



OTTAWA, April 21, 2016

## STATEMENT OF REASONS

**Concerning an expiry review determination under  
paragraph 76.03(7)(a) of the *Special Import Measures Act*  
regarding**

**Certain Hot-rolled Steel Sheet Originating in or Exported from  
the Federative Republic of Brazil, the People's Republic of China,  
Chinese Taipei, the Republic of India, and Ukraine**

## DECISION

On April 6, 2016, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the order made by the Canadian International Trade Tribunal on August 15, 2011, in Inquiry No. RR-2010-001:

- i. is likely to result in the continuation or resumption of dumping of certain hot-rolled steel sheet originating in or exported from the Federative Republic of Brazil, the People's Republic of China and Ukraine;
- ii. is unlikely to result in the continuation or resumption of dumping of certain hot-rolled steel sheet originating in or exported from Chinese Taipei and the Republic of India;  
and
- iii. is likely to result in the continuation or resumption of subsidizing of certain hot-rolled steel sheet originating in or exported from the Republic of India.

Cet *Énoncé des motifs* est également disponible en français.  
This *Statement of Reasons* is also available in French

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## SUMMARY

[1] On December 8, 2015, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its order made on August 15, 2011 in Inquiry No. RR-2010-001 concerning:

- the dumping of certain flat hot-rolled carbon and alloy steel sheet and strip, including secondary or non-prime material, originating in or exported from the Federative Republic of Brazil (Brazil), the People's Republic of China (China), Chinese Taipei, the Republic of India (India) and Ukraine; and
- the subsidizing of certain flat hot-rolled carbon and alloy steel sheet and strip, including secondary or non-prime material, originating in or exported from India.

[2] For the purposes of this document, the term “hot-rolled steel sheet” shall hereafter refer to products subject to the order and the countries identified shall collectively be referred to as “the Named Countries.”<sup>1</sup>

[3] As a result of the CITT's notice, on December 9, 2015, the Canada Border Services Agency (CBSA) commenced an investigation to determine whether the expiry of the order is likely to result in the continuation or resumption of dumping and, in the case of India, subsidizing of the goods.

[4] Responses to the Expiry Review Questionnaire (ERQ) were received from Canadian producers: ArcelorMittal Dofasco G.P., Essar Steel Algoma Inc., Evraz Inc. NA Canada and United States Steel Canada Inc.<sup>2</sup> These parties are collectively referred to as “the Canadian producers” throughout this Statement of Reasons.

[5] In addition to responding to the ERQ, the Canadian producers submitted supplementary information prior to the close of record.<sup>3</sup> Case briefs were also submitted by counsel on behalf of the Canadian producers.<sup>4</sup> ArcelorMittal Dofasco G.P. and Essar Steel Algoma Inc. also provided reply submissions.<sup>5</sup>

[6] The submissions made by the Canadian producers included information to support their position that continued or resumed dumping and, in the case of India, subsidizing of hot-rolled steel sheet from the Named Countries is likely if the CITT's order is rescinded.

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<sup>1</sup> Note: When referencing statistics from trade reports and industry publications, the term “hot-rolled steel sheet” will still be used in this report with the acknowledgment that these reports often use interchangeable terms such as “hot-rolled coil” or may cumulate “coil plate” with hot-rolled steel sheet data.

<sup>2</sup> Exhibits 16 (PRO), 17 (NC), 18 (PRO), 19 (NC), 24 (PRO), 25 (NC), 26 (PRO), 27 (NC) – Canadian producer ERQ responses.

<sup>3</sup> Exhibits 30 (PRO) and 31 (NC) – Essar Steel Algoma Inc. close of record attachments; Exhibits 33 (PRO) and 34 (NC) – ArcelorMittal Dofasco G.P., close of record attachments.

<sup>4</sup> Exhibits 41 (NC), 42 (NC), 43 (PRO), 46 (PRO), 47 (NC), 48 (PRO), 49 (NC) – Canadian producer case briefs.

<sup>5</sup> Exhibits 52 (PRO), 53 (NC), 54 (PRO), 55 (NC) – Essar Steel Algoma Inc. and ArcelorMittal Dofasco G.P. reply submissions.

[7] The CBSA also received a complete response to the ERQ from one Brazilian exporter<sup>6</sup>, ArcelorMittal Brasil, and a partial response from one Indian exporter<sup>7</sup>, JSW Steel Ltd. One importer, Samuel, Son & Company Ltd., provided a response to the ERQ before the closing of the record.<sup>8</sup>

[8] JSW Steel Ltd. provided case briefs<sup>9</sup> and reply submissions to support their position that continued or resumed dumping and subsidizing of hot-rolled steel sheet from India is unlikely if the CITT's order is rescinded.<sup>10</sup> No other exporters or importers submitted case briefs or reply submissions.

[9] The CBSA did not receive a response to the ERQ from the Government of India (GOI) but the GOI did provide case briefs<sup>11</sup> and reply submissions<sup>12</sup>, which stated that subsidizing of hot-rolled steel sheet from India was unlikely if the CITT's order is rescinded.

[10] Analysis of information on the record indicates that producers in certain Named Countries, specifically, Brazil, China and Ukraine: have significant excess capacity; produce high volumes of hot-rolled steel sheet; have insufficient domestic demand creating pressures to export; are selling at low and potentially dumped prices in other global markets; have not generally demonstrated an ability to compete in Canada at non-dumped prices; maintain a commercial interest in the Canadian market; and are subject to numerous current anti-dumping measures concerning flat-rolled steel products in Canada and in other jurisdictions.

[11] Analysis of the information on the record indicates that producers in Chinese Taipei: are restraining production of hot-rolled steel sheet, have a focus on closer markets, have strong consumption projections in those closer regional markets for hot-rolled steel sheet; have demonstrated an ability to compete in markets where dumping measures are in place; do not appear to have dumped other flat-rolled steel products in the Canadian market; and have an apparent lack of interest in the Canadian market.

[12] Analysis of information on the record indicates that producers in India: have a strong domestic market; have high capacity utilization for hot-rolled steel sheet; have strong regional consumption projections; have a domestic market where safeguard measures have been imposed to protect against low-priced imports; have demonstrated the ability to sell hot-rolled steel sheet in other markets at non-dumped prices; are in a country which is a net importer of hot-rolled steel sheet; and have decreased their absolute export volume of hot-rolled steel sheet.

[13] Analysis of information on the record also indicates that exporters in India: have continued availability of subsidy programs; benefit from the GOI's provision of subsidies to manufacturers in the steel sector; and are also subject to countervailing measures against flat-rolled products, including hot-rolled steel sheet, in the United States.

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<sup>6</sup> Exhibits 20 (PRO) and 21 (NC) – ArcelorMittal Brasil S/A ERQ response.

<sup>7</sup> Exhibits 22 (PRO) and 23 (NC) – JSW Steel Limited ERQ response.

<sup>8</sup> Exhibits 35 (PRO) and 36 (NC) – Samuel, Son & Company Ltd. ERQ response.

<sup>9</sup> Exhibits 44 (PRO) and 45 (NC) – JSW Steel Limited case briefs.

<sup>10</sup> Exhibits 58 (PRO) and 59 (NC) – JSW Steel Limited reply submissions.

<sup>11</sup> Exhibit 50 (NC) – GOI case briefs.

<sup>12</sup> Exhibits 56 (PRO) and 57 (NC) – GOI reply submissions.

[14] For the foregoing reasons, the CBSA, having considered the information on the record, determined on April 6, 2016, pursuant to paragraph 76.03(7)(a) of SIMA that:

- i. the expiry of the order in respect of the dumping of certain hot-rolled steel sheet, originating in or exported from Brazil, China and Ukraine is likely to result in the continuation or resumption of dumping of the goods into Canada;
- ii. the expiry of the order in respect of the dumping of certain hot-rolled steel sheet, originating in or exported from Chinese Taipei and India is unlikely to result in the continuation or resumption of dumping of the goods into Canada; and
- iii. the expiry of the order in respect of the subsidizing of certain hot-rolled steel sheet, originating in or exported from India is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

## **BACKGROUND**

[15] On January 19, 2001, following a complaint filed by Canadian industry, the original anti-dumping and, in the case of India, subsidy investigations were initiated concerning certain flat hot-rolled carbon and alloy steel sheet and strip products originating in or exported from Brazil, Bulgaria, China, Chinese Taipei, India, the Republic of Korea, the Former Yugoslav Republic of Macedonia (Macedonia), New Zealand, Saudi Arabia, South Africa, the Kingdom of Thailand, Ukraine and the Federal Republic of Yugoslavia (Yugoslavia).

[16] The complaint was made by Algoma Steel Inc. (now Essar Steel Algoma Inc.) of Sault Ste. Marie, Ontario and was supported by the other Canadian manufacturers of the product at that time, namely: Stelco Inc. (now United States Steel Canada Inc.) of Hamilton, Ontario, Dofasco Inc. (now ArcelorMittal Dofasco G.P.) of Hamilton, Ontario, IPSCO Inc. (now Evraz Inc. NA Canada) of Regina, Saskatchewan, and Ispat Sidbec Inc. (Ispat) of Montreal, Quebec (now ArcelorMittal Canada).<sup>13</sup>

[17] On July 18, 2001, the Canada Customs and Revenue Agency (now CBSA) made final determinations of dumping and, in the case of India, subsidizing in accordance with paragraph 41(1)(a) of SIMA in respect of certain flat hot-rolled carbon and alloy steel sheet and strip, originating in or exported from Brazil, Bulgaria, China, Chinese Taipei, India, the Republic of Korea, Macedonia, New Zealand, Saudi Arabia, South Africa, Ukraine and Yugoslavia.

[18] On August 17, 2001, the CITT found pursuant to subsection 43(1) of SIMA that injury had been caused by the dumping and, in the case of India, subsidizing, of the subject goods from the countries identified above, excluding goods originating in or exported from the Republic of Korea, New Zealand and Saudi Arabia.

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<sup>13</sup> ArcelorMittal Canada does not produce hot-rolled steel sheet from this facility anymore. Its lone facility for these goods is the ArcelorMittal Dofasco facility in Hamilton, Ontario.

[19] On March 30, 2006, following the initiation of an expiry review of the CITT's finding of injury, the CBSA determined pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding was likely to result in the continuation or resumption of dumping of the goods from Brazil, China, Chinese Taipei, India, South Africa and Ukraine; and also likely to result in the continuation or resumption of subsidizing of the goods from India. Furthermore, the CBSA determined that the expiry of the finding was unlikely to result in the continuation or resumption of dumping of the goods from Bulgaria, Macedonia, and Serbia and Montenegro (formerly the Federal Republic of Yugoslavia).

[20] On August 16, 2006, the CITT issued an order pursuant to paragraph 76.03(12)(b) of SIMA, continuing its finding in respect of flat hot-rolled carbon and alloy steel sheet and strip originating in or exported from Brazil, China, Chinese Taipei, India, South Africa and Ukraine.

[21] On March 31, 2011, following the initiation of an expiry review of the CITT's order, the CBSA determined that the expiry of the order was likely to result in the continuation or resumption of dumping of the goods from Brazil, China, Chinese Taipei, India and Ukraine; and also likely to result in the continuation or resumption of subsidizing of the goods from India. Furthermore, the CBSA determined that the expiry of the order was unlikely to result in the continuation or resumption of dumping of the goods from South Africa.

[22] On August 15, 2011, the CITT issued an order pursuant to paragraph 76.03(12)(b) of SIMA, continuing its order in respect of flat hot-rolled carbon and alloy steel sheet and strip originating in or exported from Brazil, China, Chinese Taipei, India and Ukraine.

[23] On October 19, 2015, pursuant to subsection 76.03(2) of SIMA, the CITT issued a notice concerning the expiry of its order, which was scheduled to expire on August 14, 2016. Based on the information filed during the expiry process, the CITT decided that a review of the order was warranted.

[24] On December 8, 2015, the CITT initiated an expiry review of its order pursuant to subsection 76.03(3) of SIMA.

[25] On December 9, 2015, the CBSA commenced an expiry review investigation to determine whether the expiry of the order is likely to result in the continuation or resumption of dumping of the goods from Brazil, China, Chinese Taipei, India and Ukraine; and also whether the expiry of the order is likely to result in the continuation or resumption of subsidizing of the goods from India.

## **PRODUCT DEFINITION**

[26] The goods subject to the order under review are defined as:

Flat hot-rolled carbon and alloy steel sheet and strip, including secondary or "non-prime" material, originating in or exported from Brazil, the People's Republic of China, Chinese Taipei, the Republic of India and Ukraine, in various widths from 0.75" (19 mm) and wider, and

- for product in coil form, in thicknesses from 0.054" to 0.625" (1.37 mm to 15.875 mm) inclusive;
- for product that is cut-to-length, in thicknesses from 0.054" up to but not including 0.187" (1.37 mm up to but not including 4.75 mm).

Excluding flat-rolled stainless steel sheet and strip and flat hot-rolled, cut-to-length alloy steel products containing no less than 11.5% manganese, in thicknesses from 0.12" to 0.19" (3 mm to 4.75 mm).

## **CLASSIFICATION OF IMPORTS**

[27] Hot-rolled steel sheet are normally imported into Canada under the following Harmonized System (HS) classification numbers:

7208.25.00.10	7208.36.00.30	7208.53.00.10	7225.30.00.00
7208.25.00.20	7208.36.00.40	7208.53.00.20	7225.40.00.11
7208.25.00.30	7208.37.00.10	7208.53.00.30	7225.40.00.19
7208.25.00.40	7208.37.00.20	7208.53.00.40	7225.40.00.21
7208.26.00.10	7208.37.00.30	7208.54.00.10	7225.40.00.91
7208.26.00.20	7208.37.00.40	7208.54.00.20	7225.40.00.92
7208.26.00.30	7208.38.00.10	7208.54.00.30	7225.40.00.93
7208.26.00.40	7208.38.00.20	7208.54.00.40	7225.40.00.94
7208.27.00.10	7208.38.00.30	7208.90.00.00	7225.99.00.00
7208.27.00.20	7208.38.00.40	7211.13.00.00	7226.20.00.00
7208.27.00.30	7208.39.00.10	7211.14.00.90	7226.91.00.10
7208.27.00.40	7208.39.00.20	7211.19.00.10	7226.91.00.90
7208.36.00.10	7208.39.00.30	7211.19.00.90	7226.99.00.90
7208.36.00.20	7208.39.00.40	7211.90.00.90	

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

## **PERIOD OF REVIEW**

[29] The period of review (POR) for the CBSA's expiry review investigation is from January 1, 2012 to October 31, 2015.

## **CANADIAN INDUSTRY**

[30] The Canadian industry for certain hot-rolled steel sheet is comprised of the following four companies:

- ArcelorMittal Dofasco G.P.
- Essar Steel Algoma Inc.
- Evraz Inc. NA Canada
- United States Steel Canada Inc.

### **ArcelorMittal Dofasco G.P. (AMD)**

[31] In 1912, C.W. Sherman founded the Dominion Steel Casting Company to manufacture castings for Canadian railways. The company merged with its subsidiary, Hamilton Steel Wheel Company, and was incorporated under the laws of Canada by letters patent dated May 15, 1917 and re-named Dominion Foundries and Steel Limited. The name was officially changed to Dofasco Inc. in 1980.

[32] In 2006, Dofasco Inc. was purchased by Europe-based steelmaker Arcelor. During this transition, Arcelor merged with Mittal Steel to become ArcelorMittal and Dofasco Inc. The company was re-named ArcelorMittal Dofasco Inc. on November 30, 2007.

[33] On January 1, 2016, the business of ArcelorMittal Dofasco Inc. was transferred to ArcelorMittal Dofasco G.P., a newly-created Ontario general partnership.

[34] The facilities, now operated by ArcelorMittal Dofasco G.P., started production of hot-rolled steel sheet in 1940. The original mill was modified many times over the years and taken out of commission in 1993. A new hot mill was brought into use in 1983 and is capable of making hot-rolled steel sheet products up to 62 inches wide and 0.5 inches thick.<sup>14</sup>

[35] Typical end-uses for the company's hot-rolled steel sheet products are automotive, construction and tubular products.

### **Essar Steel Algoma Inc. (Essar Algoma)**

[36] Incorporated on June 1, 1992, under the *Ontario Business Corporations Act*, Algoma Steel Inc. acquired all of the assets and some of the liabilities of the old Algoma Steel Corporation, Limited. On January 29, 2002, the company was further reorganized under a plan of Arrangement and Reorganization pursuant to the *Companies' Creditors Arrangement Act* (CCAA).

[37] In June 2007, Algoma was acquired by Essar Steel Holdings Ltd., a division of the multi-national conglomerate, Essar Global. On May 8, 2008, the company was renamed Essar Steel Algoma Inc.<sup>15</sup>

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<sup>14</sup> Exhibit 19 (NC) – ArcelorMittal Dofasco G.P. ERQ response, Q7.

<sup>15</sup> Exhibit 25 (NC) – Essar Algoma ERQ response, Q7.



[38] On November 9, 2015, Essar Algoma entered into financial restructuring by way of a filing under the CCAA. On the same day, Essar Algoma entities filed a petition under chapter 15 of the *United States Bankruptcy Code* in the United States.<sup>16</sup>

[39] Essar Algoma is a primary iron and steel producer. It has a present capacity to produce approximately 2.7 million metric tonnes (mmt) of raw steel and approximately 3.4 mmt of finished steel annually.<sup>17</sup>

#### **Evrz Inc. NA Canada (Evrz)**

[40] As the western Canadian operations of the former IPSCO Inc., Evraz was originally incorporated as the Prairie Pipe Manufacturing Co., Ltd. in 1956. The company commenced production of its own flat-rolled steel, including hot-rolled steel sheet in 1960. Evraz continues to produce hot-rolled steel sheet in addition to other flat-rolled steel and downstream products, including hot-rolled carbon and alloy steel plate products, oil country tubular goods (OCTG), standard pipe and piling pipe.

[41] Evraz has steel making and pipe making operations in Regina, Saskatchewan and steel coil processing centres in Regina, Saskatchewan and Surrey, British Columbia. Evraz also has pipe making operations in Calgary and Red Deer, Alberta.

[42] The Evraz North America group of companies also owns Canadian National Steel Corporation (CNSC) in Camrose, Alberta.

[43] On July 17, 2007, SSAB, a subsidiary of SSAB Svenkst Stahl of Sweden, acquired IPSCO and its subsidiaries. A further reorganization led to IPSCO Inc. owning only the Canadian operations, excluding the coil processing facility in Scarborough, Ontario.

[44] On June 12, 2008, Evraz Group S.A. based in Luxembourg, acquired from SSAB all its IPSCO Inc. shares and all of its subsidiaries. SSAB retained a number of facilities in the United States and the coil processing facility in Scarborough, Ontario.

[45] On October 15, 2008, the name IPSCO Inc. was changed to Evraz Inc. NA Canada and the name of its wholly owned subsidiary IPSCO Canada Inc. was changed to Evraz Inc. NA Canada West.

[46] On January 1, 2009, Evraz Inc. NA Canada West was amalgamated into Evraz Inc. NA Canada.<sup>18</sup>

[47] On December 13, 2013, Evraz sold its steel sheet facility in Surrey, British Columbia to Samuel, Son & Company, Ltd. and on June 27, 2014, Evraz sold its cut-to-length facility in Regina, Saskatchewan to Varsteel.<sup>19</sup>

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<sup>16</sup> Exhibit 13 (NC) – CITT administrative record. (Essar Algoma Submissions - Volume 1A), paragraph 123, page 30.

