canadian market from the US Exporters has been significant over the period of relevance to our Complaint, [ ] of the Western Canadian market in 2015. The significance of the increase in subject imports and the effect that it has had on CTG Canada's Western Canadian sales, production, and financial performance cannot be overstated. As CTG Canada is the only producer in Western Canada and as imports from other sources (including shipments from Eastern Canada and countries other than the US) are practically non-existent, the [ ] of the Western Canadian market in 2015. The significance of the increase in subject imports and the effect that it has had on CTG Canada's Western Canadian sales, production, and financial performance cannot be overstated. As CTG Canada is the only producer in Western Canada and as imports from other sources (including shipments from Eastern Canada and countries other than the US) are practically non-existent, the [ ] of the Western Canadian market in 2015.

]. This overall [

] between 2013 and 2015. Therefore, our company's [ ]  
 [ ]  
 [ ]  
 [ ]

16. The [ ] due to dumping, and this [ ]  
 [ ]  
 [ ]  
 [ ]]. For further context, the  
 [ ] of Winnipeg's production  
 volume in 2015.

17. In 2013 and 2014, CTG Canada [ ]  
 [ ]. At 2014 profit levels, our parent company, Saint-Gobain S.A. was [ ]  
 [ ]  
 [ ]  
 [ ]  
 [ ]]. However, now with the material injury from ever  
 larger export volumes at higher dumping margins from US Exporters causing a [ ]  
 [ ], Saint-Gobain S.A.  
 is [ ]

18. Looking forward into 2016 and 2017, the significant reduction in the price of oil since late 2014 is forecast to result in a material downturn in the macro-economy in Western Canada together with a significant downturn in construction activity, which is the driver of gypsum board demand in Canada, including in Western Canada. As set out in the table below housing completions are forecast to fall 13.4% between 2015 and 2017. This is likely to result in a similar reduction in Western Canadian gypsum board demand with commercial construction and homeowner confidence also declining in Alberta and the prairies. The predicted 13.4% decline, as compared to the current apparent market in 2015, would equate to a reduction in market demand for 2017 of approximately [ ] mmsf. See **Public Appendix 29**.

<b>Housing Completions</b>				
	<b>Man/Sask.</b>	<b>Alberta</b>	<b>BC</b>	<b>West Ca.</b>
<b>2013</b>	14,746	33,008	26,372	74,126
<b>2014</b>	14,666	35,574	26,115	76,355
<b>2015</b>	12,692	40,065	26,605	79,362
<b>2016</b>	10,800	29,800	32,300	72,900
<b>2017</b>	11,375	26,625	30,700	68,700
<i>Source: CMCH (historical) and Altus Group Economic Consulting Forecasts</i>				

19. The shrinking Western Canadian market will likely cause the US Exporters to take even more aggressive steps simply to maintain their current level of sales volumes, which they will support with price undercutting at high levels of dumping. In turn, this will result in further material injury to CTG Canada due to lost sales volumes, lost market share and price and margin erosion. As a result, a remedy to stop unfair dumping and enable CTG Canada to compete on a level playing field will be critical for the survival of CTG Canada's business. Put into context, [ ] mmsf equates to [ ] percent of the 2015 production volume from Winnipeg. Therefore a loss of this sales volume or even [ ]

]. To put it bluntly, [

], to say nothing of the possibility that CTG Canada [

]. Indeed, in Q3 2015, [

]. Post review, although [

], it was decided to [

]. At the time, this Anti-Dumping Complaint was considered as a

potential remedy to the aggressive price dumping of the US Exporters and the means to

mitigate the material injury to CTG Canada's business. The [

#### **IV. US EXPORTER DUMPING INTO CANADA AND ADVERSE PRICE EFFECTS TO CTG**

20. As recognised by the CITT in *Gypsum Board Originating in or Exported from the United States of America*, NQ-92-004, a precedent Complaint filed by Canadian domestic producers in 1992, gypsum board sold in Canada is a fungible commodity with no competitive substitutes on price or performance. The Canadian industry makes a similar range of products, and therefore demand in Canada is inelastic and suppliers compete primarily on price. This means that CTG Canada is highly vulnerable to the extensive dumping practices being committed by the US Exporters.

