



OTTAWA, August 10, 2018

STATEMENT OF REASONS

Concerning the Initiation of an Investigation into the Dumping of

CERTAIN CORROSION-RESISTANT STEEL SHEET

**FROM CHINA, THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU,
KINMEN AND MATSU (CHINESE TAIPEI), INDIA AND SOUTH KOREA**

DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated an investigation on July 26, 2018 respecting the alleged injurious dumping of certain corrosion-resistant steel sheet from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea.

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 June 5, 2018, the Canada Border Services Agency (CBSA) received a written complaint from ArcelorMittal Dofasco G.P., of Hamilton, Ontario, (hereinafter, “the complainant”), alleging that imports of certain corrosion-resistant steel sheet (COR) from the People’s Republic of China (China), the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), the Republic of India (India) and the Republic of Korea (South Korea) (hereafter “the named countries”) are being dumped. The complainant alleged that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[2] On June 26, 2018, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. The CBSA also notified the governments of China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea that a properly documented complaint had been received.

[3] The complainant provided evidence to support the allegation that COR from the named countries has been dumped. The evidence also discloses a reasonable indication that the dumping has caused injury and/or is threatening to cause injury to the Canadian industry producing like goods.

[4] On July 26, 2018, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of COR from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea.

INTERESTED PARTIES

Complainant

[5] ArcelorMittal Dofasco G.P. was founded as the Dominion Steel Casting Company in 1912 in Hamilton, Ontario. In 2006 Dofasco was acquired by Arcelor S.A. Later that year, Arcelor S.A. merged with Mittal Steel.

[6] ArcelorMittal Dofasco G.P. produces COR at its facility in Hamilton, Ontario. The company is the largest of the three known producers of COR in Canada and accounts for a major proportion of the total domestic production of like goods.

[7] The contact information of the complainant is as follows:

ArcelorMittal Dofasco G.P.
1330 Burlington Street East,
Hamilton, ON L8N 3J5

[8] The other two known manufacturers of like goods in Canada are:

Stelco Inc
386 Wilcox Street
Hamilton, ON L8L 8J6

Material Science Corp
1430 Martin Grove Road
Rexdale, ON M9W 4Y1

Trade Unions

[9] The complaint identified two trade unions that represent persons employed in the production of COR in Canada:

United Steel Workers Local 8782
P.O. Box 220
Jarvis, ON N0J 1J0

United Steel Workers Local 1005
350 Kenilworth Avenue North
Hamilton, ON L8H 4T3

Exporters

[10] The CBSA identified 278 potential exporters of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI). Potential exporters located in China were also asked to respond to the CBSA's Section 20 RFI.

Importers

[11] The CBSA identified 82 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer RFI.

Government

[12] Upon initiation of the investigation, the Government of China was asked to respond to the CBSA's Government Section 20 RFI.

[13] For the purposes of this investigation, the “Government of China (GOC)” refers to all levels of government (i.e. federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed). It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

PRODUCT INFORMATION

Definition

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

Corrosion-resistant flat-rolled steel sheet products of carbon steel including products alloyed with the following elements:

- *Boron (B) not more than 0.01%,*
- *Niobium (Nb) not more than 0.100%,*
- *Titanium (Ti) not more than 0.08%, or*
- *Vanadium (V) not more than 0.300%*

in coils or cut lengths, in thicknesses up to 0.168 in. (4.267 mm) and widths up to 72 inch (1,828.8 mm) with all dimensions being plus or minus allowable tolerances contained in the applicable standards, chemically passivated, originating in or exported from the People’s Republic of China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), the Republic of India, and the Republic of Korea and excluding:

- *unpassivated corrosion-resistant steel sheet products;*
- *corrosion-resistant steel sheet products for use in the manufacture of passenger automobiles, buses, trucks, ambulances or hearses or chassis therefor, or parts thereof, or accessories or parts thereof;*
- *steel products for use in the manufacture of aeronautic products;*
- *steel sheet that is coated or plated with tin, lead, nickel, copper, chromium, chromium oxides, both tin and lead (“terne plate”), or both chromium and chromium oxides (“tin free steel”);*
- *stainless flat-rolled steel products;*
- *corrosion-resistant steel sheet products that have been pre-painted or coated with organic (non-metallic) coatings, including lacquers or varnishes;*
- *galvanized armouring tape, which is narrow flat steel tape of 3 in. or less, that has been coated by a final operation with zinc by either the hot-dip galvanizing or the electrogalvanizing process so that all surfaces, including the edges, are coated;*
- *and tool steel.*

Additional Product Information

[15] The product definition includes corrosion-resistant steel sheet where the substrate is coated or plated with a corrosion-resistant material such as zinc, aluminum, and other alloys. The coating may be applied by a variety of processes including hot-dip galvanizing or electro-galvanizing.