<sup>17</sup> Exhibit 25 (NC) – Essar Algoma ERQ response, Q7.

<sup>18</sup> Exhibit 27 (NC) – Evraz ERQ response, Q7.

<sup>19</sup> Exhibit 27 (NC) – Evraz ERQ response, Q18.

## **United States Steel Canada Inc. (USSC)**

[48] Incorporated as “The Steel Company of Canada” in 1910, the company grew to become Canada’s leading steelmaker and in 1980 became known as “Stelco Inc.” (Stelco).

[49] On January 29, 2004, Stelco filed for protection from creditors under the CCAA and emerged from protection on March 31, 2006.

[50] On October 31, 2007, Stelco was acquired by the United States Steel Corporation (USS), which renamed the company as United States Steel Canada Inc. (USSC).

[51] USSC has two main production facilities: Hamilton Works, in Hamilton, Ontario and Lake Erie Works, in Nanticoke, Ontario. Hot-rolled steel sheet was manufactured at Hamilton Works between December 1945 and May 2007, at which point the hot-strip mill at Hamilton Works ceased production. Production of hot-rolled steel sheet began at Lake Erie Works in May 1983, on a 2,050 mm (80-inch) hot strip mill. The company submitted that more than \$600 million has been invested in the Lake Erie Works hot strip mill since 2004 to supply hot-rolled products for sales to the market and for use as feeder stock for Hamilton Works.<sup>20</sup>

[52] On September 16, 2014, USSC filed for protection under the CCAA. Restructuring proceedings under CCAA remain underway at this point in time. Most recently, USSC’s creditor protection order was extended to April 29, 2016.<sup>21</sup>

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<sup>20</sup> Exhibit 17 (NC) – USSC ERQ response, Q7.

<sup>21</sup> Exhibit 29 (NC) – Hamilton Spectator Article: “U.S. Steel to try selling former Stelco plants in Hamilton, Nanticoke – again,” January 13, 2016.

## CANADIAN MARKET

[53] The value and volume of Canadian production of hot-rolled steel sheet for domestic consumption is only available from the confidential submissions of the Canadian producers and therefore cannot be disclosed. The CBSA has prepared the following tables to show data for hot-rolled steel sheet imported into Canada during the POR.

**Table 1**  
**Imports into Canada <sup>22</sup>**  
**Hot-Rolled Steel Sheet (Volume in Metric Tonnes)**

Source	2012	2013	2014	Jan. - Oct. 2014	Jan. - Oct. 2015
Brazil	1.95	-	-	-	-
China	-	-	-	-	-
Chinese Taipei	-	-	-	-	-
India	-	-	-	-	-
Ukraine	-	-	-	-	-
United States	932,345	1,018,511	974,129	819,227	647,083
Other Countries	171,901	163,253	394,899	238,241	227,068
<b>Total Imports</b>	<b>1,104,248</b>	<b>1,181,764</b>	<b>1,369,028</b>	<b>1,057,468</b>	<b>874,151</b>

**Table 2**  
**Imports into Canada <sup>23</sup>**  
**Hot-Rolled Steel Sheet (Value in \$CDN)**

Source	2012	2013	2014	Jan. - Oct. 2014	Jan. - Oct. 2015
Brazil	\$6,078	-	-	-	-
China	-	-	-	-	-
Chinese Taipei	-	-	-	-	-
India	-	-	-	-	-
Ukraine	-	-	-	-	-
United States	\$816,106,063	\$865,642,112	\$926,835,408	\$777,252,970	\$659,321,065
Other Countries	\$159,575,260	\$147,243,378	\$337,171,901	\$208,085,835	\$198,659,380
<b>Total Imports</b>	<b>\$975,687,401</b>	<b>\$1,012,885,490</b>	<b>\$1,264,007,309</b>	<b>\$985,338,805</b>	<b>\$857,980,445</b>

<sup>22</sup> Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for Hot-Rolled Steel Sheet.

<sup>23</sup> Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for Hot-Rolled Steel Sheet.

## **Canadian Production**

[54] Overall, the Canadian producers' share of the apparent Canadian market in terms of both volume and value remained relatively stable over the POR, from 2012 through October 2015.

[55] The Canadian producers' market share volume decreased 6% in 2013 from 2012 and stabilized near that level through 2014. For the first 10 months of 2015, market share on a volume basis increased close to 2012 levels.<sup>24</sup>

[56] In terms of value, a similar market share trend was evident during the POR. The Canadian producers' share of the market declined 8% in 2013. In 2014, the Canadian producers' share of the market on a value basis rose slightly and stabilized at near this level for the first 10 months of 2015.<sup>25</sup>

## **Imports**

[57] The volume of subject goods imported from the Named Countries represented close to 0% of the apparent Canadian market for hot-rolled steel sheet throughout the POR.<sup>26</sup>

## **CASE ENFORCEMENT**

[58] In the enforcement of the CITT's order during the POR, as detailed in **Table 3** below, the total amount of anti-dumping duty collected on subject imports from the Named Countries was \$4,680 CDN. By comparison, the value for duty on all subject imports from the Named Countries during the POR was just over \$6,000 CDN.<sup>27</sup>

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<sup>24</sup> Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for hot-rolled steel sheet; Canadian Producer ERQ Responses – Appendix 1.

<sup>25</sup> Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for hot-rolled steel sheet; Canadian Producer ERQ Responses – Appendix 1.

<sup>26</sup> Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for hot-rolled steel sheet; Canadian Producer ERQ Responses – Appendix 1.

<sup>27</sup> Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for Hot-Rolled Steel Sheet.

[59] The small amount of duties collected over the course of the POR corresponds to the virtually non-existent imports from the Named Countries over the same period as presented in Table 1.

**Table 3**  
**SIMA Duties Collected on Hot-Rolled Steel Sheet**  
**(Value in \$CDN)**

Country	2012	2013	2014	Jan. – Oct. 2015
Brazil	\$4,680	-	-	-
China	-	-	-	-
Chinese Taipei	-	-	-	-
India	-	-	-	-
Ukraine	-	-	-	-

### **PARTIES TO THE PROCEEDINGS**

[60] On December 9, 2015, a notice concerning the CBSA's initiation of the expiry review investigation and the expiry review questionnaires (ERQs) were sent to the known Canadian producers, importers and exporters. The Government of India (GOI) was also sent an ERQ relating to subsidy.

[61] The ERQ requested information relevant to the CBSA's consideration of the expiry review factors, as listed in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR).

[62] All four Canadian producers of hot-rolled steel sheet: ArcelorMittal Dofasco Inc., Essar Steel Algoma Inc., Evraz Inc. NA Canada and United States Steel Canada Inc., argued in their ERQ responses, case briefs and reply submissions that the dumping and, in the case of India, subsidizing of the subject goods would continue should the CITT's order be rescinded.

[63] Of the 85 ERQs sent to exporters at the initiation of the expiry review investigation, the CBSA received a complete response from only one exporter, Brazilian producer ArcelorMittal Brasil S/A.<sup>28</sup> One other exporter, Indian producer JSW Steel Limited (JSW)<sup>29</sup>, provided limited information in a partial response to the ERQ.<sup>30</sup> JSW did, however, provide case briefs<sup>31</sup> and reply submissions.<sup>32</sup>

<sup>28</sup> Exhibits 20 (PRO) and 21 (NC) – ArcelorMittal Brasil S/A/ ERQ response.

<sup>29</sup> JSW Steel was formed via the merger of Jindal Iron and Steel Co (JISCO) and Jindal Vijayanagar Steel Ltd. (JVSL) in 2005. Today JSW Steel has plants in six locations in India. <http://www.jsw.in/steel/about-steel>.

<sup>30</sup> Exhibits 22 (PRO) and 23 (NC) – JSW Steel Limited ERQ response.

**Note:** Another Indian producer of hot-rolled steel sheet, Steel Authority of India Limited (SAIL), did provide comments to the CITT during their notice of expiry phase.

<sup>31</sup> Exhibits 44 (PRO) and 45 (NC) – JSW Steel Limited case briefs.

<sup>32</sup> Exhibits 58 (PRO) and 59 (NC) – JSW Steel Limited reply submissions.

[64] Of the 83 ERQs sent to importers at the initiation of the expiry review investigation, only one importer, Samuel, Son, & Co., Limited, provided a complete response to the ERQ.

[65] None of the importers provided case briefs or reply submissions.

[66] The GOI did not respond to the ERQ which they were provided with at initiation. On January 27, 2016, the GOI requested an extension until February 16, 2016 to complete the Government ERQ. The CBSA considered the request but did not grant the extension as the request came on the closing of the record date and the reasons identified in the request did not constitute unforeseen circumstances or unusual burdens that would justify granting an extension of time.

[67] On February 5, 2016, counsel for the GOI also requested a one week extension to the February 8, 2016 deadline for case briefs.<sup>33</sup> Given the time constraints and that the reasons underlying the request were akin to those made in the request to extend the deadline to complete the Government ERQ, the CBSA did not grant the extension.<sup>34</sup> The GOI ultimately met the deadline in filing its case briefs<sup>35</sup> and also provided reply submissions.<sup>36</sup>

## **INFORMATION CONSIDERED BY THE CBSA**

### **Administrative Record**

[68] The information considered by the CBSA for purposes of this expiry review investigation is contained in the administrative record. The administrative record includes the information on the CBSA's exhibit listing, which is comprised of the CITT's administrative record on which the CITT based its decision to initiate the expiry review, CBSA exhibits and information submitted by interested persons, including information which they feel is relevant to the decision as to whether dumping and subsidizing are likely to continue or resume absent the CITT order. This information may consist of expert analysts' reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization and responses to the ERQs submitted by Canadian producers, exporters, importers, and governments.

[69] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the "closing of the record date" and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on January 27, 2016.

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<sup>33</sup> Exhibit 40 (NC) – GOI request for extension to deadline for filing of case briefs, February 5, 2016.

<sup>34</sup> Exhibit 51 (NC) – CBSA response to GOI case briefs extension request, February 8, 2016.

<sup>35</sup> Exhibit 50 (NC) – GOI case briefs.

<sup>36</sup> Exhibits 56 (PRO) and 57 (NC) – GOI reply submissions.

## **Procedural Issues**

[70] The CBSA will normally not consider any new information submitted by participants subsequent to the closing of the record date. However, in certain exceptional circumstances, it may be necessary to permit new information to be submitted. The CBSA will consider the following factors in deciding whether to accept new information submitted after the closing of the record date:

- (a) the availability of the information prior to the closing of the record date;
- (b) the emergence of new or unforeseen issues;
- (c) the relevance and materiality of the information;
- (d) the opportunity for other participants to respond to the new information; and
- (e) whether the new information can reasonably be taken into consideration by the CBSA in making the determination.

[71] Participants wishing to file new information after the closing of the record date, either separately or in case briefs or reply submissions, must identify this information so that the CBSA can decide whether it will be included in the record for purposes of the determination.

[72] In their case briefs filed on February 8, 2016, JSW made references to information which was not on the administrative record. This information was not taken into consideration for the CBSA's analysis.<sup>37</sup>

[73] Similarly, in their reply submissions filed on February 22, 2016, both JSW and the GOI made references to information which was not on the administrative record. As such, this information not taken into consideration for the CBSA's analysis.<sup>38</sup>

[74] With respect to the information that was not on the administrative record, the information was not accepted by the CBSA because it was not sufficiently relevant or material in nature to warrant inclusion and would have been available to the party making the reference prior to the closing of the record date.

## **POSITION OF THE PARTIES - DUMPING**

### **Parties contending that continued or resumed dumping is likely**

#### **Canadian Producers**

[75] The Canadian producers made representations through their ERQ responses as well as in their case briefs and reply submissions in support of their position that dumping from the Named Countries is likely to continue or resume in the event the present order is rescinded. Consequently, the Canadian producers argued that the measures should remain in place.

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<sup>37</sup> Exhibit 44 (PRO) – JSW case briefs, paragraphs 8, 17 and 24.

<sup>38</sup> Exhibit 58 (PRO) – JSW reply submissions, paragraphs 18, 23 and 25; Exhibit 56 (PRO) – GOI reply submissions, paragraphs 18 and 20.

[76] Given the consensus amongst the Canadian producers regarding the main factors to be considered in support of a continuation of the CITT's order, reference to arguments made by individual producers will typically be attributed to "the Canadian producers" as a group throughout this analysis.

[77] In their submissions, the Canadian producers made certain broad allegations concerning the Named Countries as a group, in addition to country-specific allegations. These broad allegations in regards to hot-rolled steel sheet included:

- the depressed state of the domestic markets in the Named Countries;
- the threat posed by excess production capacity in the Named Countries;
- the pattern of dumping by producers in the Named Countries into Canada and other markets.

[78] The Canadian producers also cited information on the record to demonstrate the apparent substantial growth in exports of hot-rolled steel sheet from the Named Countries since 2012.<sup>39</sup>

[79] The Canadian producers further stated that the exporters in the Named Countries have not demonstrated an ability to compete at normal values and will be lured by the attractiveness of the higher-priced Canadian market,<sup>40</sup> as evidenced by low-priced hot-rolled steel sheet exports from other countries into Canada during the POR.<sup>41</sup>

[80] The Canadian producers alleged that:

"In current global conditions of fierce price competition, the exporters from the Subject Countries are likely to be attracted to the price premium that can be achieved in North America relative to the rest of the world."<sup>42</sup>

[81] In regards to the lure of the Canadian market, the Canadian producers stated:

"The Canadian market will continue to be attractive to HRS exporters in the Subject Countries because of the relatively higher prices in Canada. CRU provides pricing of HRS for the U.S. Midwest as well as other regions of the world. The Tribunal has previously stated that the U.S. Midwest spot price is also reflective of Canadian spot prices."<sup>43</sup>

[82] US Midwest prices cited by the Canadian producers were \$506 US/metric tonne (MT) in 2015 and projected by CRU to drop to \$468 US/MT in 2016.<sup>44</sup>

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<sup>39</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 129-130; Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>40</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 157.

<sup>41</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 144-145.

<sup>42</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 122.

<sup>43</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 157. Note: CRU is a steel industry trade publication with multiple versions tracking various sectors, including a steel sheet tracking publication.

<sup>44</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 158.



[83] The Canadian producers alleged that the Named Countries can “product switch” their export emphasis within the flat-rolled steel range of goods as opportunities present themselves.

[84] The Canadian producers also cited the numerous anti-dumping measures against the Named Countries for steel products, including hot-rolled steel sheet, as evidence that the exporters in these countries have a propensity to dump the subject goods.<sup>45</sup>

[85] The Canadian producers placed particular emphasis on the “China factor” as a catalyst affecting steel markets worldwide, in both the Named Countries and other countries, for all steel products, including hot-rolled steel sheet.

[86] The Canadian producers alleged that the excess production in China has resulted in a “flood of Chinese exports on the global steel market.” Chinese hot-rolled steel sheet exports reportedly more than doubled from 5.7 mmt in 2013 to 13 mmt in the first eleven months of 2015.<sup>46</sup> The Canadian producers cited this as key evidence that China’s excess production has a disruptive impact on world markets.

[87] The effect producers in China are having on the dynamics of trade for hot-rolled steel sheet is discussed in greater detail in the following sections with respect to each of the Named Countries.

[88] The factors summarized below represent the main arguments presented by the Canadian producers in supporting their position that the dumping of subject goods from each of the Named Countries is likely to continue or resume if the CITT’s order is rescinded.

### **Position of the Canadian Producers Regarding Brazil**

[89] The Canadian producers identified the following main factors as significant in arguing that the expiry of the CITT’s order will likely result in the continued or resumed dumping of hot-rolled steel sheet from Brazil:

- the weak economy in Brazil;
- the continued weakening in domestic demand for hot-rolled steel sheet, leading to an increasing reliance on export markets;
- the substantial and increasing excess production capacity in Brazil with respect to steel products, and specifically hot-rolled steel sheet;
- the increased pressure to absorb imports of hot-rolled steel sheet from China, leading to higher export volumes;
- the evidence of continued dumping of hot-rolled steel sheet into other markets;
- the decline in import volumes into Canada since the finding, demonstrating Brazil’s inability to compete at non-dumped prices;

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<sup>45</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 152-153.

<sup>46</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 137.

- the attractiveness of the Canadian market and the continued interest in this market for Brazilian exporters;
- anti-dumping measures in Canada for hot-rolled steel plate from Brazil; and the numerous anti-dumping measures and on-going proceedings against hot-rolled steel sheet and other steel sheet products from Brazil in other jurisdictions, demonstrating the propensity to dump these goods.

[90] The Canadian producers cited Brazil's weak economy as an indication that their domestic market will not be able to absorb its industrial production, ensuring that more goods produced in Brazil will need to be exported.

[91] The Canadian producers referenced reports that Brazil's gross domestic product (GDP) contracted by 3.5% in 2015 and is projected to contract again by between 2% - 3.5% in 2016. Industrial production was down 8.2% year-over-year as of September 2015.<sup>47</sup> Overall steel demand in Brazil contracted by 8.6% in 2014 and 12.8% in 2015 and is forecasted to grow by 3.6% in 2016.<sup>48</sup>

[92] The Canadian producers noted Brazil's reported 18.8 mmt of hot-rolled steel sheet capacity and their reported 13.6 mmt of production in 2015, leaving substantial excess capacity to dump on export markets.<sup>49</sup>

[93] The Canadian producers stated that the domestic market for hot-rolled steel sheet in Brazil in particular is suffering and is expected to continue to suffer. Part of this is due to the import pressure from China, which has dramatically increased its exports of hot-rolled steel sheet to Brazil.

[94] The Brazil Steel Institute (BSI) was quoted from September 2015 as stating that "the Brazilian steel industry faces its worst crisis in its history."<sup>50</sup> The surge in Chinese steel imports is alleged by the BSI to have contributed to this crisis.<sup>51</sup>

[95] The Canadian producers stated that sales of hot-rolled steel sheet in Brazil have been hampered in part because they are driven significantly by automotive demand, which dropped 14.9% in 2014 and 19.5% in 2015.<sup>52</sup>

[96] The Canadian producers cited statements from ArcelorMittal Brasil which held that demand in Brazil for hot-rolled steel sheet dropped by over 20% in 2015 and is expected drop another 3% in 2016. In spite of this drop, production is forecasted to grow by 4.3% in 2016 and 4.5% in 2017.<sup>53</sup>

<sup>47</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 28; Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 35.

<sup>48</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 37.

<sup>49</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>50</sup> Exhibit 13(NC) – CITT administrative record, paragraph 31. (Essar Algoma Submissions – Volume 1A).

<sup>51</sup> Exhibit 13(NC) – CITT administrative record; Attachment 4 (NC) – Brazil Steel News Article:

"Brazilian Steel Industry faces its worst crisis," September 2015. (Essar Algoma Submissions – Volume 1A).

<sup>52</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 29.

<sup>53</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraphs 30-31; Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 40.