21. Based on CBP's public filings, CBP's average level of dumping in the first 9 months of 2015 was USD \$50.46/msf and the average FOB price for gypsum board sold and supplied within their domestic US market was USD \$160.23/msf as compared to USD \$109.76 for their exports

to Canada. Based on CTG Canada's observation of publically available pricing information and comments made by CTG Canada's customers, CGC and GP are believed to be dumping their product at similar levels to CBP because their prices in the US and Canada are similar to CBP's prices. It is believed, based on customer reports, that the US domestic market FOB prices for the other US Exporters were also approximately USD \$160/msf in 2015, which equates to approximately CAD \$205/msf (at the 2015 US FX rate of 1.28). The StatsCan data for 2015 show that the average US exporter export price to Western Canada was CAD \$113.27/msf. It is not known whether Exporters declare in this value the cost of freight from the US plant of supply to the Canadian border because the applicable tariff codes are duty free, leaving no incentive for exporters and importers to calculate the specific freight associated with each shipment. If this value does include freight, CTG Canada estimates that the freight cost from a US exporter's US plant will be at least CAD \$25/msf. This means that the US FOB price for deliveries into Western Canada is approximately CAD \$88/msf, which is equivalent to USD \$69/msf (at the 2015 US FX of 1.28) or lower if the actual freight cost is higher. This results in a Canada export price of USD \$69/msf versus a US domestic market price of approximately USD \$160/msf in 2015, and a dumping margin of \$91/msf, or 132%. If no freight cost is included, then CAD \$113/msf equates to USD \$88/msf (based on the same FX rate of 1.28), which equals a dumping margin of \$72 or 82% of the export price. This therefore equates to a range of **dumping margin of 82 to 132%**, an extraordinarily high level. See **Public Appendix 15** for the applicable FX rates.

22. As compared to these estimated dumping margins, CTG Canada has observed marked underselling in the last three years at rates [

] CTG Canada would be in a relatively healthy and improving financial position.

Account (Prices in CAD\$/msf)	2013	2014	2015
CTG Canada's average 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. 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 U.S. to Canadian customers of \$25/mmsf was assumed. See para 21 of this declaration.

23. This price undercutting in Western Canada has permitted the US Exporters to grow their market share and erode and/or suppress CTG Canada's prices by causing Canadian retailers and buying groups to reduce their purchase volumes from CTG Canada (and switch to buying from the US Exporters) or to threaten to reduce their purchase volumes in an attempt to influence CTG Canada's prices. CTG Canada has made [ ] undercut and suppressed by the US Exporters selling at high dumping margins. CTG Canada has been [ ] and sales e.g. [ ]. I

discuss specific examples of these lost sales, price depression and price suppression in more detail below.

24. Absent the dumping and consequent underselling described above, CTG Canada would have benefited from an improved domestic position as the leading (and only) Western Canadian domestic producer. With our three plants located in Vancouver, Calgary and Winnipeg, close to key markets and covering the complete Western Canadian market geography, CTG Canada is well positioned to offer a local supply and responsive customer service to cater to the needs and requirements of Canadian customers across Western Canada, and to compete effectively against US imports absent dumping. In the absence of dumping, an improved profit position would [REDACTED] in the business. However due to dumping by the US Exporters, [REDACTED]

[REDACTED]  
[REDACTED].

[illegible]

]. Moreover, for Canadian customers with a [ ]

in Western Canada through price suppression across the channel in Canada and in particular for CTG Canada with [REDACTED].

27. CTG Canada understands that the US Exporters have local Canadian legal entities and management and therefore have a direct, local and detailed awareness in, and of, the Canadian market. They are not, for example, remote Asian manufacturers dumping products at arms length through sales from a distance to local Canadian purchasers and distributors. Based on customer comments and market observations, CTG Canada understands that the US Exporters seek [REDACTED]. The US Exporters' campaign for marginal sales volumes in the Canada export market via dumping has been accelerating notwithstanding a market environment of rising US demand and an appreciating US dollar which means simply on an exchange rate value the cost of US exports should have increased by 37% since 2013.

