



OTTAWA, May 12, 2009

## STATEMENT OF REASONS

Concerning the initiation of an investigation into the dumping of

**CERTAIN MATTRESS INNERSPRING UNITS  
ORIGINATING IN OR EXPORTED FROM  
THE PEOPLE'S REPUBLIC OF CHINA**

## DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the President of the Canada Border Services Agency initiated an investigation on April 27, 2009, respecting the alleged injurious dumping of mattress innerspring units, with or without edgeguards, used in the manufacture of innerspring mattresses, originating in or exported from the People's Republic of China.

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*Cet Énoncé des motifs est également disponible en français. Veuillez consulter la section "Information".*  
This *Statement of Reasons* is also available in French. Please refer to the "Information" section.

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## **SUMMARY**

[1] On March 6, 2009, the Canada Border Services Agency (CBSA) received a complaint from Globe Spring & Cushion Company Ltd. (complainant) of Toronto, Ontario, alleging that imports of certain mattress innerspring units originating in or exported from the People's Republic of China (China) are being dumped and causing injury to the Canadian industry.

[2] On March 27, 2009, pursuant to subsection 32(1) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. The CBSA also notified the government of China that a properly documented complaint had been received.

[3] The complainant provided evidence to support the allegations that mattress innerspring units from China have been dumped. The evidence also discloses a reasonable indication that the dumping has caused injury or is threatening to cause injury to the Canadian industry producing these goods.

[4] On April 27, 2009, pursuant to subsection 31(1) of SIMA, the President of the CBSA (President) initiated an investigation respecting the dumping of mattress innerspring units from China.

## **INTERESTED PARTIES**

### **Complainant**

[5] The complainant represents a major proportion of the production of mattress innerspring units in Canada, accounting for a major proportion of the domestic industry for like goods.

The name and address of the complainant is:

Globe Spring & Cushion Company Ltd.  
4040 Chesswood Drive  
Downsview, Toronto, Ontario  
M3J 2B9

### **Exporters**

[6] The CBSA has identified 31 possible exporters of subject goods from its import documentation and from the complaint.

### **Importers**

[7] The CBSA has identified 61 potential importers of the subject goods from its import documentation and from the complaint.

## **PRODUCT INFORMATION**

### **Definition**

[8] For the purpose of this investigation, the subject goods are defined as:

“mattress innerspring units, with or without edgeguards, used in the manufacture of innerspring mattresses, originating in or exported from the People’s Republic of China.”

### **Additional Product Information<sup>1</sup>**

[9] Innersprings comprise the basic core used in the production of mattresses. While there are other technologies used for the core of a mattress, such as foam or air, steel wire innersprings remain the dominant mattress core in most markets around the world. A mattress innerspring is comprised of coils attached with wires (helicals). The top and bottom of the innerspring are framed with border rods, and side support is provided with flat springs called edgeguards that are clipped to the border rods. Certain innersprings have individual steel wire coils wrapped in a fabric pocket, and these pockets are glued together to produce the innerspring unit.

[10] There are four basic styles of innersprings:

1. Bonnell or Open coil. This is the oldest design and still the most popular in the mattress industry. The coil has an hourglass shape that tapers towards the middle of the coil, and each coil is attached to adjacent coils with helicals (or wire spirals).
2. Offset coil. This is similar to the Bonnell, but has a squared/flat head (top and bottom) and is more cylindrical in shape.
3. Pocket or Marshall coil. This is a cylindrical steel wire coil, with each individual coil enclosed in its own fabric pocket. The individual coils are then glued together to form the shape of the innerspring unit.
4. Continuous coil. Continuous coils have irregular shapes, but each row of coils or a lattice work of coils is made from a single piece of wire, with each row attached by helicals to another row.

[11] The basic mattress innerspring mattress sizes are: single (or "twin"), double, queen and king, though there are a wide range of variations available, including, extra long, different thicknesses or heights of coils, different coil count/wire gauge combinations, and other custom specifications.

### **Production Process<sup>2</sup>**

[12] A mattress manufacturer will begin its mattress production with the metal innerspring unit. A flex net or flexolator is added to each side of the innerspring unit to prevent subsequent layers of the finished mattress from being depressed into the coils. The mattress manufacturer

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<sup>1</sup> Globe Spring & Cushion Company Non-Confidential Complaint, pages 1-2.