[97] With domestic demand dropping, the Canadian producers stated that Brazil has significantly increased its export orientation to find markets to absorb their production of hot-rolled steel sheet; a trend they believe will continue.<sup>54</sup>

[98] The Canadian producers cited a trade report from the end of 2015 which stated that “the export market should continue to act as an escape valve for Brazilian mills in 2016, driven by a continuous depreciation of the local currency. Steel producers will continue looking at the export market.”<sup>55</sup>

[99] The Canadian producers cited statistics which indicate Brazil’s hot-rolled steel sheet exports to other markets have increased substantially every year since 2013; from 767,000 MT in 2013 to 1.276 mmt in 2014 and were expected to reach 2.159 mmt in 2015.<sup>56</sup>

[100] The Canadian producers further emphasized the increase in hot-rolled steel sheet exports specifically to the United States, as evidence of Brazil’s increasing export orientation for hot-rolled steel sheet and continuing interest in the North American market. Reported exports were 4,053 MT in 2012, 23,646 MT in 2013 and 154,480 MT in 2014.<sup>57</sup> From January through November 2015, the exports of hot-rolled steel sheet to the United States were already 402,920 MT.<sup>58</sup>

[101] The Canadian producers cited export pricing documentation on the record to demonstrate that Brazil’s export prices of hot-rolled steel sheet dropped dramatically in 2015 to \$392 US/MT from \$596 US/MT in 2014.

[102] The Canadian producers referenced data from CRU which charted Brazil’s domestic selling prices versus export selling prices of hot-rolled steel sheet to demonstrate that Brazil has, on average, dumped into their export markets as far back as 2013.<sup>59</sup>

[103] The Canadian producers alleged that the recent anti-dumping and countervailing investigation against imports of hot-rolled steel sheet from Brazil in the United States is evidence that in absence of trade measures, Brazil will dump hot-rolled steel sheet into North America. In support of this, the Canadian producers noted that previous countervailing measures ceased against Brazil in the United States for hot-rolled steel sheet in 2012 and Brazil resumed selling low-priced imports in increasingly large quantities shortly thereafter.<sup>60</sup>

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<sup>54</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 74.

<sup>55</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 38.

<sup>56</sup> Exhibit 13(NC) – CITT administrative record, paragraph 81, Public Attachment 9. (ArcelorMittal Dofasco Submissions - Volume 1B).

<sup>57</sup> Exhibit 13(NC) – CITT administrative record, paragraph 84, Public Attachment 15. (ArcelorMittal Dofasco Submissions - Volume 1B).

<sup>58</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 132.

<sup>59</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 113 and 115.

<sup>60</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 134-135.

[104] The Canadian producers cited USIMINAS, one of Brazil's big-three producers of hot-rolled steel sheet, as a particular threat to Canada. USIMINAS reportedly exported one-third of its steel to the United States in 2015, which represents its largest export market. In the event that the United States imposes final anti-dumping measures against Brazil for hot-rolled steel sheet later this year, the Canadian producers alleged that this tonnage will be diverted to Canada if the current CITT order was rescinded.<sup>61</sup>

[105] The Canadian producers cited recent statistics on exports of galvanized steel sheet to Canada as evidence that Brazil maintains an interest in the Canadian market for steel sheet products and has undercut prevailing export prices to do so.<sup>62</sup>

[106] The Canadian producers asserted that the lack of exports of hot-rolled steel sheet from the Named Countries, including Brazil, demonstrates an inability to compete at non-dumped prices.<sup>63</sup>

[107] They also cited anti-dumping measures in Canada for hot-rolled steel plate and the multiple anti-dumping measures and ongoing proceedings in the United States for steel sheet products as evidence that Brazil continues to dump steel sheet products into North America.<sup>64</sup>

#### **Position of the Canadian Producers Regarding China**

[108] The Canadian producers collectively identified the following main factors as significant in arguing that the expiry of the CITT's order will likely result in the continued or resumed dumping of hot-rolled steel sheet from China:

- the slowing economy in China;
- the slowdown in domestic demand for hot-rolled steel sheet in China leading to an increasing reliance on export markets;
- the substantial production capacity and volumes in China with respect to steel products, and specifically hot-rolled steel sheet;
- the evidence of continued exports to other world markets at low and potentially dumped prices, by Chinese exporters during the POR;
- the production imperative to produce steel in China;
- the attractiveness of the Canadian market and the continued interest in this market of Chinese exporters;
- the decline in exports to Canada since the finding, demonstrating an inability to compete at non-dumped prices;
- anti-dumping measures in Canada for hot-rolled steel plate from China; and
- the numerous anti-dumping measures, on-going proceedings, and safeguard measures against hot-rolled steel sheet and other flat-rolled steel products from China in other jurisdictions, demonstrating the propensity to dump these goods.

<sup>61</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 131.

<sup>62</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 113; Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 140. Steel Import Permit Data reported 13,563 MT of galvanized sheet.

<sup>63</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 107; Exhibit 32 (PRO) – CBSA Import and Enforcement Statistics and Apparent Canadian Market for Hot-Rolled Steel Sheet.

<sup>64</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 152-153.

[109] The Canadian producers cited China's slowing economy as an indication that their domestic market will not be able to absorb its industrial production, ensuring that more goods produced in China will need to be exported.

[110] The Canadian producers referenced a recent International Monetary Fund (IMF) report that China's economy grew 7.3% in 2014 and 6.9% in 2015 and is expected to grow 6.3% in 2016. These rates were cited as much lower than the previous years and were described as the "new normal" in China.<sup>65</sup>

[111] The construction sector was also cited as an indicator of slowing growth in the Chinese domestic market. Construction is expected to contract steadily through 2020 from 6.5% in 2015, 5.8% in 2016 and 5.2% in 2017.<sup>66</sup>

[112] The Canadian producers cited information on the record which stated that in the first 11 months of 2015, the 300 members of the China Iron and Steel Association lost a combined 53.1 billion yuan. In these same 11 months, China saw a 28% surge in net exports. Actual steel exports reportedly jumped 20% in 2015 as a whole, reaching record levels and prompting governments around the world to seek the protection of trade remedies.<sup>67</sup>

[113] The Canadian producers cited CRU data which reported that China's hot-rolled steel sheet demand contracted 3.1% in 2014 and grew only 2.0% in 2015. The data from CRU forecasted nearly no growth in 2016. In contrast, Chinese hot-rolled steel sheet demand grew 12.4% in 2013.<sup>68</sup>

[114] The Canadian producers also cited data which reported that hot-rolled steel sheet prices in China plummeted in 2015. In 2014, prices were \$548 US/MT and in 2015 they fell to \$377 US/MT. Information on the record forecasted prices to fall another 13% in 2016.<sup>69</sup>

[115] The Canadian producers emphasized China's enormous 388.8 mmt of hot-rolled steel sheet capacity and 247.3 mmt of production in 2015. China's production is forecasted by CRU to drop to 245.2 mmt in 2016.<sup>70</sup>

[116] The Canadian producers alleged that China maintains a production imperative for steel, even during periods of contracting demand because governments in China have insisted steelmakers continue to produce for the sake of economic development and social stability.<sup>71</sup>

[117] The Canadian producers alleged that these domestic market downturns will create a stronger emphasis for producers in China to export their hot-rolled steel sheet.

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<sup>65</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 46.

<sup>66</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 33.

<sup>67</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 86.

<sup>68</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 49.

<sup>69</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraphs 34-35.

<sup>70</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>71</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 40; Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 10.

[118] In support of this allegation, the Canadian producers cited the rise in Chinese exports in 2015. China's hot-rolled steel sheet exports reportedly doubled from 5.7 mmt in 2013 to 11.7 mmt in 2014 and were projected to reach 14.2 mmt in 2015.<sup>72</sup>

[119] The Canadian producers alleged that price drops coincided with the surge in exports. Metal Bulletin, an authoritative steel industry publication, was cited as reporting that in December 2015, Chinese hot-rolled steel sheet export prices were the lowest since February 2006 and CRU stated that producers in China were selling hot-rolled steel sheet below production costs.<sup>73</sup>

[120] Metal Bulletin reported Chinese export prices of hot-rolled steel sheet in December 2015 were as low as \$255-260 US/MT.<sup>74</sup>

[121] The Canadian producers have characterized China as the "most disruptive exporter in the global steel industry." They further state that this has "only worsened as China has started down the path of its structural downturn in steel demand."<sup>75</sup>

[122] The Canadian producers referenced Canadian import permit data to demonstrate China's interest in the Canadian market, with over 10,000 MTs of hot-rolled plate exports in 2015 and average prices which substantially undercut the average import price in Canada over that period.<sup>76</sup>

[123] The Canadian producers referenced a recent World Steel Dynamics report which emphasized the propensity for Chinese steel producers to dump on world markets. The report stated that "(t)he Chinese have been willing to export below their marginal cost in many cases, especially in 2015."<sup>77</sup>

[124] As a further indication of recent hot-rolled steel sheet dumping, a report was cited which alleged that European steel producers have signalled their intentions to commence trade actions against Chinese hot-rolled imports. The European Union (EU) steel industry raised concerns of low-priced imports of hot-rolled coil from China, signaling an imminent push for EU tariffs on Chinese producers.

[125] Chinese shipments to the EU of hot-rolled coil doubled to 660,000 MT in 2014 and surged to more than 700,000 MT in the first half of 2015, according to the European Steel Association.<sup>78</sup>

[126] The Canadian producers asserted that the lack of exports to Canada of hot-rolled steel sheet from the Named Countries, including China, demonstrates an inability to compete at non-dumped prices.<sup>79</sup>

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<sup>72</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 73.

<sup>73</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 119-120.

<sup>74</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 118.

<sup>75</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 82.

<sup>76</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 111.

<sup>77</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 83.

<sup>78</sup> Exhibit 41 (NC) – USSC case briefs, paragraph 39.

<sup>79</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 107.

[127] The Canadian producers identified the significant number of anti-dumping and, in the case of India, safeguard measures against China worldwide, including Canada's measure for hot-rolled steel plate, as evidence that China has a propensity to dump steel products, which includes hot-rolled steel sheet and other related flat-rolled sheet products.<sup>80</sup>

### **Position of the Canadian Producers Regarding Chinese Taipei**

[128] The Canadian producers collectively identified the following main factors as significant in arguing that the expiry of the CITT's order will likely result in the continued or resumed dumping of hot-rolled steel sheet from Chinese Taipei:

- the weak economy in Chinese Taipei;
- the continued weakening in domestic demand for hot-rolled steel sheet in Chinese Taipei leading to an increasing reliance on export markets;
- the substantial excess production capacity in Chinese Taipei with respect to steel products, and specifically hot-rolled steel sheet;
- the increased pressure to absorb imports of hot-rolled steel sheet from China;
- the decline in import volumes into Canada since the finding, demonstrating an inability to compete at non-dumped prices;
- the attractiveness of the Canadian market and the continued interest in this market of exporters in Chinese Taipei;
- the numerous anti-dumping measures against hot-rolled steel sheet and other flat-rolled sheet products from Chinese Taipei in other jurisdictions, demonstrating the propensity to dump these goods.

[129] The Canadian producers cited Chinese Taipei's slumping economy as an indication that its domestic market will not be able to absorb previous levels of hot-rolled steel sheet production.

[130] The Canadian producers noted that industrial production in Chinese Taipei reportedly shrank by 6.2% year-on-year in October 2015.<sup>81</sup>

[131] The economic downturn has had an effect on the steel industry. Producer China Steel Corporation (CSC) reportedly posted its first monthly operating losses in October 2015, stating that the downturn is "even more severe than during the financial crisis. Most companies, including CSC, have swung into the red in the fourth quarter."<sup>82</sup>

[132] The Canadian producers cited trade reports that stated hot-rolled steel sheet demand in Chinese Taipei contracted 0.2% in 2014 but grew by 9.7% in 2015. A recent CRU report projects an 11% contraction in hot-rolled steel sheet demand in 2016.<sup>83</sup>

[133] Chinese Taipei has 15.4 mmt of hot-rolled steel sheet capacity. The Canadian producers stated their excess capacity is expected to grow from 2.89 mmt in 2015 to 4.5 mmt in 2016.<sup>84</sup>

<sup>80</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 152-153.

<sup>81</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 47.

<sup>82</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 98.

<sup>83</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 52.

<sup>84</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 72.

[134] The Canadian producers alleged that import pressure from China was creating additional need for producers in other markets to export hot-rolled steel sheet to other markets. A CRU report affirmed this in stating: “increased export competition from China is leading to growing pressure on North East Asian exporters to find new export markets, especially as global trade restrictions continue to intensify.”<sup>85</sup>

[135] The Canadian producers stated that 40% of Chinese Taipei steel exports traditionally go to China.<sup>86</sup> The Canadian producers alleged that the economic slowdown in China will force Chinese Taipei to find alternative export markets for its production of hot-rolled steel sheet. CRU was cited as stating: “slow demand from its neighbours can seriously hamper Taiwan’s [sic] export dependent economy.”<sup>87</sup>

[136] The Canadian producers cited Canadian steel import permit data, which shows permits for over 6,000 MT of Chinese Taipei origin hot-rolled plate and over 20,000 MT of galvanized sheet in 2015 at prices that are substantially below the average import price. The Canadian producers alleged that this demonstrates continued interest and channels of distribution for Chinese Taipei sheet products in Canada.<sup>88</sup>

[137] The Canadian producers asserted that the lack of exports to Canada of hot-rolled steel sheet from the Named Countries, including Chinese Taipei, demonstrates an inability to compete at non-dumped prices.<sup>89</sup>

[138] The Canadian producers also noted that Chinese Taipei is subject to anti-dumping measures in respect of hot-rolled steel sheet products in the United States, Australia, Indonesia and Thailand, demonstrating a propensity to dump subject goods.<sup>90</sup>

### **Position of the Canadian Producers Regarding India**

[139] The Canadian producers collectively identified the following main factors as significant in arguing that the expiry of the CITT’s order will lead to continued or resumed dumping of hot-rolled steel sheet from India:

- the insufficient domestic demand for hot-rolled steel sheet in India leading to an increasing reliance on export markets;
- the substantial and increasing excess production capacity in India with respect to steel products, and specifically hot-rolled steel sheet;
- the increased pressure to absorb imports of hot-rolled steel sheet from China;
- the decrease in demand in traditional export markets, forcing India to look for other export destinations;
- the evidence of continued dumping of hot-rolled steel sheet into other world markets at low and potentially dumped prices, by Indian exporters during the POR;

<sup>85</sup> Exhibit 13(NC) – CITT administrative record, paragraph 111. (ArcelorMittal Dofasco Submissions – Volume 1B).

<sup>86</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 71.

<sup>87</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 101.

<sup>88</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 109.

<sup>89</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 107.

<sup>90</sup> Exhibit 41 (NC) – USSC case briefs, paragraph 36-38.



- the decline in import volumes into Canada since the finding, demonstrating an inability to compete at non-dumped prices;
- the attractiveness of the Canadian market and the continued interest in this market of Indian exporters;
- the numerous anti-dumping measures against hot-rolled steel sheet and other flat-rolled products from India in other jurisdictions, demonstrating the propensity to dump these goods.

[140] The Canadian producers cited a recent IMF report which stated that India's economy grew by 7.3% in 2015 and is expected to grow 7.5% in both 2016 and 2017.

[141] Similarly, the World Steel Association projected India's steel demand to grow by 7.3% in 2015 and 7.6% in 2016.<sup>91</sup>

[142] The Canadian producers stated that in spite of these economic trends, the forecasted growth for hot-rolled steel sheet in India is more tempered. Hot-rolled steel sheet demand reportedly grew by 8.5% in 2014 and another 8.9% in 2015 but is expected to grow only 1.7% in 2016.<sup>92</sup> Demand reportedly dipped slightly in Q4-2015 to support this projected slowdown in growth.<sup>93</sup>

[143] In citing these figures, the Canadian producers rebutted arguments from JSW and the GOI that hot-rolled steel sheet demand in India is projected to experience any meaningful increases.<sup>94</sup>

[144] The Canadian producers stated that India had 41.8 mmt of hot-rolled steel sheet capacity and production of 37.2 mmt in 2015. Production is forecasted to rise to 39.1 mm in 2016.<sup>95</sup> The Canadian producers stated that despite India's traditionally high capacity utilization rates, it is the absolute volume of hot-rolled steel sheet excess capacity that must be recognized; which was 4.6 mmt in 2015 and projected to be 2.7 mmt in 2016.<sup>96</sup>

[145] The Canadian producers cited information on the record which indicates India is poised to make significant hot-rolled steel sheet capacity expansions as well. This would add 5.39 mmt in 2017 and 2.5 mmt in 2018.<sup>97</sup>

<sup>91</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 56.

<sup>92</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 57.

<sup>93</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 42; Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 19.

<sup>94</sup> Exhibit 55 (NC) – ArcelorMittal Dofasco reply submissions, paragraph 22.

<sup>95</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 86.

<sup>96</sup> Exhibit 55 (NC) – ArcelorMittal Dofasco reply submissions, paragraph 26.

<sup>97</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 48.

[146] The Canadian producers alleged increasing pressure on Indian domestic prices of hot-rolled steel sheet from dumped imports from China.<sup>98</sup> To combat this, India has recently imposed safeguard measures on hot-rolled steel sheet exported from China – a measure which the Canadian producers stated has not had the desired effect of substantially reducing imports of Chinese hot-rolled steel sheet into India.<sup>99</sup>

[147] The Canadian producers attributed part of the drop in domestic selling prices of Indian hot-rolled steel sheet to the import surge from China, as prices went from a reported \$549 US/MT in Q1-2015 to \$429 US/MT in Q4-2015.<sup>100</sup>

[148] The Canadian producers cited decreasing hot-rolled steel sheet demand forecasts in the EU as evidence that the EU will not serve as a viable export market for India as was suggested in arguments raised by JSW. CRU was cited for projecting a 1.7% contraction in EU demand for hot-rolled steel sheet in 2016 to support this position.<sup>101</sup>

[149] The Canadian producers submitted that this will cause Indian producers to look for new export markets to sell their excess production and that Canada's strong growth forecast for 2016, would be an attractive market in absence of the CITT order.<sup>102</sup> The Canadian producers cited information on the record that already demonstrates declines in demand for hot-rolled steel sheet the EU, which is a key export market for Indian producers of hot-rolled steel sheet.<sup>103</sup>

[150] In support of the allegation that India is very export oriented for its steel, the Canadian producers referenced information on the record where JSW claims to be the largest exporter of steel products in India, with an increasing reliance on exports from 15% of sales in 2010 to 24% in 2015.<sup>104</sup>

[151] The Canadian producers further rebutted statements from JSW that exports of hot-rolled steel plates to Canada during the POR were at "fair prices and serves as strong evidence to support the fact that there is no likelihood of recurrence of dumping with respect to JSW's exports of the subject goods."<sup>105</sup> The Canadian producers cited the CBSA's final determination margin of dumping calculation for India in the recently completed steel plate investigation (Plate VIII) as support for their rebuttal.<sup>106</sup>

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<sup>98</sup> Exhibit 27 (NC) – Evraz Inc. NA Canada ERQ response, Q28; Attachment 28E (NC) – Bloomberg Article: "India Plans Price Curbs to Stem Chinese Steel Import Deluge," December 21, 2015.

<sup>99</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 46.

<sup>100</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 47.

<sup>101</sup> Exhibit 55 (NC) – ArcelorMittal Dofasco reply submissions, paragraph 32.

<sup>102</sup> Exhibit 55 (NC) – ArcelorMittal Dofasco reply submissions, paragraph 23.

<sup>103</sup> Exhibit 54 (PRO) – ArcelorMittal Dofasco reply submissions, paragraph 32; Exhibit 44 (PRO) – JSW Steel case briefs, paragraph 24.

<sup>104</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 94.

<sup>105</sup> Exhibit 55 (NC) – ArcelorMittal Dofasco reply submissions, paragraph 12; Exhibit 45 (NC) – JSW Steel case briefs, paragraph 6.

<sup>106</sup> Exhibit 28 (NC) – CBSA Final Determination *Statement of Reasons* for Plate VIII.