## V. CTG RESPONSES TO UNFAIRLY TRADED IMPORTS

28. Faced with unfairly traded imports into Western Canada from the US, CTG Canada has taken all possible measures to mitigate this market pressure and the continuous erosion of its profitability, including as follows:

- [REDACTED];

- [REDACTED];
- Reacted quickly to try to [REDACTED];
- Undertaken constant adjustment of [REDACTED] in particular:
  - [REDACTED];
- [REDACTED]; and
- [REDACTED].

29. Although, taken together, these measures gave CTG Canada a slight reprieve, particularly in 2014, they were not sustainable for or successful in 2015 and have been overcome by an ever increasing wave of US export volumes and increasing dumped margins. With all of these measures exhausted and the price and volume pressure from the US Exporters increasing, CTG Canada's Western Canadian business was materially injured in 2015, with the company's profit [REDACTED] at the

net margin level. This material decline in profitability has meant that the [

], including in particular:

- a. [
- b.
- c. [

## VI. CURRENT TRENDS REMAIN UNSUSTAINABLE

30. The profitability level of CTG Canada's gypsum board business in 2013 and 2014 was [ ] and in 2015 [ ]. The nature of the gypsum board industry is heavily capital intensive, and CTG Canada is part of a large multi-national building materials company, Saint-Gobain. Within Saint-Gobain, [ ].

31. In order to be able to support and sustain its domestic production, CTG Canada needs to be able to increase its prices to offset cost inflation. Generating a reasonable return on investment is critical to enable the support of the company's organisation for investment in the plants infrastructure and equipment, sales and marketing development and in our people. CTG Canada's business is capital intensive and equipment needs to be maintained, upgraded and improved. In the last 2 years, for example, CTG Canada has invested on average [ ] of capital expenditure in its plants, but now this investment gives [

]. Although CTG Canada works in all areas [ ] to constantly improve the efficiency, performance and profitability of its business, price increases are critical to offset cost inflation and support investment in the business.

32. Before 2014, we had plans to [ ]. We are now having to make [ ] the development and sustainability of our business. Faced with the US Exporters increasing their volumes in Canada in the last 3 years, at export prices with ever increasing margins of dumping, the threat of ever increasing injury is foreseen and imminent.

## VII. LOST SALES ALLEGATIONS

33. CTG Canada has lost significant sales volumes to dumped American imports of paper-faced gypsum board in Western Canada. The following are examples of lost sales due to injurious American import pricing.

A. [ ]

34. CTG Canada's Western Canadian sales volumes to [ ] in Western Canada which resulted in many [ ]

35. Beginning in 2013, and intensifying in 2014, the dumped imports from the US undercut CTG Canada's prices by as much as [ ] in Western Canada which resulted in many [ ]

36. Indeed, in [REDACTED] See **CONFIDENTIAL Attachment A.**

37. A month later, even our most loyal and long standing customers could see no other option other than to begin purchasing their board from CGC at dumped prices. [REDACTED]

See **CONFIDENTIAL** Attachment B.

**CONFIDENTIAL Attachment C.**

39. As a result, CTG Canada found itself in the unenviable position in 2015 of having to decide between lowering its prices or losing sales volumes due to injurious dumped imports from the US. [

]

40. Based on the above market intelligence from customers and numerous other oral conversations with [ ], CTG Canada determined that [ ]. This represents a price gap of approximately [ ].

41. This loss of approximately [ ] equates to [ ] percent of CTG Canada's total Western Canadian sales volumes in 2015. It also represents lost revenues of approximately [ ] and a gross margin loss of approximately [ ].

B. [ ]

42. CTG Canada's sales volumes with [ ] across Western Canada. This loss of market share resulted from low-priced dumped imports from [ ]. [ ] delivered prices are believed to be [ ]. This reduction of approximately [ ] equates to [ ] percent of CTG Canada's Western Canadian sales volumes in 2015, lost revenues of [ ] and a gross margin loss of approximately [ ].

C. [ ]

43. CTG Canada's sales volumes with [ ]

] in 2013 to

about [ ] in 2015, a reduction of approximately [ ].<sup>1</sup> CTG Canada's loss of market share was caused by dumped imports from [ ] at pricing levels far below CTG Canada's prices. Their prices are believed to be [ ]

]. This reduction of [

equates to [ ] percent of CTG Canada's 2015 sales volumes, lost revenues of

[ ] and a gross margin loss of [ ].