<sup>2</sup> Ibid, pages 1-3.

then adds insulation, cloth or foam padding, and finally covers the product with fabric, usually quilted. For a foam-encased innerspring mattress, the entire innerspring unit will be enclosed with foam insulation, and then covered with fabric.

[13] The degree of support provided by an innerspring is a function of the number of coils and the wire gauge. The number of coils, or coil count, in a mattress generally ranges from 300 to 800, depending on the mattress size and the firmness desired.

[14] Gauge of the wire used to produce coils is also a factor in the firmness of a mattress; the higher the gauge, the thinner the diameter of the coil wire and the softer the mattress. Wire gauges tend to range between 12.5 gauge (2.52 mm) to 15.5 gauge (1.70 mm). Thus, different coil number/wire gauge combinations may be employed to attain the same or various levels of support.

[15] Border rods (also referred to as border wires) are used to connect coils at the top and bottom edges of the innerspring to help retain shape and reduce sagging. Edgeguards are flat springs that attach to border rods to prevent edge breakdown. Mattress manufacturers can and do purchase border rods and edgeguards separately. For most innersprings sold in the Canadian market, border rods are in the range of 6 gauge (4.88 mm) to 9 gauge (3.77 mm).

[16] When innersprings must be transported long distances, they are typically compressed to maximize use of container space. The compressed innersprings may be crated (typically 12 to 20 to a crate) or, for pocket coil innersprings, packed in rolls of eight to ten. When a mattress manufacturer receives crates or rolls of innersprings, it must install the edgeguards (and in some cases, the border rods) itself. Chinese innersprings are likely compressed for shipment to Canada.

[17] Edgeguards are a critical structural component of a finished mattress innerspring. Because of cost advantages to shipping compressed innersprings, most mattress manufacturers have the capacity to affix edgeguards on mattress innersprings. The complainant routinely ships edgeguards with compressed innerspring shipments, as do Chinese exporters. Single- and double-sized innerspring units require 12 edgeguards, while 14 edgeguards are used for a queen-sized innerspring and 16 for a king-sized innerspring unit.

### **Classification of Imports**

[18] The goods in question are usually classified under the three following Harmonized System (HS) classification numbers:

9404.10.00.00

9404.29.00.00

7320.20.90.10

[19] This listing of HS codes is for convenience of reference only. Refer to the product definition for authoritative details regarding the subject goods.

## **LIKE GOODS**

[20] Subsection 2(1) of SIMA defines “like goods”, in relation to any other goods, as goods that are identical in all respects to the other goods, or in the absence of identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[21] Mattress innerspring units produced by the domestic industry have the same physical characteristics and end uses as the subject goods imported from China. The goods produced in Canada and in China are fully interchangeable. Subject goods imported from China compete directly with like goods produced by the complainant. Therefore, the CBSA has concluded that the mattress innerspring units produced by the Canadian industry constitute like goods to the subject goods.

[22] Mattress innerspring units can be considered a single class of goods. Different mattress innerspring units are made from the same primary input material, carbon steel wire, and are produced in similar manufacturing processes. The basic function of all mattress innerspring units is to provide support inside finished mattresses.

## **THE CANADIAN INDUSTRY**

[23] The CBSA found that the following companies produce mattress innerspring units in Canada:

Globe Spring & Cushion Company Ltd. of Toronto, Ontario  
Simmons Canada Inc. of Mississauga, Ontario  
Marshall Mattress Company Limited of North York, Ontario

[24] The CBSA found that the complainant was the only producer in Canada of mattress innerspring units for sale as mattress innerspring units. The other producers further manufacture their mattress innerspring units into finished mattresses before sale.

[25] Park Avenue Furniture was also identified by the complainant as a past producer of mattress innerspring units. However, Park Avenue Furniture did not respond to requests from the CBSA to confirm this.

## **Standing**

[26] SIMA requires that the following conditions be met in order to initiate an investigation:

- the complaint is supported by domestic producers whose production represents more than 50% of the total production of like goods by those domestic producers who express either support for or opposition to the complaint; and
- the production of the domestic producers who support the complaint represents 25% or more of the total production of like goods by the domestic industry.

[27] For the consideration of standing under SIMA, domestic industry means the domestic producers as a whole of the like goods except that, if a domestic producer is related to an exporter or importer of allegedly dumped goods, or is an importer of such goods, “domestic industry” may be interpreted as meaning the rest of those domestic producers.