[152] Furthermore, the Canadian producers cited import permit data that reported over 33,000 MT of hot-rolled steel plate exports to Canada from India in 2015. The Canadian producers alleged these average prices substantially undercut the average import price from all sources.<sup>107</sup>

[153] The Canadian producers cited Steel Authority of India Limited's (SAIL) participation in the last normal value re-investigation on hot-rolled steel sheet as evidence of continued interest in the Canadian market. Information on the administrative record was also referenced to support the allegation that SAIL is strongly export oriented.<sup>108</sup>

[154] The Canadian producers rebutted statements by JSW and the GOI that the absence of hot-rolled steel sheet exports to Canada over the last number of years indicates an unlikelihood that dumping would resume in absence of the CITT order. On the contrary, the Canadian producers stated that this is a strong indication of an inability to compete at non-dumped prices.<sup>109</sup>

[155] Furthermore, the Canadian producers noted that numerous countries, including Indonesia, Thailand and the United States, presently have dumping findings against hot-rolled steel sheet exported from India, and this is evidence that India has a propensity to dump hot-rolled steel sheet. They also noted measures in other countries for other flat-rolled steel sheet products from India, including cold-rolled steel sheet and galvanized steel sheet.<sup>110</sup>

#### **Position of the Canadian Producers Regarding Ukraine**

[156] The Canadian producers collectively identified the following main factors as significant in arguing that the expiry of the CITT's order will likely result in the continued or resumed dumping of hot-rolled steel sheet from Ukraine:

- the weak economy in Ukraine;
- the continued weakening in domestic demand for hot-rolled steel sheet in Ukraine leading to an increasing reliance on export markets;
- the substantial excess production capacity in Ukraine with respect to steel products, and specifically hot-rolled steel sheet;
- the geopolitical situation with respect to Russia necessitating alternative export markets;
- export prices which indicate that exporters in Ukraine are dumping hot-rolled steel sheet;
- the depreciation of the domestic currency, encouraging more exports;
- the attractiveness of the Canadian market and the continued interest in this market of Ukrainian exporters;
- the decline in import volumes into Canada since the finding, demonstrating an inability to compete at non-dumped prices;

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<sup>107</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 114.

<sup>108</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraphs 91-92.

<sup>109</sup> Exhibit 53 (NC) – Essar Algoma reply submissions, paragraphs 6-9.

<sup>110</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

- anti-dumping measures in Canada for hot-rolled steel plate from Ukraine; and
- the numerous anti-dumping measures against hot-rolled steel sheet and other flat-rolled steel products from Ukraine in other jurisdictions, demonstrating the propensity to dump.

[157] The Canadian producers cited the economic slowdown and weak demand in major steel consuming sectors in Ukraine as a major detriment to the hot-rolled steel sheet market in Ukraine.

[158] The Canadian producers cited CRU, which recently stated that Ukraine's economy would likely see a contraction of 11.5% for 2015.<sup>111</sup>

[159] The Canadian producers identified key industry sectors in Ukraine which are suffering and having a trickle-down effect on domestic sales of hot-rolled steel sheet. As an example, vehicle sales dropped 54.4% in 2014 and were forecasted to drop 62.8% in 2015.<sup>112</sup>

[160] The Canadian producers noted Ukraine has 7.7 mmt of hot-rolled steel sheet capacity and produced 5.3 mmt in 2015. Production is forecasted to rise to 5.7 mmt in 2016, leaving just under 2 mmt of excess capacity.<sup>113</sup>

[161] The Canadian producers stated that demand for hot-rolled steel sheet in Ukraine contracted by 14.3% in 2014 and 11.4% in 2015. Demand growth for the goods is projected to be 8.2% and 8.3% in 2016 and 2017 respectively, while the actual domestic consumption is expected to remain well below 3 mmt in 2016 and 2017, leaving substantial quantities for export.<sup>114</sup>

[162] The Canadian producers cited information on the record which projected that while Ukrainian production of hot-rolled steel sheet is expected to grow 850,000 MT from 2016 through 2018, consumption is only expected to grow 454,000 MT. This will result in an increase in net exports.

[163] The Canadian producers stated that while Russia was once a strong destination for Ukrainian hot-rolled steel sheet, the current geopolitical tensions have decreased this trade as exports to Russia have fallen dramatically.<sup>115</sup>

[164] The Canadian producers cited an early 2015 steel industry analysis which stated that:

“One could legitimately ask whether Ukraine and Russia are becoming a new China in the export markets, not in terms of volume but in terms of their impact on price.”<sup>116</sup>

<sup>111</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraphs 60-61.

<sup>112</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 63.

<sup>113</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>114</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 65.

<sup>115</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 65.

<sup>116</sup> Exhibit 13(NC) – CITT administrative record, paragraph 101; Attachment 23 (NC) (Essar Algoma Submissions – Volume 1A).

[165] In support of this, CRU was cited for projecting Ukraine and the rest of the Commonwealth of Independent State (CIS) countries to have the lowest hot-rolled steel sheet export prices in the world for 2016-2017 at \$298 US/MT.<sup>117</sup>

[166] The Canadian producers alleged Ukraine's propensity to export is enhanced by the devaluation of the domestic currency (Hryvnia) relative to the US dollar.<sup>118</sup>

[167] The Canadian producers provided analysis of Ukrainian domestic and export prices using information on the record to demonstrate that the Ukrainian export prices are consistently below domestic prices for hot-rolled steel sheet.<sup>119</sup>

[168] The Canadian producers asserted that the lack of exports of hot-rolled steel sheet from the Named Countries, including Ukraine, demonstrates an inability to compete at non-dumped prices.<sup>120</sup>

[169] The Canadian producers cited the CITT's recent order continuing the anti-dumping measures against Ukraine for hot-rolled steel plate as evidence that Ukraine continues to be a threat to dump flat-rolled products into Canada.<sup>121</sup>

[170] In addition, the Canadian producers identified the numerous anti-dumping measures against Ukrainian origin hot-rolled steel sheet and other flat-rolled steel products as evidence that Ukraine has a propensity to dump these goods.<sup>122</sup>

## Importers

[171] Samuel, Son & Co., Limited (Samuel) provided a response to the Importer ERQ and in that response offered the following general comment in respect of the Named Countries for the current expiry review on hot-rolled steel sheet:

“In our opinion, based on excess global capacity, in particular in China, we feel there is a strong likelihood that dumping and injury would resume if this case was revoked. This view is shared on page one of the attached Platts Global Market Outlook, “*The weaker the economy, the less demand for steel, which means China will look to export its overcapacity.*”<sup>123</sup>

[172] Samuel offered no further comment on the likelihood of continued or resumed dumping from any of the Named Countries.

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<sup>117</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 66.

<sup>118</sup> Exhibit 13 (NC) – CITT administrative record, paragraph 102. (Essar Algoma Submissions – Volume 1A); Attachment 23 (NC).

<sup>119</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 126; Exhibit 33 (PRO) – ArcelorMittal Dofasco close of record attachments; Attachment 18 (PRO), Attachment 54 (NC).

<sup>120</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 107.

<sup>121</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 118.

<sup>122</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

<sup>123</sup> Exhibit 36 (NC) – Samuel, Son & Co., Ltd. ERQ response, Q26; Attachment: Platts Global Market Outlook, December 2015, page 1.

## **Parties contending that continued or resumed dumping is unlikely**

### **Exporters**

[173] ArcelorMittal Brasil S/A (AMB) provided a complete response to the exporter ERQ. Steel Authority of India Limited (SAIL), an Indian producer of hot-rolled steel sheet, provided submissions to the CITT during their notice of expiry phase.<sup>124</sup> JSW Steel Limited (JSW), also an Indian producer of hot-rolled steel sheet, provided a limited ERQ response, case briefs and reply submissions.

### **Position of ArcelorMittal Brasil S/A Regarding Brazil**

[174] AMB did not expressly state a position on whether continued or resumed dumping was likely if the hot-rolled steel sheet order were rescinded but did offer relevant information in regards to the Brazilian hot-rolled steel sheet industry, particularly as it pertains to its increased export orientation.

[175] AMB is a wholly owned subsidiary of the ArcelorMittal Group and thus related to the Canadian producer, ArcelorMittal Dofasco G.P. Prior to the current ownership structure under the ArcelorMittal Group, the facility had been known as Companhia Siderúrgica de Tubarão (CST).

[176] AMB produces hot-rolled steel sheet at its Tubarão plant, on the southeast coast of Brazil.<sup>125</sup> The company stated an annual production capacity of hot-rolled steel sheet of 4 mmt.<sup>126</sup>

[177] The company confirmed it has made no exports to Canada since 2007.<sup>127</sup>

[178] In addition to a substantial fall in domestic prices for hot-rolled steel sheet in 2015, AMB stated that hot-rolled steel sheet consumption in the domestic market decreased by 20% in 2015 and is expected to decrease approximately another 3% in 2016.<sup>128</sup>

[179] AMB identified Companhia Siderúrgica Nacional (CSN) and USIMINAS as the other two main producers of hot-rolled steel sheet in Brazil, representing a roughly equal share of total production in 2014 (i.e. 1.52 mmt).<sup>129</sup>

[180] While identifying Latin America as the primary focus for export sales, AMB did not have any strong position regarding the likelihood of continued or resumed dumping of hot-rolled steel sheet from Brazil if the CITT's order were rescinded.

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<sup>124</sup> Exhibits 13 (NC) and 14 (PRO) – CITT administrative record. (Steel Authority of India Limited [SAIL] submissions – Volume 1C).

<sup>125</sup> <http://tubarao.arcelormittal.com/en/who-we-are/arcelor-mittal-tubarao/location/index.asp>

<sup>126</sup> Exhibit 21 (NC) – ArcelorMittal Brasil S/A ERQ response, Q10.

<sup>127</sup> Exhibit 21 (NC) – ArcelorMittal Brasil S/A ERQ response, Q3.

<sup>128</sup> Exhibit 21 (NC) – ArcelorMittal Brasil S/A ERQ response, Q38.

<sup>129</sup> Exhibit 21 (NC) – ArcelorMittal Brasil S/A ERQ response, Q40.

Note: one other producer, Gerdau was identified as having a small amount of production in 2014 (315,000 tonnes).

## Position of the Indian Exporters Regarding India

[181] The Indian exporters collectively identified the following main factors as significant in arguing that the expiry of the CITT's order is unlikely to result in continued or resumed dumping of hot-rolled steel sheet from India:

- there is little excess capacity for hot-rolled steel sheet in India;
- Canada is not a key export market for India in respect of the subject goods;
- demand growth for hot-rolled steel sheet in India means producers are focused on home market sales;
- import pressures from China have been addressed by the GOI.

[182] Steel Authority of India Limited (SAIL) stated that it produces around 4 mmt of hot-rolled steel sheet per year. SAIL exports a very small amount of this (40,000 to 67,500 MT per year) as demand in India for hot-rolled steel sheet is always high. As such, India is typically a net importer of the product.<sup>130</sup>

[183] JSW has the highest rated capacity for hot-rolled steel sheet in India at 8.2 mmt of the country's total 41.8 mmt capacity.<sup>131</sup>

[184] JSW provided a limited ERQ response and stated in case briefs that it has made no exports of subject goods to Canada during the POR, only a small amount of hot-rolled steel sheet in thicknesses outside the definition of the subject goods.<sup>132</sup>

[185] JSW also stated that, given there is no unutilized capacity in India for hot-rolled steel sheet and there is continued growth in the Indian domestic market the exporters in India are unlikely to export subject goods to Canada in the absence of measures.<sup>133</sup>

[186] SAIL also rejected the suggestion from the Canadian producers that excess capacity in India was a threat, referencing evidence on the record which showed total hot-rolled steel sheet excess capacity of only 0.2 mmt.<sup>134</sup>

[187] SAIL rebutted the allegation from the Canadian producers that the lack of hot-rolled steel sheet exports from India demonstrates an inability to compete at non-dumped prices. SAIL stated such that such an assumption is flawed and that SAIL's absence of exports to Canada of hot-rolled steel sheet is indicative of a lack of interest in the Canadian market as evidenced by their non-participation in CBSA re-investigations.

[188] SAIL stated that it has not exported hot-rolled steel sheet to Canada since 2001 and its only export partners are Nepal and Bangladesh due to the geographic proximity.<sup>135</sup>

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<sup>130</sup> Exhibits 13 (NC) and 14 (PRO) – CITT administrative record. (Steel Authority of India Limited [SAIL] submission – Volume 1C), paragraphs 1-5.

<sup>131</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments – Attachment 43, page 28.

<sup>132</sup> Exhibit 45 (NC) – JSW case briefs, paragraph 3.

<sup>133</sup> Exhibit 45 (NC) – JSW case briefs, paragraphs 5, 21 and 27.

<sup>134</sup> Exhibits 13 (NC) and 14 (PRO) – CITT administrative record. (Steel Authority of India Limited [SAIL] reply submission – Volume 1C), paragraphs C and E.

[189] JSW also stated that the absence of hot-rolled steel sheet exports to Canada from India over the last 10 years “cannot be construed as implying that Indian exporters are unable to export at non-dumped prices but rather that Indian exporters consider other markets as key markets.”<sup>136</sup>

[190] SAIL cited statistics which demonstrate India exported 2.1 mmt of hot-rolled steel sheet over the 2013-14 financial year and 1.38 mmt in 2014-15.<sup>137</sup>

[191] JSW stated that although the hot-rolled steel sheet exported to Canada during the POR is not technically subject goods due to the enhanced relative thickness of the product, it is sufficiently relevant because it demonstrates their ability to ship at fair, non-dumped prices.<sup>138</sup>

[192] JSW also asserted that the noted lack of exports of hot-rolled steel sheet from India is a factor specified in the SIMR as a relevant indicator of future performance in assessing the likelihood of continued dumping.<sup>139</sup>

[193] JSW refuted the allegation from the Canadian producers that imports of Chinese hot-rolled steel sheet into India would give further cause for Indian producers to export their production. JSW cited the projected growth in the Indian domestic market for hot-rolled steel sheet and the recent safeguard investigations in respect to imports of hot-rolled steel sheet/coil as evidence that the Chinese imports into India should not impact Indian producers of hot-rolled sheet as the Canadian producers have alleged.<sup>140</sup>

#### **CONSIDERATION AND ANALYSIS - DUMPING**

[194] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the order is likely to result in the continuation or resumption of dumping of the goods, the CBSA may consider factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances.

[195] Before presenting the analysis of the Named Countries specifically concerning the likelihood of continued or resumed dumping in absence of the CITT’s order, there are certain issues that relate to the goods on a broader scale which are addressed below.

[196] The significant number of anti-dumping measures involving steel products, both in Canada and several other jurisdictions, can be related, in large part, to the very nature of the product and the industry.

[197] The factors that relate to the nature of the product include the commodity nature of hot-rolled steel sheet as well as the capital-intensive nature of steel production. The combined effects of these characteristics can have a significant impact on pricing.

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<sup>135</sup> Exhibits 13 (NC) – CITT administrative record. (Steel Authority of India Limited [SAIL] submission – Volume 1C), paragraph 2.

<sup>136</sup> Exhibit 45 (NC) – JSW case briefs, paragraph 28.

<sup>137</sup> Exhibits 13 (NC) and 14 (PRO) – CITT administrative record. (Steel Authority of India Limited [SAIL] submission – Volume 1C), paragraphs 1-5.

<sup>138</sup> Exhibit 45 (NC) – JSW case briefs, paragraph 6.

<sup>139</sup> Exhibit 45 (NC) – JSW case briefs, paragraphs 11-15.

<sup>140</sup> Exhibit 45 (NC) – JSW case briefs, paragraph 19.



## **Commodity nature of hot-rolled steel sheet**

[198] Generally speaking, hot-rolled steel sheet produced to a given specification by a producer in a given country is physically interchangeable with hot-rolled steel sheet produced to the same specification in any other country. As such, the goods compete amongst themselves regardless of origin and share the same channels of distribution and the same potential customers. This characteristic means that hot-rolled steel sheet must compete in a market that is extremely price sensitive, where price is the primary factor affecting purchasing decisions from customers. This ultimately results in a convergence of downward trending prices to the lowest possible option.

## **Capital intensive nature of steel production**

[199] A second characteristic of the product involves the capital-intensive nature of steel production. As noted previously by the CITT, “Steel mills are capital intensive with high fixed costs. In order to recover fixed expenses, steel mills must run at high levels of production capacity. When home market demand drops, producers will search out foreign markets to maintain capacity utilization to ensure that these fixed costs are recovered.”<sup>141</sup>

[200] This is often referred to as the “economics of steel production.” This characteristic is particularly important when there are conditions of overcapacity, as a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer’s variable costs are covered.

## **Steel market developments and trends**

[201] The worldwide market for steel continues to be depressed, following a trend that began near the end of 2014. In its Q2-2015 report, the Organisation for Economic Co-operation and Development (OECD) projected a weak outlook for the steel sector. The forecast cited the near stagnation in global demand, excess steelmaking capacity and low profitability for steelmaking companies.<sup>142</sup>

[202] By the fall of 2015, the forecast for the steel industry had not changed. In October 2015, the Worldsteel Association said global steel demand will have decreased by 1.7% to 1.513 billion MT in 2015. In 2016, it forecasted that world steel demand will show growth of 0.7% and will reach 1.523 billion MT.<sup>143</sup>

[203] The Worldsteel Association also sees a contrast between developed and emerging markets. The Association expects that steel demand in the emerging and developing economies excluding China will, despite the major slowdown in some countries, report growth of 1.7% in 2015 and 3.8% in 2016. In contrast, in 2015, steel demand in developed economies is expected to contract by 2.1%, but positive growth of 1.8% is expected in 2016. Steel demand in the world excluding China is expected to report growth of -0.2 % in 2015 and 2.9% in 2016.<sup>144</sup>

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<sup>141</sup> CITT Expiry Review *Statement of Reasons* on Certain Hot-Rolled Carbon Steel Plate, RR-98-004, pages 13-14.

<sup>142</sup> Exhibit 13(NC) – CITT administrative record. (ArcelorMittal Dofasco Submissions - Volume 1B), paragraph 40; Attachment 4 (Public): OECD, “Steel market Developments” (Q2-2015), p.3.

<sup>143</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 2, page 1.

<sup>144</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 2, page 2.

[204] At the end of 2015, the world market for steel continued to experience difficulty. CRU stated that steel prices around the world had fallen again month-on-month:

“amid continued declines in input costs and pressure from oversupply...Demand overall has been not too poor, but the problem is that available supply remains more than sufficient to satisfy it and with a continually-falling cost base steel mills possess very little leverage to prevent prices from dropping...Here, the finger is still largely being pointed at China, with Chinese producers tending towards the use of price as a tool to place material offshore that has become surplus to a slowing domestic market.”<sup>145</sup>

[205] As the largest steel producing nation in the world, accounting for approximately half of global steel supply, China actually produced less last year for the first time since at least 1991 as local demand dropped, prices sank and producers struggled with overcapacity. Crude steel production shrank 2.3 percent in 2015 from 2014 to 803.83 mmt.<sup>146</sup>

[206] The “China factor” is a recurring theme in the dynamics of the world market for steel. China’s massive production capability and propensity to export is a major catalyst to the state of steel trade globally. Given that China is a Named Country in this expiry review, more detailed analysis of its impact will be made in the section concerning China and the other Named Countries later in this Statement of Reasons.