D. [ ]

44. CTG Canada's sales volumes with [ ]

[ ]. This loss of market share resulted from dumping and aggressive price undercutting by dumped imports from [ ]. CTG Canada believes based on customer information that, in 2015, [ ]

[ ] for [ ]

]. This reduction of [ ] equates to over [ ] percent of CTG

Canada's 2015 sales volumes and lost sales worth approximately [ ] with an

expected gross margin of approximately [ ]. See CONFIDENTIAL Attachment

D.

<sup>1</sup> [ ]

45. The following is an excerpt of an [

]:

[

[REDACTED]

]

46. To put the above into perspective, [REDACTED].

Moreover, this price undercutting at [REDACTED] has continued into 2016 and CTG Canada is likely to face future price pressure or further lost sales in the next 12 to 18 months.

See **CONFIDENTIAL Attachment F**.

47. The impact of these lost sales volumes caused by dumped US imports has had significant deleterious effect and impact on the production and utilisation levels of CTG Canada's Western plants as shown in the table below. This material reduction causes significant injury [

[REDACTED]

<b>Plant production mmsf</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Winnipeg	[REDACTED]	[REDACTED]	[REDACTED]
Calgary			
Vancouver			
<b>TOTAL</b>	[REDACTED]		
Utilization rate	[REDACTED]		

## VIII. LOST REVENUE ALLEGATIONS

48. CTG Canada has also lost significant revenues to the US Exporters due to dumped US imports.

The following are examples of instances where the dumped US imports forced CTG Canada to lower its prices in order to secure sales:

**A. [ ]**

49. In order to protect the [REDACTED] CTG has priced its [REDACTED]. CTG has priced its [REDACTED] to [REDACTED], which represents a **loss of margin** [REDACTED] when compared to its average 2015 delivered price of [REDACTED] 2015 sales volumes, and a **loss of margin** [REDACTED] when compared to a notional 2016 price increase of [REDACTED] on the 2015 price to [REDACTED], that, absent dumping, CTG Canada could reasonably expect to be able to implement to cover its rising costs. CTG Canada has been forced to make this reduction in 2016 as a result of the continued and aggressive dumping by [REDACTED] that has resulted in significant undercutting and price pressure from the customer. See **CONFIDENTIAL Appendix 18 and Attachment G**, which provides [REDACTED]

## B. $\mathbb{Z}_2$ and $\mathbb{Z}_3$

50. [

C. [ ]

51. CTG Canada had lost material volume in Q1 2015 at [

[REDACTED] offering aggressively low prices in 2014 to capture volume away from CTG Canada. [REDACTED] in its delivered pricing to customers. In an effort to recuperate the lost Q1 2015 volume, CTG Canada [REDACTED]. It was determined that a [REDACTED] would be required to recapture the lost business. See **Confidential Attachment L**. However, providing [REDACTED]. CTG Canada's Q1 2015 sales to [REDACTED], representing a loss of over [REDACTED] in revenue, at CTG Canada's average net delivered sales value for 2015 of [REDACTED]. In the face of [REDACTED] to get back some of our lost share starting in [REDACTED].

D. [REDACTED]

52. In order to secure a commitment of approximately [

]. The [ ] CTG Canada [ ] of 1/2" & 5/8" paper faced board. Perhaps more troubling is the fact that [ ]

53. The above are just some of the many examples of the [                                  ]  
[                                  ].

### **E. US Exporter Price Undercutting**

54. Over the last 3 years the US Exporters have consistently and materially undercut CTG Canada's prices with dumped gypsum board. Based on [REDACTED] NATIONAL TRADE COUNCIL OF CANADA (NTC) REPORT, DUMPING OF GYPSUM BOARD BY THE UNITED STATES INTO CANADA, 2013, THE LEVEL OF PRICE UNDERCUTTING CAUSED BY DUMPING BY THE US EXPORTERS WAS ESTIMATED TO BE [REDACTED] [REDACTED] IN 2013, THE LEVEL OF PRICE UNDERCUTTING CAUSED BY DUMPING BY THE US EXPORTERS WAS ESTIMATED TO BE [REDACTED] [REDACTED]. So the level of price undercutting by US Exporters has increased, while their level of dumping margin has also increased over the last 3 years. Estimated price levels for average subject goods prices is set out in the table below.