[28] The complaint is supported by Simmons Canada Inc. and Marshall Mattress Company Limited, which each provided via e-mail to the CBSA a letter of support for the complaint.

[29] Based on an analysis of information provided in the complaint, the CBSA is satisfied that the complaint is supported by domestic producers whose production represents more than 50% of the total production of like goods by those domestic producers who express either support for or opposition to the complaint. Further, the domestic producers who support the complaint represent more than 25% of the total production of like goods by the domestic industry. The CBSA is satisfied that the standing requirements of subsection 31(2) of SIMA have been met.

### **CANADIAN MARKET**

[30] The complaint includes the World Mattress Industry Report<sup>3</sup>, a study prepared by CsilMilano in 2007. At the time of the report, there were 145 companies operating in the Canadian mattress manufacturing sector. Most of these manufacturers purchase mattress innerspring units, such as those produced by the complainant, for further production into a finished mattress.

[31] Chinese innersprings may be imported directly by mattress manufacturers, or sold through Canadian agents for Chinese producers.

[32] The complainant provided estimates respecting the Canadian market for mattress innerspring units. The complainant based these figures on their own production and sales data, their commercial intelligence, participation in the Canadian market and import data from Statistics Canada.

[33] The CBSA conducted its own analysis of imports of goods under the applicable HS codes. Although the CBSA found different volumes than those reported by the complainant, the overall trends were the same.

[34] Detailed information regarding domestic production cannot be divulged for confidentiality reasons. The CBSA has however prepared the following table to show the estimated import share of mattress innerspring units.

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<sup>3</sup> World Mattress Industry Report – Non-confidential Appendix 1 of the complaint

**CBSA Estimates of Import Share**  
**(By Volume)**

<b>Country</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
China	16.5%	35.5%	64.5%	64.1%	59.3%
USA	81.0%	59.5%	31.3%	31.5%	36.5%
Germany	0.3%	3.7%	3.0%	2.9%	2.9%
All other countries	2.2%	1.3%	1.3%	1.5%	1.3%
<b>Total Imports</b>	<b>100%</b>	<b>100%</b>	<b>100%*</b>	<b>100%</b>	<b>100%</b>

\*Difference between components and 100% is due to rounding

**EVIDENCE OF DUMPING**

[35] The complainant alleges that mattress innerspring units from China are being injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds their export price to importers in Canada.

[36] Normal values are generally based on the domestic selling price of the goods in the country of export, or on the full cost of the goods plus a reasonable amount for profit.

[37] The export price of goods sold to importers in Canada is the lesser of the exporter's selling price and the importer's purchase price, less all costs, charges, and expenses resulting from the exportation of the goods.

[38] Estimates of normal value and export price are discussed below.

**Estimated Normal Values**

[39] Normal values were estimated by the complainant and the CBSA in accordance with section 15 of SIMA based on selling prices of like goods in China.

[40] The complaint included price lists from a mattress innerspring unit producer in China. The price lists were for mattress innerspring units available for sale to unrelated customers in the Chinese market. Price lists dated January, May and October 2008 were included in the complaint as the Chinese producer changed prices during the year.

[41] Based on selling prices on the Chinese price lists for mattress innerspring units, the complainant estimated normal values for a series of four invoices and three price offers to customers in Canada for subject goods from China. The complainant obtained these invoices and price offers from customers that had purchased from or were solicited by vendors of subject goods from China. The CBSA estimated normal values for a larger number of transactions than the complainant due to import data of subject goods available to the CBSA that are not available to the complainant.



[42] The CBSA estimated normal values for subject goods exported to Canada using selling prices for specific models of like goods based on model number, dimensions and coil count, as found in the Chinese price lists contained in the complaint. For each exported subject good reviewed with a date of shipment up to April 2008, the January 2008 price list was used to estimate normal values. For each exported subject good reviewed with a date of shipment between May and September 2008, the May 2008 price list was used to estimate normal values. For each exported good reviewed with a date of shipment between October and December 2008, the October 2008 price list was used to estimate normal values.

[43] Since the price lists used to estimate normal values contained prices in Chinese Renminbi, the CBSA converted the estimated normal values into Canadian dollars using the exchange rate<sup>4</sup> in effect on the date of shipment to Canada of the exported goods.