[207] Although the world market is plagued by excess steelmaking capacity, this has not dampened efforts to increase capacity further. The OECD recently released a report detailing the developments in global steelmaking capacity. Since 2000, global steelmaking capacity has more than doubled from slightly over 1 billion MT to about 2.3 billion MT in 2014.<sup>147</sup> The growth is projected to continue, with the OECD forecasting that by 2017, global steelmaking capacity will approach 2.5 billion MT.<sup>148</sup>

[208] There is already a significant gap between production and production capacity and the OECD projects that this gap will widen further in the coming years as additional capacity becomes available with overall production lagging behind. The OECD reports that the gap between world capacity and production has increased almost every year from 2008-14, with an average difference of more than 500 mmt per year. The OECD projects this gap to widen further in 2016 to around 750 mmt.<sup>149</sup>

[209] Although production is not projected to keep pace with capacity expansions worldwide, production is still projected to increase<sup>150</sup> and in a world market where there is consistently more supply available than the demand to absorb it, there is legitimate reason for concern that an already dismal market for steel, with depressed pricing and fierce competition amongst producers worldwide, could be further exacerbated.

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<sup>145</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 9.

<sup>146</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 7.

<sup>147</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 39, page 2.

<sup>148</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 39, page 5.

<sup>149</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 39, pages 6-7.

<sup>150</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 39, page 7.

## Hot-Rolled Steel Sheet Developments

[210] Much like the overall global market for steel, the world market for hot-rolled steel sheet has seen near historical lows in recent months.

[211] World pricing of hot-rolled steel sheet has dropped significantly since the end of 2014. According to CRU, U.S. Midwest pricing, a benchmark for North American pricing, averaged \$506 US/MT for 2015.<sup>151</sup> Steelbenchmarker, an authoritative steel industry publication which tracks prices, reported prices in the United States were at \$422 US/MT at the end of December 2015. Western Europe prices were comparatively lower at \$352 US/MT. World export prices were even lower still at \$283US/MT. These prices are close to half of where they were in early 2014.<sup>152</sup>

[212] Modest signs of improvement in the United States' market included an early 2016 price increase of \$20 US/MT by ArcelorMittal USA, which reportedly followed a similar move by other domestic hot-rolled steel sheet producers in the United States.<sup>153</sup>

[213] Excess capacity and plummeting demand are generally cited for the drop in hot-rolled steel sheet pricing worldwide. Near the close of 2015, Metal Bulletin reported that:

“Since the beginning of June of 2015 domestic hot-rolled coil (HRC) prices in Southern Europe have dropped about 29% and in Northern Europe by around 19% – these significant declines mainly caused by tough competition from cheap imports.”<sup>154</sup>

[214] The global capacity for hot-rolled steel sheet has remained relatively stable in recent years, with modest increases projected by 2017. Current world capacity is estimated at around 875 mmt and utilization rates have been stable at about 70%.<sup>155</sup> This results in over 260 mmt of excess hot-rolled steel sheet capacity globally.

[215] While production and capacity have remained relatively stable, global hot-rolled steel sheet consumption decreased slightly in 2015 from 2014.<sup>156</sup> CRU expects global hot-rolled steel sheet demand to grow only 1.1% in 2016.<sup>157</sup>

[216] In the Named Countries, total production and demand have also remained relatively stable, with production between 309-312 mmt and consumption between 209-293 mmt, leaving roughly 19 mmt as a supply imbalance.<sup>158</sup>

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<sup>151</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 157-158.

<sup>152</sup> Exhibit 15 (NC) – CBSA Research – Steelbenchmarker Online: “Price History Tables and Charts”.

<sup>153</sup> Exhibit 29 (NC) – CBSA Research – Metal Bulletin Article: “ArcelorMittal, AK Steel follow flat-rolled price hike,” January 14, 2016.

<sup>154</sup> Exhibit 29 (NC) – CBSA Research – Metal Bulletin Article: “Domestic coil prices in Europe said to have reached bottom,” November 19, 2015.

<http://www.metalbulletin.com/Article/3507478/Search/Domestic-coil-prices-in-Europe-said-to-have-reached-bottom.html>

<sup>155</sup> Exhibit 13(NC) – CITT administrative record. (ArcelorMittal Dofasco Submissions - Volume 1B), paragraph 59.

<sup>156</sup> Exhibit 14 (PRO) – CITT administrative record. (ArcelorMittal Dofasco Submissions – Volume 2A), Attachment 8, page 2.

<sup>157</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 33.

<sup>158</sup> Exhibit 13(NC) – CITT administrative record. (ArcelorMittal Dofasco Submissions – Volume 1B), paragraph 46.

[217] Utilization rates in the Named Countries have also remained relatively stable over the POR, with 67% of hot-rolled steel sheet making capacity consistently used since 2013 and projected to be used in both 2016 and 2017.<sup>159</sup>

[218] Numerous anti-dumping investigations have been launched recently concerning hot-rolled steel sheet exported from various countries, including the Named Countries.

[219] Most notably, the United States initiated a hot-rolled steel sheet investigation in 2015 against 7 countries, including Brazil.<sup>160</sup> The United States currently has hot-rolled steel sheet measures against the other Named Countries: China, India, Chinese Taipei and Ukraine.<sup>161</sup>

[220] Similarly, Turkey recently initiated an anti-dumping investigation concerning hot-rolled steel sheet from China and Ukraine.<sup>162</sup>

[221] In December 2015, China was also one of three countries affected by anti-dumping measures put in place by Mexico in respect of hot-rolled steel sheet.<sup>163</sup>

[222] The following country specific analysis of the likelihood of continued or resumed dumping begins with Brazil, followed by China, Chinese Taipei, India and Ukraine.

## **BRAZIL**

[223] The CBSA received an ERQ response from Brazilian producer and exporter ArcelorMittal Brasil S/A for this expiry review investigation. No producer or exporter in Brazil provided case briefs or reply submissions.

[224] During the 2006 expiry review, four Brazilian exporters participated, namely, USIMINAS, Companhia Siderúrgica Nacional (CSN), Companhia Siderúrgica Paulista (COSIPA) and Companhia Siderúrgica de Tubarão (CST). When ArcelorMittal began operations in Brazil in 2005, they acquired CST. COSIPA has since been acquired by USIMINAS. CSN, USIMINAS and COSIPA, were all named in the original CITT finding on August 17, 2001.<sup>164</sup>

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<sup>159</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>160</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “US Commerce Department to continue hot-rolled flat steel probe,” September 25, 2015.  
<http://www.metalbulletin.com/Article/3491729/US-Commerce-Department-to-continue-hot-rolled-flat-steel-probe.html>.

<sup>161</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “USA’s HRC trade case goes beyond expectations to target seven nations,” August 11, 2015.  
<http://www.metalbulletin.com/Article/3479012/USAs-HRC-trade-case-goes-beyond-expectations-to-target-seven-nations.html>.

<sup>162</sup> Exhibit 19 (NC) – ArcelorMittal Dofasco G.P. ERQ response, Q28, page 12.

<sup>163</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “Mexico sets anti-dumping duty on HRC imports from three countries,” December 22, 2015.  
<http://www.metalbulletin.com/Article/3516514/Mexico-sets-anti-dumping-duty-on-HRC-imports-from-three-countries.html>.

<sup>164</sup> CITT *Statement of Reasons* on Certain Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strip Expiry Review, April 13, 2006.  
[http://www.citt-tcce.gc.ca/dumping/reviews/orders/archive\\_rr2f002\\_e](http://www.citt-tcce.gc.ca/dumping/reviews/orders/archive_rr2f002_e)

[225] During the 2011 expiry review, the CBSA received ERQ responses from two Brazilian producers of hot-rolled steel sheet, USIMINAS and ArcelorMittal Brasil S/A. USIMINAS further provided case briefs and reply submissions. In that review, USIMINAS was the only Brazilian producer to argue that resumed or continued dumping from Brazil was unlikely should the CITT's order be allowed to expire.

[226] As reported by the Canadian producers, Brazil's economy is in a serious downturn and CRU recently reported that "there is no end in sight for Brazil's downturn."<sup>165</sup>

[227] CRU also recently stated that "weak economic conditions including low activity in the automotive sector and consumer spending, have negatively affected the Brazilian steel sheet market. We expect this situation to persist until at least 2016 Q4."<sup>166</sup>

[228] CRU reported that demand for hot-rolled steel sheet in Brazil dropped about 5.3% in 2015 from 12.4 mmt to 11.7 mmt and is expected to dip slightly again in 2016 by about 1.5%.<sup>167</sup> The decreases in demand place pressure on Brazil to find alternative markets to absorb its production.

[229] Brazil has a rated hot-rolled steel sheet production capacity of 18.8 mmt.<sup>168</sup> In 2015, Brazil produced 13.6 mmt of hot-rolled steel sheet, leaving considerable relative excess capacity.<sup>169</sup>

[230] Brazil's production of hot-rolled sheet is expected to drop about 4.5% in 2016 but the 13 mmt of production still results in excess capacity of 5.8 mmt.<sup>170</sup>

[231] Although USIMINAS recently announced plans to idle its primary steelmaking mill in Cubatão, this will apparently not reduce the facility's overall 4.4 mmt capacity for hot-rolled steel sheet, as the company is planning to supply it with slab from the company's other unit, Ipatinga and from third party material.<sup>171</sup> USIMINAS cited the "state of the domestic and global steel markets" as the reason for the plant idling.<sup>172</sup>

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<sup>165</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 28; Exhibit 30 (PRO) – Essar Algoma close of record attachments, Attachment 45, page 22.

<sup>166</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 7.

<sup>167</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments – Attachment 43, page 58.

<sup>168</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>169</sup> CRU production and consumption data includes "coil plate" which CRU cumulates with hot-rolled sheet to form a category total. This is also the way ArcelorMittal Dofasco presented Named Country statistics in their briefs.

<sup>170</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments – Attachment 43, page 58.

<sup>171</sup> Exhibit 15 (NC) – CBSA Research – Online Article: "Further capacity closures announced, yet not all will affect sheet output," November 26, 2015. <http://www.crugroup.com/aboutcru/cruinsight/136044>.

<sup>172</sup> Exhibit 29 (NC) – CBSA Research – Metal Bulletin Article: "Usiminas's Cubatão works will shut down by end of January," December 15, 2015.

<http://www.metalbulletin.com/Article/3514499/Usiminas-Cubatato-works-will-shut-down-by-end-of-January.html>.

[232] The weakness in the domestic currency in Brazil has also had a clear effect on the propensity to export. CRU affirmed that the persistent weakness in currency and economic growth has kept domestic mills participating in the export market.<sup>173</sup>

[233] Information on the record indicates that Brazil's hot-rolled steel exports jumped dramatically in 2014, from 766,000 in 2013 to almost 1.3 mmt. In the first 11 months of 2015, exports reportedly reached over 2.1 mmt.<sup>174</sup> Exports in Q3 and Q4 2015 accounted for the majority of Brazil's hot-rolled steel sheet exports in 2015.<sup>175</sup>

[234] Brazil's *net* exports of hot-rolled steel sheet spiked in 2015 as well, doubling to 1.89 mmt from 850,000. CRU projects 2016 to remain at well above 2014 levels at 1.44 mmt.<sup>176</sup>

[235] Brazil's export prices dropped from levels in 2012-2014 where it averaged about \$591 US/MT (FOB) down to \$398 US/MT (FOB) in 2015. CRU projects the price to drop slightly in 2016 before a recovery in 2017 to just over \$400 US/MT.<sup>177</sup>

[236] ArcelorMittal Brasil reported domestic selling prices in Q1-2015 of 1,700 Real/MT where they approximately remained through Q2-2015, before sliding to 1,468 Real/MT by the beginning of Q4-2015. When converted to United States dollars (USD), the depreciation of the currency becomes more apparent as prices dropped from \$645 US/MT to \$378 US/MT as the cost of a USD increased from 2.63 to 3.88 Real over the same period; a substantial devaluation in the Real relative to the USD.<sup>178</sup>

[237] CRU recently analyzed Brazil's export prices of hot-rolled steel sheet and determined that by Q2-2015 and through Q3-2015 the export price was below the cost of production, meaning the export prices were at dumped levels.<sup>179</sup>

[238] The hot-rolled steel sheet industry in Brazil was also hampered by tremendous volatility in imports in 2015. As of October 2015, the country's imports of hot-rolled coil totalled 10,366 MT, a rise of 116.5% year-on-year.

[239] Although the month of October 2015 also saw a 38% plunge in hot-rolled coil imports relative to October 2014<sup>180</sup>, November 2015 saw a 13.2% surge in hot-rolled coil imports from the same period in 2014.<sup>181</sup>

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<sup>173</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 3.

<sup>174</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>175</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 3.

<sup>176</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments – Attachment 43, page 58.

<sup>177</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments – Attachment 43, page 58.

<sup>178</sup> Exhibit 20 (PRO) – ArcelorMittal Brasil S/A ERQ response, Q21.

<sup>179</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 115.

<sup>180</sup> Exhibit 15 (NC) – CBSA Research – Article: “Brazil steel sheet imports plunged 38% y-o-y in October,” November 18, 2015. <http://www.hellenicshippingnews.com/brazil-steel-sheet-imports-plunged-38-y-o-y-in-october/>.

<sup>181</sup> Exhibit 15 (NC) – CBSA Research – Platts Online Article: “Brazilian imports of steel sheet in November fall 46% year over year,” November 14, 2015. <http://www.platts.com/latest-news/metals/americas.%20latin%20america,%20latin-america/brazilian-imports-of-steel-sheet-in-november-21615988>.

[240] As noted by the Canadian producers, the import surge, attributed largely to China, is another significant factor causing Brazilian producers to seek other markets to sell their hot-rolled steel sheet production.

[241] Much of those exports in 2015 went to the United States. Citing the 330,306 MT of hot-rolled coil exported from Brazil to the United States in the first nine months of 2015, the United States Department of Commerce (USDOC) recently found “critical circumstances” in effect on these imports from Brazilian producers CSN and USIMINAS as part of its ongoing hot-rolled steel sheet anti-dumping investigation.<sup>182</sup> This demonstrates an ability to sell substantial tonnage to North America in a short period of time.

[242] The investigation in the United States has led exporters in Brazil to seek other markets unrestrained by trade measures, including the European Union where Chinese and Russian imports lost market share after an anti-dumping investigation was started in May 2015.<sup>183</sup>

[243] In the event the United States finalizes measures in the current anti-dumping investigation respecting hot-rolled steel sheet from Brazil, there is a risk of diversion of dumped goods into Canada, particularly due to Brazil’s relative proximity to Canada.

[244] No Brazilian producer or exporter of hot-rolled steel sheet has participated in a normal value re-investigation since 2005.<sup>184</sup> Three further re-investigations have since been conducted in 2007, 2010 and 2015.

[245] This is an indication that, despite being active exporters of hot-rolled steel sheet, Brazilian exporters have been unable to compete in the Canadian market at non-dumped prices.

[246] There is currently one other anti-dumping measure in Canada for a flat-rolled steel product from Brazil: hot-rolled carbon steel plate (2014).

[247] The United States recently initiated an anti-dumping investigation on cold-rolled steel sheet from Brazil and has since imposed provisional duties.<sup>185</sup>

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<sup>182</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “USA finds surge in HRC imports from CSN, Usiminas, NSSMC,” December 4, 2015.

<http://www.metalbulletin.com/Article/3511947/USA-finds-surge-in-HRC-imports-from-CSN-Usiminas-NSSMC.html>.

<sup>183</sup> Exhibit 29 (NC) – CBSA Research – Metal Bulletin Article: “Domestic coil prices in Europe said to have reached bottom,” November 19, 2015.

<http://www.metalbulletin.com/Article/3507478/Search/Domestic-coil-prices-in-Europe-said-to-have-reached-bottom.html>

<sup>184</sup> Companhia Siderúrgica de Tubarão (CST). Ruling issued June 29, 2005.

<sup>185</sup> Exhibit 29 (NC) – CBSA Research – Metal Bulletin Article: “Brazil hit with preliminary duty margins in US hot rolled case,” January 12, 2016.

<http://www.metalbulletin.com/Article/3520152/Brazil-hit-with-preliminary-duty-margins-in-US-hot-rolled-case.html?Print=true>

## **Determination Regarding Likelihood of Continued or Resumed Dumping - Brazil**

[248] Based on information on the record demonstrating Brazil's: struggling domestic market, including the low demand for hot-rolled steel sheet; substantial excess capacity; propensity to export due, in part, to import pressures from China and the devaluation of the domestic currency; recent allegations of dumping hot-rolled steel sheet into the United States; the risk of diversion of dumped goods in the event anti-dumping measures become final in the United States; inability to sell hot-rolled steel sheet to Canada at non-dumped prices; and an anti-dumping measure in Canada on steel plate and on-going proceedings on certain flat-rolled steel sheet products in the United States, the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel sheet originating in or exported from Brazil.

### **CHINA**

[249] Under SIMA, China is a "prescribed" country and normal values may be determined under section 20 of SIMA in situations where, in the opinion of the CBSA, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market.

[250] Since June 2005, the CBSA has conducted five dumping re-investigations on steel products within the Chinese flat-rolled steel industry. This involved three re-investigations on the current goods under review, hot-rolled steel sheet (2007, 2010, 2015), and two re-investigations concerning hot-rolled steel plate (2006, 2010).

[251] In each of these re-investigations, the CBSA formed the opinion under section 20 that domestic prices are substantially determined by the Government of China (GOC) and that there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market.

[252] As previously noted, no exporter in China provided a response to the ERQ in this expiry review investigation nor did any provide case briefs or reply submissions. Similarly, no exporter in China participated in the 2011 expiry review investigation. Angang Group Ansteel Co. Ltd. (Ansteel) and the Baosteel Group (Baosteel) participated in the 2006 expiry review investigation.

[253] China's domestic market for steel, including hot-rolled steel sheet, struggled to absorb China's massive production in 2015. As a result, steel exports reportedly jumped 20% in 2015 year-on-year.<sup>186</sup>

[254] A January 2016 steel industry report from China stated that:

"Chinese steel demand is also dropping for the first time in a generation, prompting mills to export record amounts of the metal...Excess supply particularly from China has spurred governments across the globe to take steps to protect their home markets."<sup>187</sup>

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<sup>186</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 86.



[255] The downturn in overall steel demand in China has also been reflected in demand for hot-rolled steel sheet. CRU reported that China's hot-rolled steel sheet demand contracted 3.1% in 2014 and grew 2.0% in 2015. CRU forecasts almost no growth in 2016.<sup>188</sup>

[256] China's enormous hot-rolled steel sheet capacity of 389 mmt is nearly half the world's estimated total of 875 mmt.<sup>189</sup> The country's massive production in 2015 of 247 mmt cannot be understated.<sup>190</sup> As a matter of perspective, this represents more than six times the production of India, the world's fourth largest producer of hot-rolled steel sheet. The reduction in the production of hot-rolled steel sheet in 2016 in China is projected to be a modest 0.8%.<sup>191</sup>

[257] Unlike India and other large producing countries, China's hot-rolled steel sheet industry is very fragmented, with over 160 producers with rated capacity for hot-rolled steel sheet.<sup>192</sup> Many of these producers have small relative capacities which do not enable them to satisfy the needs of large volume purchasers or to supply major infrastructure projects.

[258] As local demand contracts, many of these small producers are vulnerable to being squeezed from the domestic market, compelling them to export to maintain their utilization rates, or exercise restraint in production.

[259] The information on the record indicates that China does not restrain its production or exports during downturns in the hot-rolled steel sheet market, whether those downturns are domestic or worldwide. The information on the record indicates that China increased its exports of hot-rolled steel sheet from 5.71 mmt in 2013 to 11.72 mmt in 2014 and again to 12.97 mmt in the first 11 months of 2015.<sup>193</sup> The effects of this scale of export surge on the global steel trade are significant.