Table 8.2 A	<u>Trucked</u>	<u>Railed</u>
Ca\$/msf	<u>2015</u>	
CTG Canada	[ ]	
CGC		

CBP		
GP		]

55. The above shows, based on [REDACTED]  
[REDACTED]. However, sometimes the US Exporters [REDACTED]  
[REDACTED]. Specifically, [REDACTED].

56. A [REDACTED]  
[REDACTED] equals an estimated injury to the profitability of CTG Canada of between **CAD**  
[REDACTED].

F. US Exporter Price Depression in Western Canada

57. As set out in the table below, due to severe price undercutting of the dumped US imports, CTG Canada was forced to reduce its delivered prices [REDACTED] to avoid losing excessive market share, although share was still lost. The table shows total erosion of CTG Canada’s average delivered sales prices of [REDACTED] for all of CTG Canada’s Like Goods due to dumped US import pricing.

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

			]

58. This [ ] is also observable for [ ] i.e. ½ standard board and 5/8" Type X fire board. Given the sales and market share loss CTG Canada experienced due to the aggressive price undercutting caused by dumped US imports, CTG Canada was forced to adjust price programs with a number of customers, including, for example: [ ].

59. To put this [ ] decrease in average delivered sales value in context, on annual sales of [ ] mmsf this decrease represents a material injury to CTG Canada's profitability of [ ]. This decrease in average delivered sales values also corresponds with CTG Canada's net unit income dropping from [ ] in 2014 to a loss of [ ] in 2015. [ ].

### **G. US Exporter Price Suppression in Western Canada**

60. Over the last 2 years, CTG Canada has [ ] in the Western Canadian market in order to improve its profitability and avoid further price suppression and erosion of price and profitability. The [ ] in the last 2 years are summarised below. Due to dumping and aggression of the US Exporters pursuing sales volumes and market share in Western Canada CTG Canada was [ ] a reasonable level

of profitability. CTG Canada therefore has suffered injury due to price suppression as it was forced to [ ] to avoid the risk losing more sales and share to the US Exporters. [ ]

[ ] See for example **CONFIDENTIAL Appendices 17, 19 and 20.**

[ ]									
									[ ]

61. The price suppression caused by dumped US imports to CTG Canada profits alone is [ ] in 2015, and [ ] of injury is forecast to occur in 2016, assuming sales volumes at the same level of 2015 and a [ ]. This [ ] injury will be a [ ] injury CTG Canada will suffer [ ] in the future due to this large amount of price suppression due to reduced levels of prices, [ ].

#### **H. US Exporter [ ] Price Suppression**

62. CTG Canada has also suffered price injury caused by dumped US imports in that it was [ ] in Canada. CTG Canada generally sells on a [ ] basis. [ ]

]. CTG Canada's prices are based on

[

].

63. CTG Canada has tried each year [

to maintain its market share and profitability. In the past, CTG Canada has used various strategies to achieve these goals, including price reductions, promotional activities, and product differentiation. However, in recent years, CTG Canada has faced increased competition from other manufacturers in the market. This has led to a decline in sales and profitability, and CTG Canada has been forced to implement more aggressive pricing strategies to remain competitive. In the past, CTG Canada has used various strategies to achieve these goals, including price reductions, promotional activities, and product differentiation. However, in recent years, CTG Canada has faced increased competition from other manufacturers in the market. This has led to a decline in sales and profitability, and CTG Canada has been forced to implement more aggressive pricing strategies to remain competitive. In the past, CTG Canada has used various strategies to achieve these goals, including price reductions, promotional activities, and product differentiation. However, in recent years, CTG Canada has faced increased competition from other manufacturers in the market. This has led to a decline in sales and profitability, and CTG Canada has been forced to implement more aggressive pricing strategies to remain competitive.

]. See CONFIDENTIAL

#### Appendix 24.

I. [ Price Dumping resulting in ]

64. [

Over the last 3 years this has been a frequent and constant topic of conversation with all distribution customers in Canada. [

Over the last 3 years this has been a frequent and constant topic of conversation with all distribution customers in Canada. [

1.