### **Estimated Export Prices**

[44] The export price of imported goods is generally determined in accordance with section 24 of SIMA as being an amount equal to the lesser of the exporter's selling price for the goods and the price at which the importer has purchased or agreed to purchase the goods, adjusted by deducting all costs, charges and expenses resulting from the exportation of the goods.

[45] The complainant estimated export prices for selected models of the subject goods based on a series of four invoices and three price offers to customers in Canada for subject goods from China. The complainant calculated the estimated export prices by deducting amounts for freight and brokerage fees, where included in selling prices, to arrive at FOB China prices. Where the selling prices on price offers were based on quotes from companies in Canada that had already imported the subject goods and were offering them for resale in Canada, the complainant deducted an amount for profit of the importers of the goods.

[46] The CBSA estimated export prices based on selling prices from actual commercial invoices for subject goods released into Canada throughout 2008. These prices were net of freight, reflecting FOB China prices. The invoices were identified by the CBSA using Facility for Information Retrieval Management (FIRM) information system under the relevant HS classification numbers, and obtained from CBSA regional offices and customs brokers. The characteristics of individual models of subject goods were sufficiently detailed on the commercial invoices reviewed by the CBSA to allow matching with specific models of like goods on the Chinese price lists used to estimate normal values.

[47] Where the selling prices on the commercial invoices used to estimate export prices were denominated in United States dollars, the CBSA converted the export prices into Canadian dollars using the exchange rate<sup>5</sup> in effect on the date of shipment to Canada of the exported goods.

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<sup>4</sup> Exchange rates obtained from the Web site of the Bank of Canada at <http://www.bankofcanada.ca>

<sup>5</sup> Ibid

## **Estimated Margins of Dumping**

[48] The CBSA estimated margins of dumping by comparing estimated normal values with estimated export prices for all subject goods detailed on actual commercial invoices reviewed. The CBSA finds this information sufficiently representative to estimate the margin of dumping of subject goods imported into Canada between January 1 and December 31, 2008.

[49] Based on this analysis, it is estimated that the subject goods from China were dumped. The overall weighted average margin of dumping is estimated to be 35.7%.

## **NEGLIGIBILITY AND INSIGNIFICANCE**

[50] Under section 35 of SIMA, if, at any time before the President makes a preliminary determination, the President is satisfied that the margin of dumping of the goods of a country is insignificant or the actual and potential volume of dumped goods of a country is negligible, the President must terminate the investigation with respect to that country.

[51] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant. The weighted average margin of dumping of the subject goods is estimated to be 35.7% of the export price. Therefore, the margin of dumping is not insignificant.

[52] Pursuant to subsection 2(1) of SIMA, the volume of dumped goods of a country is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the dumped goods. The volume of dumped mattress innerspring units from China and imported into Canada in 2008 is potentially 59.3% of the total volume of imports of mattress innerspring units from all countries. Therefore, the volume of allegedly dumped goods is not negligible.

### **Estimated Dumped Imports and Weighted Average Margin of Dumping** **January 1, 2008 to December 31, 2008**

<b>Country</b>	<b>Imports of Subject Goods (Units)</b>	<b>Potential Dumped Goods as % of Total Imports</b>	<b>Weighted Average Margin of Dumping as % of Export Price</b>
China	769,360	59.3%	35.7%
Total Imports	1,298,254		

## **EVIDENCE OF INJURY**

[53] The complainant has alleged that the subject goods have been dumped and are being dumped, and that such dumping has caused and is threatening to cause injury to the mattress innerspring unit industry in Canada. The complainant alleges that such dumping of the subject goods has caused it injury since 2005.

[54] SIMA refers to injury caused to the production of like goods in Canada. The CBSA has accepted that the mattress innerspring units produced in Canada by the complainant are like goods to the mattress innerspring unit imported from China.

[55] In support of its allegations, the complainant provided evidence that the dumping of the subject goods from China caused injury to Canadian industry in the form of lost sales, reduced market share, price erosion and price suppression, declines in revenues and net profit, reduced employment and reduced capacity utilization. The complainant also alleges that the dumping of the subject goods from China threatens to cause injury in the form of reduced investment.