[260] As an industry analyst stated in mid-2015:

“China slowing down is not directly the issue; China's export rate is the issue as they haven't cut production. Chinese exports are the barometer for the health of the global steel industry. As soon as it goes over 5 million tons a month you have an issue and it becomes an incredibly large issue when they're exporting 10 million tons per month.”<sup>194</sup>

[261] China's reported *net* exports of hot-rolled steel sheet also spiked in 2015 to 13.1 mmt representing an increase of almost 14% from 2014 and nearly three times 2013 levels.

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<sup>187</sup> Exhibit 31 (NC) – Close of record attachments; Attachment 7: Bloomberg Online Article: “World's Biggest Steel Industry Shrinks for First Time Since 1991,” January 19, 2016.

<sup>188</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 49.

<sup>189</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, pages 28 and 38.

<sup>190</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>191</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 60.

<sup>192</sup> Exhibit 14 (PRO) – CITT administrative record. (Essar Algoma Submissions - Volume 2); Attachment 3: CRU October 2015.

<sup>193</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>194</sup> Exhibit 13 (NC) – CITT administrative record. (Essar Algoma Submissions - Volume 2); Attachment 15: South East Asia Iron and Steel Institute News Letter, July 2015, page 6 of 16.

[262] The scale of production and exports can have devastating effects on markets that are not protected by trade measures as they may be otherwise overwhelmed by massive volumes of imports at prices that are below prevailing price levels.

[263] According to Metal Bulletin, China's hot-rolled steel sheet export prices were hovering at record lows near the end of 2015. Prices were quoted at between \$260-265 US/MT FOB.<sup>195</sup> By January 2016, export prices had reportedly inched upwards to \$270-275 US/MT FOB<sup>196</sup> and \$310-315 US/MT CFR.<sup>197</sup>

[264] Using other domestic market prices available from the record as a comparative in lieu of Chinese domestic prices (which are disregarded under section 20), reveals that these Chinese export prices are below those domestic prices.<sup>198</sup>

[265] The information on the record identifies numerous global regions that have recently expressed concern about the disruptive effects of Chinese steel exports. Brazil,<sup>199</sup> India<sup>200</sup> and the European Union<sup>201</sup> are notable examples with respect to hot-rolled steel sheet specifically.

[266] In their ERQ response, ArcelorMittal Brasil specifically referenced Chinese exports in stating:

“The Chinese HRC exports to Brazil...are increasing and pushing down the prices and profits in the sector. The steel overcapacity in China is a problem to all steel market [sic].”<sup>202</sup>

[267] No exporter in China has participated in a re-investigation of normal values for hot-rolled steel sheet since 2007. At that time, Ansteel and Baosteel received normal values pursuant to paragraph 20(1)(c) of SIMA based on surrogate country information.

[268] Consequently, Chinese exporters of hot-rolled steel sheet have not demonstrated an ability to compete in the Canadian market at non-dumped prices.

[269] There is currently an anti-dumping measure in Canada against steel plate from China.

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<sup>195</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “Chinese HRC export prices hover at record lows,” November 30, 2015.

<http://www.metalbulletin.com/Article/3510132/Search/Chinese-HRC-export-prices-hover-at-record-lows.html>;

Metal Bulletin Article: “Chinese HRC export prices sink to new lows after month of stability,” December 7, 2015.

<http://www.metalbulletin.com/Article/3512014/Search/Chinese-HRC-export-prices-sink-to-new-lows-after-month-of.html>.

<sup>196</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “China HRC export prices up further on bullish domestic market,” January 4, 2016.

<http://www.metalbulletin.com/Article/3517805/Chinese-HRC-export-prices-up-further-on-bullish-domestic-market.html>.

<sup>197</sup> Exhibit 29 (NC) – CBSA Research – Metal Bulletin Article: “Saudi Arabia HRC import prices increase,” January 13, 2016.

<http://www.metalbulletin.com/Article/3520736/Saudi-Arabia-HRC-import-prices-increase.html?>

<sup>198</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 158.

<sup>199</sup> Exhibit 21 (NC) – ArcelorMittal Brasil ERQ response, Question 35-36.

<sup>200</sup> Exhibit 15 (NC) – CBSA Research – Bloomberg Online Article: “India Plans Price Curbs to Stem Chinese Steel Import Deluge,” December 21, 2015.

<sup>201</sup> Exhibit 41 (NC) – USSC case briefs, paragraph 39.

<sup>202</sup> Exhibit 21 (NC) – ArcelorMittal Brasil ERQ response, Question 35.

[270] As noted in **Table 4** of this Statement of Reasons, other jurisdictions have imposed numerous anti-dumping measures against Chinese flat-rolled steel products, including hot-rolled steel sheet. Most recently, Mexico imposed anti-dumping duties on Chinese imports of hot-rolled coil effective December 23, 2015.<sup>203</sup>

### **Determination Regarding Likelihood of Continued or Resumed Dumping - China**

[271] Based on information on the record demonstrating China's: struggling domestic market, including the slowing demand for hot-rolled steel sheet; enormous excess capacity and scale of production; propensity to export hot-rolled steel sheet in large volumes; recent export prices that appear to be below domestic prices in other export markets; inability to sell hot-rolled steel sheet to Canada at non-dumped prices; an anti-dumping measure in Canada on hot-rolled steel plate and anti-dumping measures on certain flat-rolled steel products in other jurisdictions; the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel sheet originating in or exported from China.

### **CHINESE TAIPEI**

[272] As previously noted, no exporter from Chinese Taipei provided a response to the ERQ in this expiry review investigation, nor did any provide case briefs or reply submissions.

[273] Historically, the majority of Chinese Taipei's steel exports go to China. The worldwide decline in steel demand reduced Chinese Taipei's steel exports significantly in 2015.<sup>204</sup>

[274] Chinese Taipei has 15.4 mmt of hot-rolled steel sheet capacity, a figure that has remained consistent since 2012. The country's utilization rate was over 80% throughout the POR.

[275] There are four known producers of hot-rolled steel sheet in the country: China Steel Corporation (CSC), Chung Hung Steel (CHS), Dragon Steel and Shang Chen Steel.<sup>205</sup> CHS is the largest of the four producers at about 8 mmt of hot-rolling capacity. There are no planned capacity expansions for hot-rolled steel sheet in Chinese Taipei.

[276] The economic downturn in China has been so dramatic that companies like CSC, which counts China as their number one export market, recently cut both prices and production across steel products, with hot-rolled steel sheet prices declining by a reported \$859 NT/MT (roughly \$26 US/MT). The company reported that the steel industry downturn is "even more severe than during the financial crisis" and that most companies "including CSC, have swung into the red in the fourth quarter" (2015).<sup>206</sup>

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<sup>203</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: "Metal Bulletin Article: "Mexico sets anti-dumping duty on HRC imports from three countries," December 22, 2015. <http://www.metalbulletin.com/Article/3516514/Mexico-sets-anti-dumping-duty-on-HRC-imports-from-three-countries.html>.

<sup>204</sup> Exhibit 13 (NC) – CITT administrative record. (Essar Algoma Submissions – Volume 2). Public Attachment 16. China Post Article: "Taiwan steel exports fall almost 20 percent," August 9, 2015.

<sup>205</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, pages 32-33.

<sup>206</sup> Exhibit 15 (NC) – CBSA Research – Taipei Times Article: "CSC to cut steel prices amid economic slowdown," November 27, 2015. <http://www.taipeitimes.com/News/biz/print/2015/11/27/2003633401>.

[277] In 2015, CRU stated that the country produced 14.1 mmt of hot-rolled steel sheet, an increase from 2014 where they produced 12.7 mmt. This coincided with the strong growth in the domestic market in 2015, where hot-rolled steel sheet demand grew 9.7% to 10.5 mmt from 9.6 mmt in 2014.<sup>207</sup> Consequently, a relatively strong domestic market in 2015 helped offset the price downturn in the worldwide market for hot-rolled steel sheet.

[278] CRU projects this production will decrease to 12.8 mmt in 2016 – close to 2014 levels and typical for the country – coinciding with a drop in demand to 9.4 mmt.<sup>208</sup> Consequently, rather than draw on excess capacity for hot-rolled steel sheet, CRU actually projects Chinese Taipei to contract its production.

[279] As a consequence, net exports are projected to be 3.4 mmt in 2016, down slightly from 2015 where they were reportedly 3.5 mmt. CRU projects another slight drop in net exports in 2017 to 3.3 mmt.<sup>209</sup>

[280] According to CRU, Chinese Taipei exported 3.5 mmt of hot-rolled steel sheet over the period of Q3-2014 through Q2-2015.<sup>210</sup> Japan, Malaysia, Indonesia, Thailand, China and Saudi Arabia were the largest country destinations identified.

[281] Other information on the record referenced by the Canadian producers also demonstrates that Chinese Taipei restrained from increasing its exports of hot-rolled steel sheet during a tumultuous 2015. Through the first 11 months of 2015, Chinese Taipei exported 3.49 mmt in comparison to 3.84 mmt in 2014. Based on these figures, even prorated for the balance of 2015, export tonnage would be lower than 2014.<sup>211</sup> This also demonstrates an ability to contend with surging Chinese imports, without resorting to dramatic increases in exports.

[282] Asian markets are a primary focus for Chinese Taipei's exports and each of those Asian markets are projected by CRU to increase their consumption of hot-rolled steel sheet in each of the next two years.<sup>212</sup> Consequently, the evidence does not indicate that exporters in Chinese Taipei will have to divert exports from their predominant export markets due to decreasing demand in those markets.

[283] With respect to China in particular, CRU actually forecasts China's demand for hot-rolled steel sheet to be slightly higher in 2016 than 2015 and continue to rise into 2017. China's production of hot-rolled steel sheet is projected to decrease slightly in 2016 and remain stable in 2017.<sup>213</sup>

[284] Consequently, the assertions from the Canadian producers that the Chinese domestic market will not be as attractive for exports of hot-rolled steel sheet from Chinese Taipei to China is not supported by recent forecasts on the administrative record.

<sup>207</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 52; Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 61.

<sup>208</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 85.

<sup>209</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 61.

<sup>210</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 55.

<sup>211</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>212</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, pages 1 and 60.

<sup>213</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 60.

[285] The presence of Indonesia and Thailand amongst the largest export destinations for hot-rolled steel sheet from Chinese Taipei is also noteworthy as each of those countries has anti-dumping measures against Chinese Taipei for hot-rolled steel sheet. The volume of exports to these countries would indicate that hot-rolled steel sheet from Chinese Taipei is being sold at non-dumped prices.

[286] While no planned hot-rolled steel sheet capacity expansions in Chinese Taipei are forecasted, CSC is reportedly planning to invest in a plant project to construct a facility in Vietnam, which could produce 28 mmt of hot-rolled steel per year. There was no timetable reported for when this project may get underway.<sup>214</sup>

[287] There was limited domestic and export price information available on the administrative record in relation to hot-rolled steel prices from Chinese Taipei.

[288] Domestic selling prices for the East and Southeast Asian region (CFR)<sup>215</sup>, which would include Chinese Taipei, were available as were forecasts into 2016 and beyond.

[289] That information, which was also referenced by the Canadian producers, indicates that the domestic hot-rolled steel sheet prices in the Asian region are projected to be substantially below the US Midwest prices into 2016 and 2017.<sup>216</sup>

[290] Prices in North America are projected to remain relatively higher than other world markets, in large part due to their insulation from low-priced Chinese imports of hot-rolled steel sheet which are guarded by anti-dumping measures.<sup>217</sup>

[291] The US Midwest price was identified by the Canadian producers as being reflective of and tracking reasonably closely to, the Canadian spot market prices for hot-rolled steel sheet.<sup>218</sup>

[292] The projected difference between the US Midwest (FOB) and Asian (CFR) price in 2016 is \$142 US/MT (\$468 US/MT less \$326 US/MT). CRU projects this gap to widen in 2017. Given that the Asian price is inflated (i.e. CFR), the projected price difference is actually understated.

[293] The projected price differential identified above makes it unlikely that sales of hot-rolled steel sheet from Chinese Taipei to Canada would be at dumped prices, as the required price undercut would not be commercially sensible, using the projected US Midwest price as a reference.

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<sup>214</sup> Exhibit 15 (NC) – CBSA Research – China Post Article: “China Post Article: “Vietnam could be turned into steel hub, says official,” October 6, 2015. <http://www.chinapost.com.tw/print/447657.htm>.

<sup>215</sup> Exhibit 33 (PRO) – ArcelorMittal Dofasco close of record attachments; Attachment 1, page 13, footnote 4 (defined what was meant by “Asia”).

<sup>216</sup> Exhibit 33 (PRO) – ArcelorMittal Dofasco close of record attachments; Attachment 1, page 13.

<sup>217</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 152, Table 17. Canada and the United States have firm measures and the Mexican measures are provisional as of the close of the record.

<sup>218</sup> Exhibit 49 (NC) – ArcelorMittal case briefs, paragraphs 157-159.

[294] Information on the record also indicates Canadian import permits for roughly 20,000 MT of galvanized sheet from Chinese Taipei in 2015.<sup>219</sup> The Canadian producers cited these imports as evidence of a continued interest in the Canadian market for sheet products from Chinese Taipei. Import permit unit prices were also cited as being lower from Chinese Taipei than overall import average prices (\$942/MT compared to \$1,171/MT).

[295] A review of the information concerning galvanized sheet import permits, however, indicates that the United States accounted for nearly 70% of total import permits by volume in 2015 at 565,072 MT. As such, the higher average value imports (\$1,274/MT) from the United States distort average prices from other sources.

[296] When the United States is removed from the aggregate import permit figures, the total remaining value (\$925,618,000-\$720,062,000 = \$232,556,000) divided by the remaining volume (813,534-565,072 = 248,462) results in an average import permit price of \$936/MT. Consequently, the average price attributed to Chinese Taipei of \$942/MT is actually higher than non-United States sourced imports of galvanized sheet over this period.<sup>220</sup>

[297] Chinese Taipei also produces substantial amounts of cold-rolled steel sheet but has exported insignificant quantities to Canada in each of the last two years according to import permit data on the record.<sup>221</sup>

[298] The CBSA last investigated the dumping of cold-rolled steel sheet and galvanized steel sheet from Chinese Taipei in 2001. In both instances, the CITT determined there was no injury from these imports.

[299] In 2014, the CBSA completed an anti-dumping investigation on steel plate (Plate VII) in respect of six countries, including Chinese Taipei. The investigation respecting the goods from Chinese Taipei was terminated as the margin of dumping calculated for the country was found to be insignificant.<sup>222</sup>

[300] No exporter in Chinese Taipei has participated in a re-investigation of normal values for hot-rolled steel sheet since 2007.<sup>223</sup>

[301] There are currently no other anti-dumping measures in Canada against flat-rolled steel products from Chinese Taipei.

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<sup>219</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 109; Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 36: Canadian Steel Import Permits, page 4 of 12.

<sup>220</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 36: Canadian Steel Import Permits, page 4 of 12. Prices in Canadian dollars.

<sup>221</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 36: Canadian Steel Import Permits, page 3 of 12.

<sup>222</sup> CBSA Final Determination *Statement of Reasons* for Plate VII, paragraphs 11, 105.  
<http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1402/ad1402-i13-fd-eng.html>

<sup>223</sup> Chung Hung Steel Corporation Re-investigation Ruling Letter June 27, 2007.

[302] The current anti-dumping measures against Chinese Taipei for hot-rolled steel sheet products generally involve markets in closer proximity –Australia (2012), Indonesia (2008) and Thailand (2013) – with the exception of the United States, which has had measures against Chinese Taipei since 2001.<sup>224</sup>

[303] As noted above, both Thailand and Indonesia continue to be strong export markets for Chinese Taipei's hot-rolled steel sheet; a good indication that they are still able to compete at fairly traded prices.

#### **Determination Regarding Likelihood of Continued or Resumed Dumping - Chinese Taipei**

[304] Based on information on the record demonstrating a projected decrease in production of hot-rolled steel sheet, a focus on closer markets, strong regional consumption projections, a continued ability to compete in the markets where dumping measures are in place for hot-rolled steel sheet, and a lack of evidence of dumping other flat-rolled steel products in the Canadian market, the CBSA determined that the expiry of the order is unlikely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel sheet originating in or exported from Chinese Taipei.

#### **INDIA**

[305] JSW Steel Ltd. (JSW) was the only exporter from India to provide information to the CBSA during this expiry review investigation. JSW provided a limited response to the ERQ and case briefs and reply submissions. The GOI also provided case briefs and reply submissions. SAIL provided a response to the CITT during the notice of expiry stage of the proceedings.

[306] In the 2006 expiry review investigation, JSW and SAIL provided responses to the ERQ but did not provide any case briefs or reply submissions.

[307] In the 2011 expiry review investigation, no party from India provided a response to the ERQ, nor did they provide case briefs or reply submissions.

[308] CRU projects India to have strong industrial production growth over the next five years, outpacing almost every other market tracked by CRU.<sup>225</sup> The projections are a massive upswing from the previous five years and particularly in comparison to 2012-2014.

[309] Included in these projections are large increases in the production of cars and commercial vehicles – significant end-uses for hot-rolled steel sheet – which are expected to be 23% higher in 2017 than 2015 levels.<sup>226</sup>

[310] CRU also projects India's construction sector – another major user of hot-rolled steel sheet – to grow at a higher rate than any other market tracked by CRU, including China, over the next five years.<sup>227</sup>

<sup>224</sup> Exhibit 41 (NC) – USSC case briefs, paragraph 36-38.

<sup>225</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 20.

<sup>226</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 24.

<sup>227</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 25.

[311] As previously noted, India has 41.8 mmt of rated hot-rolled steel sheet capacity and produced 37.2 mmt in 2015. Production of hot-rolled steel sheet is forecasted to rise to 39.1 mmt in 2016 and 41.2 in 2017.<sup>228</sup>

[312] CRU reported that hot-rolled steel sheet consumption in India was 39.7 mmt in 2015. Consumption is expected to grow by 674,000 MT in 2016 and another 1.4 mmt in 2017.<sup>229</sup>

[313] India's domestic market recently suffered from a deluge of hot-rolled steel sheet imports from China. This is reportedly a major cause of Indian hot-rolled steel sheet prices plummeting 26 percent in the 12 month period ending November 2015.<sup>230</sup>

[314] On September 7, 2015, in response to the influx of imports, India initiated safeguard investigations on imports of hot-rolled flat products of non-alloy and other alloy steel, including hot-rolled coil, from all countries. The measures followed a surge in imports of steel products from China, Korea, Japan and Russia. A 20% safeguard duty was imposed on imports of hot-rolled coil from all countries for 200 days beginning in September 2015.<sup>231</sup>

[315] Following the imposition of these measures, there is evidence on the record that imports of hot-rolled steel sheet were effectively curtailed in Q4-2015.<sup>232</sup>

[316] India also announced plans to impose a "minimum price on steel imports," including hot-rolled steel sheet, as steel imports from China exceeded 100 mmt for the first time in the first 11 months of 2015, a rise of 22% from a year earlier.<sup>233</sup>

[317] The minimum import price (MIP) consideration was confirmed by the Steel Minister of India:

“ ‘At present imports are hurting the domestic industry. The government is aware of it and it has taken steps to check this,’ the minister said, adding that it is talking to the Commerce Ministry on this issue.”<sup>234</sup>

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<sup>228</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>229</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments – Attachment 43, page 62.