[16] The product definition includes corrosion-resistant steel sheet which has been chemically passivated by coating with standard or acrylic chromate and nonchromate solutions.

[17] Passivation refers to a material becoming “passive”, that is, less affected or corroded by the environment of future use. Passivation involves creation of an outer layer of shield material that is applied as a micro-coating, created by chemical reaction with the base material, or allowed to build from spontaneous oxidation in the air. As a technique, passivation is the use of a light coat of a protective material, to create a shell against corrosion. The most common method of passivation for steel products is the application of a standard chromate based or acrylic chromate and non-chromate coatings.

[18] Corrosion-resistant steel sheet is usually produced from cold-rolled carbon steel sheet (“CRS”) and sometimes from hot-rolled carbon steel sheet (“HRS”). However, additions of certain elements, such as titanium, vanadium, niobium or boron, during the steel-making process enable the steel to be classified as alloy steel. Therefore, corrosion-resistant steel produced from either carbon steel or alloy steel is included in the definition of the subject goods.

[19] The subject goods (and like goods produced by the domestic industry) are manufactured to meet certain American Society for Testing and Materials (ASTM), Society of Automotive Engineering (SAE) or equivalent specifications, including, but not limited to:

ASTM A653/653M
ASTM A792/A792M
SAE J403
SAE J1392
SAE J2329
SAE J1562

[20] The product definition excludes corrosion-resistant steel for use in automobiles and automobile parts, hereafter referred to as “automotive”. Automotive end users include original equipment manufacturers (“OEMs”) and auto part producers. Such excluded goods may fall under Customs Tariff item 9959.00.00.

[21] The product definition includes “seconds”. Seconds are goods that do not meet some aspect of the original specification. This could include dimensions, grade, or coating. It could also include a coil that has been damaged. Seconds are sold at a discount. Seconds may meet ASTM, SAE or other specifications or may be re-certified to meet a standard. For example, a coil that is damaged along the edge may be a “second”. However, if the damaged edge is slit and the damage is removed, the coil could be classified as a primary coil produced to the new width. Seconds are graded and sold on a scale of five.

Production Process

[22] COR is usually produced from CRS and sometimes from HRS. The steel sheet to be coated is commonly referred to as steel substrate. Hot-dip galvanizing and electrogalvanizing are the two processes that can be used to coat the substrate steel sheet with zinc, aluminum, or other alloys. The complainant uses hot-dip galvanizing.

[23] In the hot-dip galvanizing process, the first step is to clean the surfaces to improve the adhesion of the coating. After cleaning, the substrate enters a continuous annealing furnace. The furnace heats the substrate to the temperature necessary to develop the desired metallurgical properties of the final product. The substrate is then placed in a molten coating bath and, as it emerges from the bath, an air, nitrogen or steam wipe is used to control the thickness of the coating. The galvanized steel sheet is then cooled in a cooling tower.

[24] In some cases, the galvanized steel is further processed into galvanized steel sheet. The first step in galvannealing is to reduce the thickness of the coating. This can be done either by “wipe-coat galvannealing”, in which thick pads are used to wipe the sheet as it emerges from the molten coating bath, or by an air/nitrogen wiping process. The galvanized sheet then passes through a galvannealing furnace, with the heat from the furnace causing the iron from the substrate to combine with the zinc coating to produce a thin zinc-iron alloy. Because of its thinner coating, galvannealed steel sheet is easier to weld and paint than galvanized steel sheet.

[25] In the electro-galvanizing process, charged steel passes through a plating bath and opposite electrical charges cause the zinc solution to coat the steel. Cold-rolled steel coils are batch annealed in multi-stack furnaces or in off-line continuous annealing process, often skin passed on a temper mill, before being electro-galvanized with a thin coating of zinc on a continuous processing line.

Product Use

[26] Common applications for COR falling within the product definition include, but are not limited to, production of farm buildings, grain bins, culverts, garden sheds, roofing material, siding, floor decks, roof decks, wall studs, drywall corner beads, doors, door frames, ducting (and other heating and cooling applications), flashing, hardware products and appliance components.

Classification of Imports

[27] The allegedly dumped goods are normally classified under the following tariff classification numbers (tariff numbers):

7210.30.00.00	7210.69.00.10	7212.50.00.14
7210.49.00.10	7210.69.00.20	7225.91.00.00
7210.49.00.20	7212.20.00.00	7225.92.00.00
7210.49.00.30	7212.30.00.00	7226.99.00.10
7210.61.00.00	7212.50.00.00	

[28] The listing of tariff numbers is for convenience of reference only. The tariff numbers include non-subject goods. Also, subject goods may fall under tariff numbers that are not listed. Refer to the product definition for authoritative details regarding the subject goods.