65. All Canadian distributors question how [ ]

66. In 2015, due to [REDACTED] See CONFIDENTIAL Appendix

23.

**J. Dumped Subject Imports Cause Injury to Working Capital Due to List Price Reductions**

67. Based on information obtained from its customers, [REDACTED] has determined that the following information is necessary to ensure that the information is accurate and complete:

]

68. A reduction in the gross list price means that the differential between the gross list price and the net delivered price will be smaller. This smaller gap between the gross list price and net price paid is more typical in the US where the gap is typically [ ]. In Canada, the [ ]. However, the US Exporters have now changed and materially reduced this list price differential in 2014 and 2015.

69. CTG Canada resisted following these list price reductions in Western Canada, but in 2015 it was the only company that maintained its list prices from previous years. By 2016, however, due to the high pressure from its customers, [ ].

## IX. THREAT OF MATERIAL INJURY

70. Looking into 2016 and 2017, one specific imminent threat arises from [ ]. As mentioned above, [ ].

]. Based on these comments and market observation, CTG Canada estimates that [REDACTED]. As a result, there is an estimated [REDACTED]

]. In addition, it is foreseen that, following [10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 84

71. It is anticipated that the resulting injury to CTG Canada will be:

- a. [REDACTED] of revenues on 2015 volumes and prices and [REDACTED] gross margin if CTG Canada loses the [REDACTED] of sales volumes at a variable margin of [REDACTED]. This loss of material sales volumes will inevitably mean material changes in CTG Canada's domestic plant strategy, the [REDACTED], and with the huge margin reduction creating a huge loss for CTG Canada, this injury will result in a material impact in terms of [REDACTED].
- b. [REDACTED] of income and margin if CTG Canada is forced to [REDACTED]. With such a large correction on a material share of CTG Canada's business, inevitably beyond [REDACTED] there will be increased downward pressure on CTG Canada's pricing with all

other customers as such [ ] This profit and margin impact will be significant and drive CTG Canada into an increased [ ] resulting in a material impact in terms of [ ].

72. This injury is clearly supported and enabled by [ ] at dumped price levels. When the [ ] there is a foreseeable, imminent, if not an immediate, risk that CTG Canada will be forced by [ ].

73. As set out in paragraph 18 of this declaration, third party reports predict that housing completions in Western Canada will fall 13.4% between 2015 and 2017. This is likely to result in a similar reduction in gypsum board demand which, if compared to the current apparent market in 2015, would equate to [ ] mmsf of reduced market demand in 2017. This foreseen reduction in Western Canadian market demand, combined with a continuous trend of the US Exporters aggressively selling increasing export volumes to grow their market share in Western Canada, at ever widening dumping margins, means the threat of further injury to CTG Canada is foreseen and imminent.

74. In conclusion, CTG Canada is the last domestic gypsum board producer standing in Western Canada. We have a proud history and tradition of a business committed to our Canadian customers with local supply and service, dependent on Canadian gypsum mines at Windermere, which is owned by CTG Canada and supplies Calgary and Vancouver, and a mine at Amaranth, operated by a third party, for supply of natural gypsum, and using a large number of local Western Canadian companies for engineering, maintenance equipment services and supplies to our three plants, and supporting a local workforce of approximately

225 people in Western Canada. My business has suffered and is suffering material injury due to aggressive and ever-increasing dumping by the US Exporters, and the threat of future injury is foreseen and imminent. I respectfully request that the Canadian authorities urgently apply the appropriate full remedies under Canada’s trade regulations and laws, to stop the dumping of the US Exporters and to establish a fair, legal and level commercial environment for the gypsum board market in Western Canada. Without the protection against unfair trade provided under the Canadian trade law which would “level the playing field,” my business [ ] rather than the future level investment which would be merited if the business could develop in a market environment free from the injurious consequences of aggressive and unfair dumping.

**DECLARED BEFORE ME** at the City of )  
Mississauga, in the Province of Ontario, )  
this 18th day of April, 2016 )  
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 )  
 )  
 )

\_\_\_\_\_  
A Commissioner for Taking Oaths, etc.

\_\_\_\_\_  
**Matthew Walker**

Attachments A to L have been designated confidential in their entirety and contain business proprietary information the disclosure of which could reasonably be expected to harm CTG Canada.