<sup>230</sup> Exhibit 15 (NC) – CBSA Research – Bloomberg Online Article: “India Plans Price Curbs to Stem Chinese Steel Import Deluge,” December 21, 2015.

<http://www.bloomberg.com/news/articles/2016-01-04/the-ghosts-of-baha-mar-how-a-3-5-billion-paradise-went-bust>.

<sup>231</sup> Exhibit 13 (NC) – CITT administrative record. (ArcelorMittal Dofasco Submissions – Volume 1B), paragraph 194; Volume 1C, Attachment 47 (NC).

<sup>232</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 3.

<sup>233</sup> Exhibit 15 (NC) – CBSA Research – Bloomberg Online Article: “India Plans Price Curbs to Stem Chinese Steel Import Deluge,” December 21, 2015.

<http://www.bloomberg.com/news/articles/2016-01-04/the-ghosts-of-baha-mar-how-a-3-5-billion-paradise-went-bust>.

<sup>234</sup> Exhibit 15 (NC) – CBSA Research – Daily News and Analysis (India) Online Article: “Steel industry braces for tense 2016, bets on domestic demand,” page 3; December 31, 2015.

<http://www.dnaindia.com/money/report-steel-industry-braces-for-tense-2016-bets-on-domestic-demand-2160995>.



[318] Notwithstanding these developments, projections for the domestic steel market in India in 2016 and beyond are positive, with expectations of the abovementioned economic growth and rising demand for steel, built largely on the anticipation of government sponsored infrastructure projects.<sup>235</sup>

[319] In support of this expectation, CRU projected substantial year-on-year growth in India's fixed investment over the next several years.<sup>236</sup>

[320] In recognition of projected increases in domestic demand for key industry sectors, CRU is projecting a gradual upswing in prices for hot-rolled steel sheet in India, for the next five years.<sup>237</sup> Global sheet prices fell a reported 37% in 2015. CRU identified Q4-2015 and the beginning of Q1-2016 as the "bottoming" of steel sheet prices.<sup>238</sup> Signs of stabilizing began in Q4-2015.<sup>239</sup>

[321] While the Canadian producers pointed to India's propensity to export, the information on the record identifies India as a consistent net *importer* of hot-rolled steel sheet<sup>240</sup> and that exports in absolute terms have trended downwards. Data cited by the Canadian producers indicates India exported 2.8 mmt in 2013, 1.9 mmt in 2014 and only 706,000 MT in the first 11 months of 2015.<sup>241</sup>

[322] The Canadian Producers cited information on the record that alleged Indian export prices were consistently below domestic prices from 2012 through 2014.<sup>242</sup> However, the analysis did not include 2015 and the comparison was between domestic prices on a *delivered* basis with export prices on an FOB basis.<sup>243</sup>

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<sup>235</sup> Exhibit 15 (NC) – CBSA Research – Daily News and Analysis (India) Online Article: "Steel industry braces for tense 2016, bets on domestic demand," page 5; December 31, 2015.

<http://www.dnaindia.com/money/report-steel-industry-braces-for-tense-2016-bets-on-domestic-demand-2160995>.

<sup>236</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 18.

<sup>237</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 4.

<sup>238</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 4.

<sup>239</sup> Exhibit 33 (PRO) ArcelorMittal Dofasco close of record attachments; Attachment 1, page 3.

<sup>240</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 45, page 62.

<sup>241</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 123; Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>242</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 123-125.

<sup>243</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54; Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 9.

[323] Using the same data cited by the Canadian producers for 2015 and converting the Indian export prices (Euros)<sup>244</sup> and Indian domestic prices (USD)<sup>245</sup> to Canadian dollars indicates that the export prices were above the domestic prices (\$621 CDN/MT export vs. \$606 CDN/MT domestic), even though the domestic prices are reported as “delivered” which inflates them relative to the FOB export prices.<sup>246</sup>

[324] Consequently, while exports of hot-rolled steel sheet remain likely, the information on the record based on exports to other markets does not demonstrate that they are likely to be dumped.

[325] The Canadian producers cited Canadian import permits for over 33,000 MT of hot-rolled steel plate from India in 2015. The Canadian producers alleged that these average prices substantially undercut the average import price from other import sources and supports their allegation that flat-rolled producers have continuing interest in the Canadian market and will sell at dumped prices.<sup>247</sup>

[326] A review of the data, however, reveals that import permits for goods exported from the United States and Mexico accounted for 75% of total imports of hot-rolled steel plate by volume.<sup>248</sup> Unit prices from North America are traditionally higher than all other commercially significant offshore steel import sources. When removed from the analysis, India’s reported steel plate prices average much closer to other offshore source pricing and are in fact higher than China, Italy, New Zealand, Russia, South Africa and Spain.

[327] This data also reveals a wide range in unit prices from commercially significant sources, from a high of around \$1,200 CDN/MT to a low of \$587 CDN/MT. This indicates a broad quality range within the general “plate” category which makes comparing pricing from country-to-country and drawing any meaningful inferences difficult.

[328] India also produces substantial quantities of cold-rolled steel sheet and galvanized steel sheet, which are downstream products manufactured from hot-rolled steel sheet.<sup>249</sup>

[329] Canadian steel import permit data for galvanized steel sheet and cold-rolled steel sheet originating in India does not indicate a strong interest in the Canadian market for these sheet products (i.e. low volumes), nor evidence that these goods are being sold at dumped prices.<sup>250</sup>

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<sup>244</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>245</sup> Exhibit 33 (PRO) – ArcelorMittal Dofasco close of record attachments; Attachment 1.

<sup>246</sup> EURO to \$CDN average exchange rate for Jan-Nov 2015 from Bank of Canada was 1.41.

Export = €440 EURO/MT X 1.41 = \$621 CDN/MT. Average USD to \$CDN exchange rate for same period was 1.27.

Domestic = \$478 US/MT X 1.27 = \$607 CDN/MT.

<sup>247</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 114.

<sup>248</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 36 – Canadian Steel Import Permits, page 1 of 12.

<sup>249</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 62.

<sup>250</sup> This factors in exchange rate considerations and terms of trade (i.e. Indian domestic prices are stated on a delivered basis).

[330] The reported export prices of these goods on import permits for 2015 are actually substantially higher than domestic pricing information in the Named Countries submitted by the Canadian producers.<sup>251</sup>

[331] For example, Canadian import permits for galvanized steel sheet for 2015 indicates a total of 16,238 MT from India at an average price of \$777 US/MT.<sup>252</sup> The domestic price information on the record from CRU indicates the average price of galvanized sheet in India for 2015 was \$622 US/MT (delivered). These aggregate figures indicate that these goods were likely not dumped.

[332] No exporter in India has participated in a re-investigation of normal values and amounts of subsidy for hot-rolled steel sheet since 2007.<sup>253</sup> At that time, Steel Authority of India Ltd. (SAIL) and JSW received their own normal values and amounts of subsidy as a result of their participation in the re-investigation process.

[333] There are currently no other anti-dumping measures in Canada against flat-rolled steel sheet products from India.

[334] There are several anti-dumping measures in other countries for Indian flat-rolled products, including three measures for hot-rolled steel sheet, as noted in **Table 4** of this Statement of Reasons. The hot-rolled steel sheet measures were imposed by Indonesia (2008), Thailand (2011) and the United States (2001).

#### **Determination Regarding Likelihood of Continued or Resumed Dumping - India**

[335] Based on information on the record demonstrating India's: strong domestic market, high capacity utilization; strong regional consumption projections; imposition of safeguard measures to protect against low-priced imports; ability to sell hot-rolled steel sheet in other markets; status as a net importer of hot-rolled steel sheet; decreases in volumes of hot-rolled steel sheet exports; and no measures in Canada respecting other flat-rolled steel products, the CBSA determined that the expiry of the order is unlikely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel sheet originating in or exported from India.

#### **UKRAINE**

[336] As previously noted, no exporter from Ukraine participated in the CBSA's expiry review investigation.

[337] In the 2006 expiry review investigation, Ilyich Iron and Steel Works (Ilyich) was the only Ukrainian hot-rolled steel sheet producer to participate, providing a response to the ERQ as well as case briefs and reply submissions.

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<sup>251</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 9; Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 36, pages 3-4.

<sup>252</sup> \$994 CDN/MT converted to US/MT using average Bank of Canada exchange rate for 2015 = 1.2787.

<sup>253</sup> SAIL provided RFI responses in the 2015 re-investigation but both dumping and subsidy were found to be incomplete.

[338] In the 2011 expiry review investigation, no party from Ukraine provided a response to the ERQ, nor did they provide case briefs or reply submissions.

[339] Ukraine's economy struggled in 2015 as a result of the currency devaluation<sup>254</sup> and tensions with Russia stifling trade relations, CRU recently projected Ukraine's GDP growth would be -11.5% for 2015, with a recovery growth of 6% in 2016.<sup>255</sup>

[340] The known producers of hot-rolled steel sheet in Ukraine are Ilyich Steel Works and Zaporizhstal Iron & Steel Works.<sup>256</sup> The companies are all under the ownership structure of Metinvest Holding, an international steel and mining group.

[341] Ukraine has a rated hot-rolled steel sheet capacity of 7.7 mmt. This capacity has not changed in several years and is not scheduled to change in the future. In 2015, Ukraine produced 5.3 mmt of hot-rolled steel sheet and is forecasted to produce 5.7 mmt in 2016, a 7.5% increase.<sup>257</sup>

[342] Hot-rolled steel sheet demand in Ukraine contracted by 14.3% in 2014 and 11.4% in 2015. Demand is projected to rebound by 8.2% in 2016. This is still almost 18% below demand levels from 2013. In terms of real tonnage, domestic demand for hot-rolled steel sheet is expected to remain below 2.6 mmt in 2016 and just under 2.8 mmt in 2017.<sup>258</sup>

[343] Ukraine's capacity utilization rate was relatively low in 2015 at 69% and is expected to rise slightly to 74% in 2016 and up to 80% in 2017. The projection results in Ukraine having about 2 mmt of excess hot-rolled steel sheet capacity in 2016.<sup>259</sup>

[344] More relevant than capacity utilization rates is Ukraine's export dependence in absolute volume terms. Ukraine is a net exporter of hot-rolled steel sheet, with low domestic consumption rates.<sup>260</sup>

[345] The relative lack of exports to Russia is a significant development, given the amount that Ukraine traditionally exports and its proximity to Russia, a large hot-rolled steel sheet consuming nation. During the Q3-2014 through Q2-2015 period, CRU reported that Ukraine exported only 143,000 MT of hot-rolled steel sheet to Russia.<sup>261</sup>

<sup>254</sup> Exhibit 13 (NC) – CITT administrative record. (Essar Algoma Submissions – Volume 1A); Attachment 23, page 2 of 3.

<sup>255</sup> Exhibit 14 (PRO) – CITT administrative record. (Essar Algoma Submissions - Volume 2); Attachment 7: CRU October 2015 – Steel Sheet Products Market Outlook.

<sup>256</sup> Exhibit 31 (NC) – Essar Algoma close of record attachments; Attachment 30 (NC) – Metinvest Annual Report (2014), pages 7 and 18; Exhibit 30 (PRO) Essar Algoma close of record attachments; Attachment 43 page 34.

<sup>257</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>258</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 65.

<sup>259</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 84.

<sup>260</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 59.

<sup>261</sup> Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 55.

[346] By comparison, Ukraine reportedly exported 2.1 mmt of hot-rolled steel sheet during the first 11 months of 2015.<sup>262</sup>

[347] Information on the record indicates that Ukraine has been reducing their price of hot-rolled steel sheet steadily on the export market throughout 2015 and into 2016.

[348] In July 2015, Metinvest was reportedly offering hot-rolled coil to Turkey at \$360 US/MT CFR.<sup>263</sup>

[349] In November 2015, Metinvest was reportedly offering hot-rolled coil to Africa at \$280 US/MT FOB Black Sea.<sup>264</sup>

[350] In January 2016, Ukraine was reportedly offering hot-rolled coil to Turkey at \$260 US/MT CFR and Metinvest was reportedly still offering hot-rolled coil to Africa at the same \$280 US/MT FOB Black Sea as quoted in November 2015 above.<sup>265</sup>

[351] CRU recently projected Ukraine and the rest of the Commonwealth of Independent States (CIS) countries to have the lowest hot-rolled steel sheet export prices in the world for 2016-17 at \$298 US/MT.<sup>266</sup>

[352] Even by the depressed standards for hot-rolled steel sheet worldwide, these prices are very low.

[353] Conversely, information on the administrative record reports hot-rolled steel sheet domestic prices in Ukraine to be about \$556 US/MT in the first 10 months of 2015. This is a roughly 9% drop from the previous year.<sup>267</sup>

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<sup>262</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 54.

<sup>263</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “Turkish import HRC prices drop, CRC holds firm,” July 3, 2015.

<http://www.metalbulletin.com/Article/3467882/Turkish-import-HRC-prices-drop-CRC-holds-firm.html?Print=true/>.

<sup>264</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “CIS export coil product prices stable week-on-week,” November 18, 2015.

<http://www.metalbulletin.com/Article/3507248/CIS-export-coil-product-prices-stable-week-on-week.html>.

<sup>265</sup> Exhibit 15 (NC) – CBSA Research – Metal Bulletin Article: “Turkish flat steel import prices fall as buyers fear changes in duty,” January 4, 2016.

<http://www.metalbulletin.com/Article/3517607/Turkish-flat-steel-import-prices-fall-as-buyers-fear-changes-in-duty.html>.

<sup>266</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraph 66; Exhibit 30 (PRO) – Essar Algoma close of record attachments; Attachment 43, page 9.

<sup>267</sup> Exhibit 33 (PRO) – ArcelorMittal Dofasco close of record attachments; Attachment 18.

Note: Converted \$CDN to USD at 0.794 as per

Bank of Canada for Jan-Oct 2015 – \$699 X 0.794 = \$555.

[354] A comparison between the reported domestic and export prices would indicate that exporters in the Ukraine are likely dumping hot-rolled steel sheet.

[355] No exporter in Ukraine has participated in a re-investigation of normal values for hot-rolled steel sheet since Ilyich did in 2007.

[356] Consequently, Ukrainian exporters of hot-rolled steel sheet have not recently demonstrated an ability to compete in the Canadian market at non-dumped prices.

[357] On June 27, 2005 the CITT rescinded its anti-dumping finding on hot-rolled steel plate from six countries including Ukraine.<sup>268</sup> On February 2, 2010, the CITT issued a new anti-dumping finding against Ukraine for steel plate.<sup>269</sup> This finding was renewed in the CITT's order issued on January 30, 2015.<sup>270</sup> Exporters in Ukraine have a history of dumping hot-rolled steel plate into Canada and then returning to the market and resuming dumping when anti-dumping measures are removed.

[358] There are numerous anti-dumping measures in place against Ukrainian hot-rolled steel sheet including the United States, Mexico, Thailand and one investigation underway in Turkey which began in 2015.

#### **Determination Regarding Likelihood of Continued or Resumed Dumping for Ukraine**

[359] Based on information on the record demonstrating Ukraine's: struggling domestic market, including the demand for hot-rolled steel sheet; propensity to export offshore due to insufficient domestic demand and geopolitical tensions with Russia; recent export prices that appear to be dumped; apparent inability to sell hot-rolled steel sheet to Canada at non-dumped prices; history of dumping hot-rolled steel plate into Canada; and anti-dumping measures on certain flat-rolled steel products in other jurisdictions, including the most recent allegations of dumping hot-rolled steel sheet in Turkey; the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel sheet originating in or exported from Ukraine.

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<sup>268</sup> CITT Hot-rolled carbon steel plate Order and Reasons: Expiry Review RR-2004-004; [http://www.citt-tcce.gc.ca/dumping/reviews/orders/archive\\_rr2e004\\_e](http://www.citt-tcce.gc.ca/dumping/reviews/orders/archive_rr2e004_e) (Plate IV).

<sup>269</sup> CITT Hot-rolled carbon steel plate and high-strength low-alloy plate: Inquiry NQ-2009-003; [http://www.citt.gc.ca/en/dumping/inquiry/findings/archive\\_nq2j003\\_e](http://www.citt.gc.ca/en/dumping/inquiry/findings/archive_nq2j003_e) (Plate VI).

<sup>270</sup> CITT Hot-rolled carbon steel plate and high-strength low-alloy plate: Expiry Review RR-2014-002; <http://www.citt-tcce.gc.ca/en/node/7166> (Plate VI).

**Table 4**  
**Anti-dumping Actions Imposed by Other Jurisdictions Concerning Named Countries**

<b>Country Imposing Antidumping Action</b>	<b>Description of Subject Goods</b>
<i><b>Hot-rolled Steel Sheet Products</b></i>	
Australia	Chinese Taipei (2012)
Indonesia	China, India, Chinese Taipei (2008) <sup>271</sup>
Malaysia	China (2015)
Mexico	China (provisional), Ukraine (2000)
Thailand	India, Chinese Taipei, Ukraine (2003); China (2011)
Turkey	China, Ukraine (investigation phase)
United States	China, India, Chinese Taipei, Ukraine (2001); Brazil (investigation phase) <sup>272</sup>
<i><b>Other Flat-rolled Products</b></i>	
United States	Cold-rolled Steel Sheet – China, Brazil, India (investigation phase) <sup>273</sup>
United States	Cut-To-Length Carbon Steel Plate – China (2003); India (2005)
United States	Hot-rolled Carbon Steel Flat Products – Ukraine (2006)
United States	Corrosion-Resistant Steel Products from China, India and Taipei (investigation phase)
United States	Stainless Steel Plate – Taipei (2010)
United States	Stainless Steel Strip in Coils – Taipei (2010) <sup>274</sup>
Australia	Hot-rolled Plate Steel – China
Australia	Hot-rolled Steel Plate – Taipei <sup>275</sup>
Brazil	Cold-rolled Stainless Steel Sheet – China, Taipei
Colombia	Flat-rolled Products of Iron or Steel – China
India	Cold-rolled Flat Products of Stainless Steel – China, Taipei
India	Flat Products of Stainless Steel - Taipei
Indonesia	Hot-rolled Plate – China, Ukraine
Indonesia	Cold-rolled Coil/Sheet – China, Taipei
Mexico	Steel Plate in Sheets – China, Ukraine
Mexico	Cold-rolled Sheets – China <sup>276</sup>
Russian Federation	Cold-rolled Flat Steel Products – China
Taipei	Flat-rolled Products of Stainless Steel – China
Thailand	Flat-rolled Products of Stainless Steel – China
Thailand	Cold Reduced Carbon Steel in Coils/not in Coils – China, Taipei and Ukraine <sup>277</sup>
Thailand	Hot-dipped galvanized cold-rolled steel – China, Taipei <sup>278</sup>

<sup>271</sup> Exhibit 41 (NC) – USSC case briefs, paragraph 38.

<sup>272</sup> Exhibit 19 (NC) – ArcelorMittal Dofasco G.P. ERQ response, Q28, page 12.

<sup>273</sup> Exhibit 21 (NC) – ArcelorMittal Brasil S/A ERQ response, Q49.

<sup>274</sup> Exhibit 13 (NC) – CITT administrative record. (Essar Algoma Submissions – Volume 1A), paragraph 136, page 37.

<sup>275</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

<sup>276</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

<sup>277</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

<sup>278</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

Note: Years were typically not given for the cases provided by the Canadian Producers other than those concerning the United States.

## POSITION OF THE PARTIES - SUBSIDIZING

### **Parties contending that continued or resumed subsidizing is likely**

#### **Canadian Producers**

[360] The Canadian producers provided detailed but limited information in regards to the likelihood of continued or resumed subsidizing of hot-rolled steel sheet originating in or exported from India.