### **Lost Sales**

[56] The complainant alleges that it has lost sales to allegedly dumped imports of subject goods from China. In support of this allegation, the complainant provided data on its annual sales from 2005 to 2008 production of mattress innerspring units, as well as information on lost sales to six major customers in Canada. While its levels of annual sales have been designated as confidential by the complainant, they show a decline in the complainant's sales volume since the dumping allegedly began in 2005. Information on imports available to the CBSA show that in contrast to the decline in sales volume of the complainant, imports of subject goods from China increased by an estimated 632% between 2004 and 2008.

[57] Much of the numerical information relating to specific lost sales to the six Canadian customers profiled in the complaint has been designated by the complainant as confidential. However, the information shows that the complainant has lost a significant volume of sales to these customers since 2004/2005. Evidence was also provided in the complaint to show that the complainant was given an opportunity by three of these six customers to match pricing from China to avoid losing sales. This evidence included copies of price quotes from suppliers of mattress innerspring units produced in China, as provided to the complainant by its customers as proof of the availability of cheaper goods from China that could be purchased if the complainant did not offer similar prices.

## **Reduced Market Share**

[58] As detailed above, the complainant provided data on its annual sales from 2005 to 2008 of mattress innerspring units produced in Canada, and this data showed a decline in the complainant's sales volume since the dumping allegedly began in 2005. At the same time, based on information available to the CBSA, imports of subject goods from China increased from an estimated 105,122 units in 2004 to an estimated 769,360 units in 2008. Most of this estimated increase took place in 2005 and 2006, with a smaller increase in 2007, before edging off slightly in 2008.

[59] The complainant's exact share of the Canadian market cannot be provided as the complainant has designated its sales data as confidential. Import information available to the CBSA confirms that the complainant has lost market share. Estimates of the CBSA shows a decline in market share for the complainant in greater magnitude than that estimated in the complaint.

[60] Apart from China, no other country managed to register a significant increase in their share of the Canadian import market for mattress innerspring units. The other major country exporting such goods to Canada, the United States, showed a significant decrease in its share of the Canadian import market for mattress innerspring units, from 81% of all imports in 2004 to 36.5% in 2008. Imports of such goods from the United States as a percent of the Canadian market as a whole also declined in that period. As such, it is estimated that the only country to which the complainant has lost significant market share since the alleged dumping began is China.

## **Price Erosion**

[61] The evidence provided by the complainant in support of its allegation that it has suffered price erosion allegedly caused by imports of dumped goods from China consists of price erosion to specific customers, and on specific models of mattress innerspring units.

[62] The evidence on specific customers shows significant declines in average prices for mattress innerspring units to these customers between 2004/2005 and 2007, with partial recoveries in prices in 2008 concomitant with a large increase in the price of carbon steel wire (the primary raw material for mattress innerspring units). These average prices were designated by the complainant as confidential.

[63] In addition, the complaint includes evidence linking the price erosion to allegedly dumped imports from China. This evidence consists of information provided to the complainant by its customers for the purpose of convincing the complainant to lower prices. This information shows that the complainant would have had to reduce its prices significantly to compete with goods available from China.

[64] The complainant also provided evidence on the decrease in list prices for certain models of mattress innerspring units. This evidence shows that significant decreases in list prices occurred in 2006, as follows:

**Average List Prices Per Unit<sup>6</sup>**

<b>Model</b>	<b>January 2006</b>	<b>July 2006</b>	<b>% price decline</b>
336 EG Twin	32.15	27.46	14.6%
336 EG Double	39.39	33.98	13.7%
336 EG Queen	48.25	40.96	15.1%
336 EG King	68.41	57.87	15.4%
608 EG Twin	38.9	32.73	15.9%
608 EG Double	49.32	41.34	16.2%
608 EG Queen	60.59	48.3	20.3%
608 EG King	83.04	69.28	16.6%
609 EG Double	98.46	76.11	22.7%
609 EG Queen	111.6	89.79	19.5%
609 EG King	143.02	115.86	19.0%

[65] The price erosion detailed on the July 2006 price list remained in effect until August 2008, when pressure from significantly increased raw materials costs led to an increase in prices.

### **Price Suppression**

[66] In addition to the price erosion experienced by the complainant, it was unable to raise prices sufficiently in 2008 to offset large increases in the price of its primary raw material, carbon steel wire. According to the complainant, carbon steel wire can account for more than half the cost of production of mattress innerspring units.