LIKE GOODS AND SINGLE CLASS OF GOODS

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

[30] According to the complainant, with respect to subject goods, like goods consist of domestically produced COR which falls within the product definition. For greater clarity, like goods do not include goods excluded in the subject goods product definition, such as automotive corrosion-resistant steel sheet.

[31] COR produced by the complainant has the same physical characteristics and end uses as the subject goods imported from the named countries. The goods produced in Canada and the named countries are fully interchangeable when manufactured to industry standards and specifications. Subject goods from the named countries compete directly with COR produced by the complainant. After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that domestically produced COR are like goods to the subject goods. Further, the CBSA is of the opinion that subject goods and like goods constitute only one class of goods.

THE CANADIAN INDUSTRY

[32] The complaint includes data on domestic production and domestic sales of COR for domestic consumption, by the complainant and Stelco Inc (Stelco). The complaint contains a letter of support from Stelco.¹

¹ Exhibit 2 (NC) – COR Complaint – Attachment 6.

[33] Material Science Corp (MSC) is another producer of COR in Canada. The complainant submitted that MSC does not have a significant production capacity for COR and as a result, their actual production volume would be minimal in comparison to the combined production volume of the complainant and Stelco^{2,3}.

[34] The complainant and the supporting producer, Stelco, account for nearly all of the domestic production of like goods.

Standing

[35] Subsection 31(2) of SIMA requires that the following conditions for standing be met in order to initiate an investigation:

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

[36] As the complainant and the supporting producer represent the vast majority of the total production of like goods in Canada, the CBSA is satisfied that the standing requirements pursuant to subsection 31(2) of SIMA have been met.

CANADIAN MARKET

[37] The complaint includes the annual production of like goods for the complainant and the supporting producer for the period of 2014 through the first quarter of 2018.

[38] The complainant, using Statistics Canada data, estimated the total volume of imports of subject goods originating from all countries for the period of 2014 through the first quarter of 2018. The tariff numbers for COR include both subject and non-subject goods. As such, the complainant made a number of adjustments in an effort to remove non-subject COR. The most significant adjustments relate to the removal of automotive corrosion-resistant steel sheet.⁴

[39] The CBSA conducted its analysis of imports of the goods based on the CBSA's import data and based on commercial intelligence provided in the complaint.

² Exhibit 2 (NC) – COR Complaint – Para. 41 and 50; Exhibit 2 (NC) – COR Complaint – Attachment 5.

³ As per *Exhibit 2 (NC) – COR Complaint – Attachment 5*, MSC's annual production capacity of corrosion-resistant steel sheet, which includes several excluded products such as automotive and pre-painted sheet, is approximately 41,000 MT. As such, even if the entire production capacity is to be devoted to the production of COR, MSC would only account for a very small percentage of the total production of like goods by the domestic industry, compared to the combined production of the complainant and Stelco.

⁴ Exhibit 2 (NC) – COR Complaint – Para. 54-57.

[40] A review of the import data demonstrated similar trends and volumes with respect to imports of COR compared to information provided in the complaint.

[41] Detailed information regarding the volume and value of imports of COR and domestic production cannot be divulged for confidentiality reasons. The CBSA, however, has prepared the following table to show the import share of COR in Canada, as estimated by the CBSA.

Table 1
CBSA's Estimate of COR Imports
(expressed as % of total volume)

Country	2015	2016	2017	April 2017- March 2018
China	31.5%	44.6%	52.4%	55.1%
Chinese Taipei	7.2%	7.0%	4.8%	3.9%
India	4.8%	3.9%	3.4%	3.0%
South Korea	12.1%	5.9%	4.8%	4.2%
Total Named Countries	55.6%	61.5%	65.4%	66.3%
All Others Countries	44.4%	38.5%	34.6%	33.7%
Total Imports	100%	100%	100%	100%

*totals may not add to exactly 100% due to rounding

[42] The CBSA will continue to gather and analyze information on the volume of imports during the period of investigation (POI) of April 1, 2017 to March 31, 2018 as part of the preliminary phase of the dumping investigation and will refine these estimates.

EVIDENCE OF DUMPING

[43] The complainant alleged that COR from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea has been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

[44] Normal values are generally based on the domestic selling price of like goods in the country of export where competitive market conditions exist or as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[45] The complainant also provided information to support the allegation that the flat-rolled steel industry sector in China, which includes COR, may not be operating under competitive market conditions and as such, the domestic market may not be reliable for determining normal values. Accordingly, the complainant submitted that normal values for China should be determined under section 20 of SIMA.

[46] If there is sufficient reason to believe that the conditions described in section 20 of SIMA exist in the sector under investigation, normal values will be determined, where such information is available, on the basis of the domestic selling price or the cost of production plus a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits of the like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or on the basis of the selling price in Canada of like goods imported from any country designated by the CBSA and adjusted for price comparability.