[361] The main factors identified by the Canadian producers can be summarized as follows:

- ongoing policy statements by the GOI and reports from Indian producers and exporters clearly show the extent and magnitude of the GOI subsidization of the steel industry in India, including hot-rolled steel sheet;
- the CBSA confirmed the vast range of Indian government subsidies applicable to the subject goods in the 2015 steel plate investigation;
- the other countervailing investigations in Canada and abroad on steel products from India demonstrate the GOI's ongoing subsidization of the industry.

[362] The Canadian producers identified the GOI's *National Steel Policy* as a key instrument by which the strategy and development of India's steel industry is promoted by the GOI.

[363] The Canadian producers cited the CBSA's recent subsidy investigation and ultimate final determination on hot-rolled steel plate from India as the most relevant evidence that subsidies continue to exist for producers of steel products, including flat-rolled steel producers in India.<sup>279</sup>

[364] The Canadian producers emphasized the similarity between steel plate and hot-rolled steel sheet, stating that many producers are able to produce both and that they are produced on the same equipment. As such, the Canadian producers contended that findings in the recent steel plate case are representative of for hot-rolled steel sheet.

[365] The "Steel Development Fund R&D Grants" was specifically referenced as a recent program that the GOI used to inject roughly \$3.8 million CDN in over 80 research and development projects in India. Three hot-rolled steel sheet producers in India were identified as recipients under this program<sup>280</sup> when, the program was investigated in the CBSA's recent plate investigation.<sup>281</sup>

[366] Other programs identified by the Canadian producers as still in effect include the Advance Authorisation Scheme (previously "Advanced Licenses Program") which provides for the exemption of duties on raw materials incorporated into goods used for export.<sup>282</sup>

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<sup>279</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraphs 137-139.

<sup>280</sup> Exhibit 47 (NC) – Essar Algoma case briefs, paragraphs 141; Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 32.

<sup>281</sup> Exhibit 28 (NC) – CBSA Final Determination *Statement of Reasons* for Plate VIII.

<sup>282</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 162; Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 25, Item VII.



[367] The Canadian producers referenced the annual reports of several Indian producers of hot-rolled steel sheet to demonstrate they have availed themselves of subsidy programs which are countervailable.

[368] Examples referenced in the annual reports include: “export incentives” – including those under the Export Promotion Capital Goods scheme (EPCG); sales tax exemptions; loans under the Steel Development Fund; and grants and tax incentives for facilities located in “economically backward regions.”<sup>283</sup>

[369] The Canadian producers also cited the CBSA’s countervailing measures against other Indian steel products, which include Oil Country Tubular Goods (OCTG) and Carbon Steel Welded Pipe (CSWP) as evidence of continued subsidizing of India’s steel industry by the GOI, which includes hot-rolled steel sheet.<sup>284</sup>

[370] The Canadian producers also cited countervailing determinations in other jurisdictions as evidence that the GOI continues to subsidize hot-rolled steel sheet in India.

[371] As an example, the USDOC sunset review of hot-rolled steel sheet, completed in March 2013, determined that Indian exporters were continuing to receive countervailable subsidies.<sup>285</sup>

[372] The Canadian producers stated that more recently, in November and December 2015, the USDOC made preliminary determinations of subsidizing in regards to Indian corrosion-resistant steel sheet and cold-rolled steel sheet respectively.

[373] As a result, provisional countervailing duties were applied in each of those cases. The Canadian producers cited these investigations concerning downstream sheet products as evidence that the GOI continues to provide countervailable subsidies to its steel industry, which includes hot-rolled steel sheet.<sup>286</sup>

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<sup>283</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraphs 175-184.

<sup>284</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 166-168.

<sup>285</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 172; Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 30, page 3.

<sup>286</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 173.

## **Parties contending that continued or resumed subsidizing is unlikely**

### **Government of India (GOI)**

[374] The GOI provided case briefs and reply submissions in regards to the likelihood of continued or resumed subsidizing of hot-rolled steel sheet from India. The GOI made representations which asserted that in absence of the CITT order, it was unlikely that subsidizing of hot-rolled steel sheet would continue. The representations made by the GOI are summarized as follows:

- the lack of hot-rolled steel sheet exports over the last several years from India to Canada is indicative of the unlikelihood the subject goods originating in India would be exported to Canada in absence of the current CITT order;
- the Canadian market is not a key export destination for India in respect of the subject goods;
- the lack of excess capacity for hot-rolled steel sheet in India leaves insufficient tonnage to export to Canada.

[375] The GOI stated that in the near absence of imports from India for the last ten years, there is an absence of evidence to indicate that there is a likelihood of increased imports from India.

[376] The GOI stated that in fact, this is evidence that India has not had a strong interest in the Canadian market for hot-rolled steel sheet.<sup>287</sup>

[377] Furthermore, the GOI emphasized the strength of the domestic market in India and the comparatively lower prospects for the Canadian market as making it very unlikely that India would venture into markets that are contracting rather than growing.<sup>288</sup>

[378] The GOI rebutted allegations from the Canadian producers that India will be compelled to export more hot-rolled steel sheet in light of the recent import surge of the same from China. The GOI cited the current safeguard investigations which are ongoing against hot-rolled steel sheet/coil from China as well as the imposed minimum import prices (MIP) as evidence that this is currently being addressed to ensure domestic producers in India are protected against low-priced imports.<sup>289</sup>

[379] The GOI cited information on the administrative record to support its position that India has the highest capacity utilization rate for hot-rolled steel sheet of all the Named Countries and that this high utilization makes it improbable that exports to Canada would increase in absence of the CITT order.<sup>290</sup>

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<sup>287</sup> Exhibit 57 (NC) – GOI reply submissions, paragraphs 7-8.

<sup>288</sup> Exhibit 50 (NC) – GOI case briefs, paragraph 15.

<sup>289</sup> Exhibit 57 (NC) – GOI reply submissions paragraphs 18-20.

<sup>290</sup> Exhibit 50 (NC) – GOI case briefs, paragraphs 11-12.

## Exporters

[380] JSW Steel Limited (JSW) of India provided case briefs and reply submissions to address the likelihood of continued or resumed subsidizing of hot-rolled steel sheet from India. The representations made by JSW are essentially the same as those raised by the GOI and are summarized as follows:

- the Canadian market is not a key export destination for India in respect of the subject goods;
- there is little excess capacity in India for hot-rolled steel sheet;
- they have not benefited from any countervailable subsidies on exports of hot-rolled steel sheet to Canada.

[381] JSW stated that Canada is not a key market for Indian exporters as indicated by the lack of volume of subject exports over the POR. Furthermore, India has little excess capacity to suggest that there is a likelihood of subsidized subject goods from India being exported to Canada.<sup>291</sup>

[382] JSW rebutted comments from the Canadian producers which suggested the *National Steel Policy* in India was a means to promote exports. Contrary to this, JSW stated that the policy is to promote development so as to make the domestic steel industry capable of meeting rising domestic demand.<sup>292</sup>

[383] JSW also asserted that notwithstanding all references by the Canadian producers to countervailable subsidy programs available to JSW, the company did not receive any benefits under the schemes referred to on any hot-rolled steel sheet exports to Canada.<sup>293</sup>

[384] More specifically, JSW noted that allegations in case briefs from the Canadian producers referencing JSW's annual report which stated that they received certain subsidies from the GOI and/or the state governments are mischaracterized because JSW did not receive any of the alleged subsidies in respect to its exports to Canada during the POR.<sup>294</sup>

## **CONSIDERATION AND ANALYSIS - SUBSIDIZING**

[385] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the order in respect of goods from India is likely to result in the continuation or resumption of subsidizing of these goods, the CBSA may consider factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances.

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<sup>291</sup> Exhibit 45 (NC) – JSW case briefs, paragraph 30.

<sup>292</sup> Exhibit 59 (NC) – JSW reply submissions, paragraph 30.

<sup>293</sup> Exhibit 59 (NC) – JSW reply submissions, paragraph 31.

<sup>294</sup> Exhibit 59 (NC) – JSW reply submissions, paragraph 32.

## INDIA

[386] Guided by the factors in the aforementioned subsection 37.2(1) of the SIMR and having considered the information on the administrative record, the following list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to subsidizing:

- the continued availability of subsidy programs for hot-rolled steel sheet exporters in India;
- the GOI's provision of subsidies to its manufacturers in the steel sector; and
- the countervailing measures against Indian flat-rolled steel sheet products, including hot-rolled steel sheet, in the United States.

[387] At the time of the original investigation in 2001, the CCRA, now the CBSA, determined that the GOI had conferred a benefit to exporters of hot-rolled steel sheet under the following programs totaling 3,150 rupees per metric tonne (R/MT) exported, currently about \$63 CDN.<sup>295</sup>

1. *Duty Entitlement Pass Book Scheme*
2. *Advance Licences (now: Advance Authorization Scheme)*<sup>296</sup>
3. *Special Import Licences*
4. *Export Promotion Capital Goods Scheme*
5. *Pre-shipment Export Financial Assistance*
6. *Post-shipment Export Financial Assistance*
7. *Forgiveness of Loans from the Steel Development Fund* and
8. *Forgiveness of Loans from the Government of India*

[388] Of the programs listed, programs 1 – 6 were determined to be specific since, being contingent on export performance, they were prohibited subsidies under SIMA. Programs 7 and 8 constituted specific subsidies for the reason that they were limited to a particular enterprise.

[389] Detailed descriptions of the programs and explanations as to why they were regarded as subsidies subject to countervailing duties are contained in the *Statement of Reasons* issued at the final determination.<sup>297</sup>

[390] On October 28, 2015, the CBSA concluded a re-investigation to update the amounts of subsidy for hot-rolled steel sheet from India. The CBSA did not receive a complete response to any RFI sent to exporters or the GOI.<sup>298</sup>

[391] This is the only re-investigation conducted since the end of the last expiry review, concluded by the CITT on August 15, 2011.

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<sup>295</sup> Canada Customs and Revenue Agency (now Canada Border Services Agency) Final Determination *Statement of Reasons*, July 18, 2001, page 24.

<sup>296</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 162.

<sup>297</sup> Canada Customs and Revenue Agency (now Canada Border Services Agency) *Statement of Reasons* – Final Determination of Dumping and Subsidizing, July 18, 2001.

<sup>298</sup> CBSA Notice of Conclusion of Re-Investigation – Certain Hot-Rolled Steel Sheet and Strip  
<http://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/ad1262/ad1262-ri15-nc-eng.html>

[392] Due to the lack of participation on the part of the Indian exporters and the GOI, at the conclusion of the re-investigation, the ministerial specification of 3,150 R/MT, which represents the sum of the highest amounts of subsidy found under each of the programs utilized at the final determination dated July 2001, was applied to all subject goods shipped to Canada from India.

[393] It is worthy to note that JSW did not refute the existence of countervailable subsidies available to them in India. Rather, JSW stated that it had not availed itself of programs listed by the Canadian producers “in respect to its exports to Canada.”<sup>299</sup>

[394] Since JSW had no exports to Canada during the POR, this is not disputed. However, the information on the record does indicate that hot-rolled steel sheet producers in India have access to and have availed themselves of subsidy programs that would render future shipments of these goods to Canada subject to countervailing duties if the order is continued.

[395] For example, recent actions taken by the GOI indicate a continuing effort to confer financial benefits to steel producers by way of preferential loans, including the recent response to low-priced imports of Chinese hot-rolled steel sheet into India.<sup>300</sup>

[396] This form of subsidizing is significant for the steel industry, as the sector is reportedly a major contributor to the non-performing assets (NPAs) or bad loans situation the public sector banks are faced with in India.<sup>301</sup>

[397] Information on the record indicates that Indian producers of hot-rolled steel sheet have availed themselves of subsidies under a variety of export-based incentive schemes as well, including the Export Promotion Capital Goods scheme (EPCG), which as noted above, has previously been determined to be countervailable by the CBSA.<sup>302</sup>

[398] The EPCG scheme allows exporters to import capital equipment and components at reduced or nil rates of import duty. Duty exemption for such goods is considered an actionable subsidy under SIMA.

[399] JSW stated in their 2015 annual report that: “The Company has imported capital goods under the export promotion capital goods scheme to utilise the benefit of a zero or concessional customs duty rate. These benefits are subject to future exports.”<sup>303</sup>

[400] Similarly, with respect to non-program specific benefits related to exports, Tata Steel reported in its 2015 annual report that: “Export incentive [sic] under various schemes notified by the Government has been recognised on the basis of amount received.”<sup>304</sup>

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<sup>299</sup> Exhibit 59 (NC) – JSW reply submissions, paragraph 31.

<sup>300</sup> Exhibit 15 (NC) – CBSA Research – Bloomberg Online Article: “India Plans Price Curbs to Stem Chinese Steel Import Deluge,” December 21, 2015.  
<http://www.bloomberg.com/news/articles/2016-01-04/the-ghosts-of-baha-mar-how-a-3-5-billion-paradise-went-bust>.

<sup>301</sup> Exhibit 15 (NC) – CBSA Research – Daily News and Analysis (India) Online Article: “Steel industry braces for tense 2016, bets on domestic demand,” December 31, 2015.  
<http://www.dnaindia.com/money/report-steel-industry-braces-for-tense-2016-bets-on-domestic-demand-2160995>.

<sup>302</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 177(d); Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 12.

<sup>303</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 12, page 137.

[401] It is thus clear from the information on the record that subsidies in the form export-based incentives continue to exist and are available to producers of hot-rolled steel sheet in India.

[402] The Steel Development Fund (SDF) is another GOI initiative under India's Ministry of Steel. Under the scheme, financial assistance from SDF is provided to R&D projects pursued by reputed research laboratories, academic institutions and industries.<sup>305</sup>

[403] Financial contributions under this fund have previously been investigated as it pertains to the forgiveness of loans. During the original investigation into the subsidizing of hot-rolled steel sheet in 2001, SAIL reported the forgiveness of certain long-term loans it had received from the GOI and from the SDF. For the final determination of subsidy, the CBSA calculated the amounts of subsidy derived from the forgiveness of these loans as distributed over 10 years.<sup>306</sup>

[404] Given the limited participation of Indian exporters in this expiry review investigation, it is uncertain how many exporters have benefited from loan forgiveness under this scheme; however, it is clear that loans have been given to producers of hot-rolled steel sheet.

[405] It also appears that some financial contributions under this fund might be treated as grants as it is unclear from the GOI documentation as to whether all financing under the scheme is loan-based.<sup>307</sup>

[406] SAIL, Tata and JSW are three hot-rolled steel sheet producers in India who are listed in a Ministry of Steel publication as having benefited from the fund.<sup>308</sup>

[407] The developments in the United States with respect to countervailing investigations on Indian flat-rolled steel products is significant as they represent timely confirmations of countervailable programs attributable to the Indian flat-rolled steel sector, which includes hot-rolled steel sheet.

[408] In 2013, the USDOC completed its second sunset review in respect of the countervailing of hot-rolled steel sheet from India and determined that subsidizing of the goods was likely to continue.<sup>309</sup>

[409] More recently, in November and December 2015, the USDOC made preliminary determinations of subsidy in regards to Indian corrosion-resistant and cold-rolled steel sheets respectively.<sup>310</sup>

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<sup>304</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 34 (NC): Tata Steel 2014-15 Annual Report, pages 160 and 228.

<sup>305</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 32 (NC): Promotion of Research & Development in Indian Iron & Steel Industry – Ministry of Steel, Government of India.

<sup>306</sup> Canada Customs and Revenue Agency (now Canada Border Services Agency) *Statement of Reasons – Final Determination of Dumping and Subsidizing*, July 18, 2001, page 40.

<sup>307</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 32 (NC): Promotion of Research & Development in Indian Iron & Steel Industry – Ministry of Steel, Government of India.

<sup>308</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 32 (NC): Promotion of Research & Development in Indian Iron & Steel Industry – Ministry of Steel, Government of India, page 5 of 19 (Annex 2).

<sup>309</sup> Exhibit 34 (NC) – ArcelorMittal Dofasco close of record attachments; Attachment 30 (NC).

<sup>310</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 173.

[410] Given that hot-rolled steel sheet is the primary input into producing these sheet products, this represents a strong indication that producers of hot-rolled steel sheet in India continue to receive countervailable benefits from the GOI.

[411] The following table summarizes the countervailing measures outside of Canada against Indian flat-rolled steel products and provides support to the assertion that the GOI continues to provide subsidies to its domestic producers.

**Table 5**  
**Countervailing Actions Imposed by Other Jurisdictions against Indian Flat-Rolled Steel Products**

Country Imposing Countervailing Action	Description of Goods
<i>Hot-Rolled Steel Sheet Products Originating in India</i>	
United States	Hot-rolled carbon steel flat products
<i>Other Flat-rolled Steel Sheet Products Originating in India</i>	
United States	Cold-rolled carbon steel flat products (provisional duties)
United States	Corrosion-resistant steel products (provisional duties)
United States	Cut-to-length carbon quality steel plate <sup>311</sup>

**Determination Regarding Likelihood of Continued or Resumed Subsidizing**

[412] Based on the information on the record in respect of: the historical availability of subsidy programs for hot-rolled steel sheet exporters in India; the GOI provision of subsidies to its manufacturers in the steel sector; and the countervailing measures against Indian flat-rolled products, including hot-rolled steel sheet in the United States, the CBSA determined that the expiry of the order in respect of goods from India is likely to result in the continuation or resumption of subsidizing of hot-rolled steel sheet originating in or exported from India.

<sup>311</sup> Exhibit 49 (NC) – ArcelorMittal Dofasco case briefs, paragraph 153.

## **CONCLUSION**

[413] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and an analysis of the evidence on the record, on April 6, 2016, pursuant to paragraph 76.03(7)(a) of SIMA, the CBSA determined that the expiry of the order made by the CITT on August 15, 2011, in Inquiry No. RR-2010-001:

- i. is likely to result in the continuation or resumption of dumping of certain hot-rolled steel sheet originating in or exported from Brazil, China and Ukraine;
- ii. is unlikely to result in the continuation or resumption of dumping of certain hot-rolled steel sheet originating in or exported from Chinese Taipei and India; and
- iii. is likely to result in the continuation or resumption of subsidizing of certain hot-rolled steel sheet originating in or exported from India.

## **FUTURE ACTION**

[414] On April 7, 2016, the CITT commenced its inquiry to determine whether the expiry of the order with respect to the dumping of the goods from Brazil, China and Ukraine and the subsidizing of the goods from India is likely to result in injury. The CITT's Expiry Review schedule indicates that it will make its decision by August 14, 2016.

[415] If the CITT determines that the expiry of the order with respect to the goods is likely to result in injury, the order will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping and/or countervailing duties on dumped and/or subsidized importations of the subject goods.

[416] If the CITT determines that the expiry of the order with respect to the goods is not likely to result in injury, the order will be rescinded in respect of those goods. Anti-dumping and/or countervailing duties would then no longer be levied on importations of the subject goods.

[417] Given that the CBSA has determined that the expiry of the order in respect of hot-rolled steel sheet originating in or exported from Chinese Taipei and India was unlikely to result in the continuation or resumption of dumping of the goods, the CITT will not consider these goods in its determination of the likelihood of material injury or retardation and will issue a decision rescinding the order in respect of these goods. Therefore anti-dumping duties will not be applicable on importations of these goods from Chinese Taipei and India as of the date that the order is rescinded.



## INFORMATION

[418] For further information, please contact the officer listed below:

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