[67] The complaint provides a table<sup>7</sup> with the complainant's monthly cost for purchases of carbon steel wire for January 2006 through December 2008. The table also provides selling prices of three product lines of mattress innerspring units on an indexed basis, with January 2006 representing an index level of 100. Source data<sup>8</sup> on actual raw materials purchases and the complainant's list price for mattress innerspring units were also provided. The table shows that the price of carbon steel wire began to increase significantly and rapidly beginning in February 2008, continuing throughout 2008. In the same period, the information provided in the complaint<sup>9</sup> shows that selling prices for three types of mattress innerspring units registered only a fraction of the increase in the cost of carbon steel wire. This price suppression had a negative effect on the complainant's profitability in 2008.

[68] The complainant alleges that it was not able to pass along the increased cost of carbon steel wire due to the availability in the Canadian market of low-priced allegedly dumped mattress innerspring units from China.

<sup>6</sup> Globe Spring Non-Confidential Complaint, Appendices 5 and 19

<sup>7</sup> Globe Spring Non-Confidential Complaint, Appendix 19

<sup>8</sup> Ibid

<sup>9</sup> Ibid

## **Decline in Revenues and Profitability**

[69] In 2006 and again in 2007, the complainant's revenues from the sale of mattress innerspring units produced in Canada declined. Because of the significant increase in the price of raw materials, the complainant increased its prices, which caused a partial recovery in the complainant's revenues. However, the price increase did not match the increase in raw materials costs.

[70] Due to price erosion allegedly caused by the availability in the Canadian market of dumped goods from China, the complainant's profitability began to decline after 2005. The complainant's profitability was further reduced in 2008 as it could not fully raise prices to offset the large increase in raw materials prices that occurred that year.

[71] The complainant alleges that its revenues and profitability have been negatively affected due to the availability in the Canadian market of low-priced allegedly dumped mattress innerspring units from China.

## **Reduced Employment**

[72] The complainant provided figures to demonstrate that its level of employment declined between 2005 and 2008. The details of this information have been designated as confidential by the complainant.

## **Reduced Capacity Utilization**

[73] The complainant provided figures to demonstrate that its level of capacity utilization declined between 2005 and 2008. The details of this information have been designated as confidential by the complainant.

## **Threat of Injury**

[74] The complainant contends that the domestic mattress innerspring industry is threatened with continued injury from the allegedly dumped imports.

[75] According to the complainant, its parent company, Leggett & Platt, Incorporated, is examining options for a new production line and is considering which of its production facilities and subsidiaries in the United States and Canada should manufacture the new product. The complainant feels that it is unlikely that Leggett & Platt will locate this new production at its facilities in Canada if the viability of the complainant continues to be threatened by allegedly dumped imports of subject goods from China.

[76] The complainant argues that the finding<sup>10</sup> of the United States International Trade Commission against imports of mattress innerspring units from China could lead to a diversion of Chinese goods from the United States market into the Canadian market, threatening further lost sales and reduced market share.

[77] The complainant argues that its customers that manufacture finished mattresses face growing competition from mattress manufacturers that use mattress innerspring units from China, and that if it is not able to keep its customers competitive, its remaining customers may be forced to source the goods from China.

## **CONCLUSION**

[78] Based on the information provided in the complaint, other available information, and the CBSA's internal data on imports, there is evidence that mattress innerspring units originating in or exported from China have been dumped, and there is a reasonable indication that such dumping has caused or is threatening to cause injury to the Canadian industry. As such, a dumping investigation was initiated on April 27, 2009.

## **SCOPE OF THE INVESTIGATION**

[79] The CBSA will conduct an investigation to determine whether the subject goods have been dumped.

[80] The CBSA has requested information relating to the subject goods imported into Canada from China during the period of April 1, 2008 to March 31, 2009, the period of investigation. The information requested from potential exporters and importers will be used to estimate normal values and export prices and ultimately to determine whether the subject goods have been dumped.

[81] All parties have been clearly advised of the CBSA's information requirements and the timeframes for providing their responses.

## **FUTURE ACTION**

[82] The Canadian International Trade Tribunal (Tribunal) will conduct a preliminary inquiry to determine whether the evidence discloses a reasonable indication that the alleged dumping of the goods has caused or is threatening to cause injury to the Canadian industry. The Tribunal must make its decision within 60 days after the date of the initiation of the investigation. If the Tribunal concludes that the evidence does not disclose a reasonable indication of injury to the Canadian industry, the investigation will be terminated.

