

GENERAL AGREEMENT ON

RESTRICTED

ADP/W/338

4 June 1993

TARIFFS AND TRADE

Special Distribution

Committee on Anti-Dumping Practices

Original: English

CANADA - ANTI-DUMPING ACTION ON CARBON STEEL WELDED PIPES FROM BRAZIL

Response by Canada to Question Raised by Brazil

The following communication, dated 24 May 1993, has been received from the Permanent Mission of Canada.

Question:

Why was the "inventory opportunity cost" not taken into account in the comparisons based on actual domestic sales?

Response:

The only situation encountered in the re-investigation of carbon steel welded pipe from Brazil where "inventory opportunity costs" may have arisen concerns the claim that there is a cost of carrying inventory for domestic sales.

This claim is based on the premise that, in a high inflation economy, inventory decreases in value the longer it remains unsold.

While the statement taken in a general context may be true, it is the opinion of the Department that this situation does not constitute a cost incurred on domestic sales by the Brazilian pipe producers.

In its investigation, Revenue Canada found that the actual domestic selling prices of the like goods were not finalized until the goods were shipped and the invoices issued.

Up to this point, any selling prices previously indicated by the producer may be adjusted for inflation and/or changes in raw material cost.

It should be noted that, in respect of carbon steel welded pipe, invoices are usually issued on or about the delivery date and, by Brazilian law, must accompany the goods.