The following communication, dated 19 May 1976, has been received from the delegation of Canada.

The delegation of Canada wishes to submit the following comments on the communication from the delegation of Japan contained in document COM.AD/W/54 of 30 March 1976 (paragraph numbers and headings are those of the Japanese submission):

4. Article 2(d) (1975, Canada, parts of fasteners)

In this case both fasteners and parts of fasteners were being shipped to Canada. The normal values for most types of fasteners were determined in relation to their domestic sales price in the Japanese market and margins of dumping were found. The normal values of those types of fasteners not marketed in Japan, and of parts of fasteners, which were also not sold as such in Japan, were determined, in conformity with Article 2(d) of the Code, on the basis of their cost of production plus a reasonable amount for administration, selling and other costs and for profits. Here again, margins of dumping were found.

Article 2(d) of the Code provides that the addition for profit shall not exceed the profit normally realized on domestic sales of products of the same general category. In the absence of sales in Japan of fastener parts, these were considered as being of the same general category as fasteners, and percentage markups were applied to equal those for fasteners. Since the cost of production of fastener parts is of course lower than that of finished fasteners, it was considered that this yielded an equitable result.

The Canadian importer disagrees and has appealed this decision to the Tariff Board.
5. **Article 2(F) (1975, Canada, Colour TV)**

The matter referred to in paragraph 5 has of course not as yet been raised in Committee as the action in question occurred since the last reporting date of 30 June 1975. However, both paragraphs 5 and 7 relate to the issue of determination of fair comparisons between export and domestic prices. In this regard the intent of Canadian regulations 3 to 11 is to provide a comparison of prices at the same level of trade and to consider all allowances that are reasonable and relevant in assessing the differences in conditions and terms of sale. It is considered that these provisions of the Canadian regulations fully meet the criteria of Article 2(F) of the Code.

8. **Article 3(a) and (e) (1975, Canada, Photo Albums)**

It has been previously explained in the Anti-Dumping Practices Committee in relation to this case that the Canadian Anti-Dumping Tribunal's report clearly indicated that the Tribunal had based its findings on real evidence that Japanese photo albums had been offered to Canadian customers in large quantities at dumped prices.

12. **Article 6(b) (1975, Canada, Colour Television)**

Canadian authorities recognize the difficulty in such cases of respecting the provisions of Article 6(c) on the one hand and those of Articles 6(b) and 10(c) on the other. The Canadian authorities have, however, supplied as much relevant information of a general nature as they reasonably could provide, within the bounds of confidentiality, to explain the reasons for their decision. The Canadian authorities are of the opinion that the information provided was sufficient in this case.

15. **Article 10(a) (1969, Canada)**

While it is indicated that this matter was previously raised by the delegation of Japan it would appear from the record (COM.AD/3, paragraph 10) that this was in fact an observation by the representative of Sweden. As was explained at that time the requirement contained in section 13(1) of Canada's Anti-Dumping Act, regarding evidence of injury for the initiation of an investigation, also applies to preliminary determinations of dumping under Section 14(1), and the discretionary decisions under Section 15(1) that a provisional duty should be paid or a security posted.