[83] If the Tribunal finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the ongoing CBSA investigation reveals that the goods have been dumped, the CBSA will make a preliminary determination of dumping within 90 days after the

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<sup>10</sup> United States International Trade Commission public report on uncovered innerspring units from China, South Africa, and Vietnam, dated November 10, 2008

date of the initiation of the investigation, by July 27, 2009. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigation.

[84] If the CBSA's investigation reveals that imports of the subject goods have not been dumped, that the margin of dumping is insignificant or that the actual and potential volume of dumped goods is negligible, the investigation will be terminated.

[85] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping may be subject to provisional duty in an amount not greater than the estimated margin of dumping on the imported goods.

[86] Should the CBSA make a preliminary determination of dumping, the investigation will be continued for the purpose of making a final decision within 90 days after the date of the preliminary determination.

[87] If a final determination of dumping is made, the Tribunal will continue its inquiry and hold public hearings into the question of injury to the Canadian industry. The Tribunal is required to make a finding with respect to the goods to which the final determination of dumping applies, not later than 120 days after the CBSA's preliminary determination.

[88] In the event of an injury finding by the Tribunal, imports of subject goods released by the CBSA after that date will be subject to anti-dumping duty equal to the applicable margin of dumping on the imported goods.

### **RETROACTIVE DUTY ON MASSIVE IMPORTATIONS**

[89] When the Tribunal conducts an inquiry concerning injury to the Canadian industry, it may consider if dumped goods that were imported close to or after the initiation of an investigation constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry.

[90] Should the Tribunal issue such a finding, anti-dumping duty may be imposed retroactively on subject goods imported into Canada and released by the CBSA during the period of 90 days preceding the day of the CBSA making a preliminary determination of dumping.

### **UNDERTAKINGS**

[91] After a preliminary determination of dumping by the CBSA, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods.

[92] Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone and fax numbers, mailing



address and e-mail address, if available, to one of the officers identified in the “Information” section of this document.

[93] If an undertaking were to be accepted, the investigation and the collection of provisional duty would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA’s investigation be completed and that the Tribunal complete its injury inquiry.

## **PUBLICATION**

[94] Notice of the initiation of this investigation is being published in the Canada Gazette pursuant to subparagraph 34(1)(a)(ii) of SIMA.

## **INFORMATION**

[95] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping. Written submissions should be forwarded to the attention of one of the officers identified below.

[96] To be given consideration in this phase of the investigation, all information should be received by the CBSA by June 3, 2009.

[97] Any information submitted to the CBSA by interested parties concerning this investigation is considered to be public information unless clearly marked “confidential”. Where the submission by an interested party is confidential, a non-confidential version of the submission must be provided at the same time. This non-confidential version will be made available to other interested parties upon request.

[98] Confidential information submitted to the President will be disclosed on written request to independent counsel for parties to these proceedings, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the Tribunal, any court in Canada, or a WTO/North American Free Trade Agreement dispute settlement panel. Additional information respecting the policy on the disclosure of information under SIMA may be obtained by contacting one of the officers identified below or by visiting the CBSA’s Web site.

[99] The investigation schedule and a complete listing of all exhibits and information are available at [www.cbsa-asfc.gc.ca/sima-lmsi/i-e/menu-eng.html](http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/menu-eng.html). The exhibit listing will be updated as new exhibits and information are made available.

[100] This *Statement of Reasons* has been provided to persons directly interested in these proceedings. It is also posted on the CBSA's Web site at the address below. For further information, please contact the officers identified as follows:

SIMA Registry and Disclosure Unit  
Anti-dumping and Countervailing Program  
Trade Programs Directorate  
Canada Border Services Agency  
100 Metcalfe Street, 11<sup>th</sup> Floor  
Ottawa ON K1A 0L8  
CANADA

Telephone: Jody Grantham 613-954-7405  
Danielle Newman 613-952-1963

Facsimile: 613-948-4844

E-mail: [simaregistry@cbsa-asfc.gc.ca](mailto:simaregistry@cbsa-asfc.gc.ca)

Web site: [www.cbsa-asfc.gc.ca/sima](http://www.cbsa-asfc.gc.ca/sima)

A handwritten signature in black ink, appearing to read 'M.R. Jordan', with a long horizontal stroke extending to the right.

M.R. Jordan  
Director General  
Trade Programs Directorate