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

[48] Estimates of normal values and export prices by both the complainant and the CBSA are discussed below.

Normal Values

Complainant's Estimates

[49] The complainant submitted that it does not have access to specific information on selling prices in the named countries that meets the requirements of section 15 of SIMA. As a result, the complainant was not able to estimate normal values using the methodology of section 15.

[50] The complainant estimated normal values using a constructed cost approach reflecting the methodology under paragraph 19(b) of SIMA. For each quarter of the period from April 1, 2017 to March 31, 2018, the complainant estimated one weighted average normal value for each named country, based on the aggregate of the costs of producing the goods (materials, direct labour and overhead), a reasonable amount for selling, general and administrative (SG&A) costs, financial expenses, and a reasonable amount for profits.

[51] The complainant based the estimates of the costs of producing the goods (materials, direct labour and overhead) on their own costs of production for the periods Q1 2017 through Q4 2017, which were adjusted based on publicly available information respecting the named countries for the same periods. The complainant submitted that it is appropriate to estimate normal values for goods imported during April 1, 2017 to March 31, 2018 using the costing information for the periods Q1 2017 through Q4 2017 due to the lag time between the production and shipment of the goods.

[52] Material costs were estimated based on the complainant's own material costs. CRS is the primary material used in the production of COR, and its cost was adjusted to reflect the published CRS pricing in each named country. In addition, given that the published prices are generally for more expensive grades of steel, the complainant reduced these prices by \$44/MT to reflect the applicable discount for lower grades of steel, based on its pricing policy.⁵

⁵ Exhibit 2 (NC) – COR Complaint – Para. 75; Exhibit 2 (NC) – COR Complaint – Attachment 14.

[53] For China and India, the complainant used the price of CRS in each country, as reported by CRU International Limited (CRU). Similarly, for the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea, the complainant used the price of CRS in each country as reported by MEPS International Ltd (MEPS).

[54] Labour costs were estimated based on the complainant's own labour costs and adjusted to reflect cost differences between Canada and the named countries. A downward adjustment was applied to these costs based on productivity adjusted cost-of-labour comparisons, as per information presented in a research article published in the *Wall Street Journal*.

[55] The wage adjustment factors were as follows:

- China – downward adjustment of 50.6%⁶
- The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) – downward adjustment of 71.5%⁷
- India – downward adjustment of 81.3%⁸
- South Korea – downward adjustment of 37.6%⁹

[56] Overhead costs were based on the complainant's unadjusted factory overhead costs. According to the complainant, no adjustment is necessary since they are an efficient and technologically advanced producer of COR, as are the producers in the named countries.

[57] The complainant estimated the amounts for SG&A and financial expenses, as well as the amounts for profits, based on the publicly available financial statements of large publicly-traded companies which produce COR in the named countries.

[58] For China, the complainant used amounts reported by China Oriental Group Company Ltd in their most recent annual financial statements. Similarly, for the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea, the complainant used amounts reported by Yieh Phui Enterprises Co Ltd, JSW Steel and Hyundai Steel respectively in their most recent annual financial statements. These amounts for SG&A and financial expenses, as well as the amounts for profits, are reported as a percent of the cost of goods manufactured and are provided below.¹⁰

Item	China	Chinese Taipei	India	South Korea
SG&A	2.6%	6.3%	17.0%	6.5%
Financial Expenses	0.0%	0.6%	15.0%	1.3%
Profit	18.8%	2.8%	12.0%	7.2%

⁶ Exhibit 2 (NC) – COR Complaint – Attachment 13.

⁷ Exhibit 2 (NC) – COR Complaint – Attachment 13.

⁸ Exhibit 2 (NC) – COR Complaint – Attachment 13.

⁹ Exhibit 2 (NC) – COR Complaint – Attachment 13.

¹⁰ Exhibit 2 (NC) – COR Complaint – Para. 78-86.

[59] The complainant provided information supporting the initiation of a section 20 inquiry respecting the allegedly dumped goods from China. The complainant submitted that domestic selling prices in China are substantially influenced by government policies and should not be used in the calculation of normal values, since the prices are not reflective of competitive market conditions. As a result, the complainant also estimated normal values for China using the methodology of section 20 based on surrogate country information.¹¹

[60] The complainant estimated normal values for COR from China using the aggregate of the estimated cost of production, a reasonable amount for SG&A, and a reasonable amount for profits of the like goods sold by producers in a surrogate country in accordance with the methodology of subparagraph 20(1)(c)(ii) of SIMA. The complainant submitted that South Korea is an appropriate surrogate country, given that producers in that country export substantial volumes of COR and the costs of steel materials used by these producers are based on international market pricing. Accordingly, the normal values that were estimated for the goods from South Korea using the methodology of paragraph 19(b), discussed above, were used to estimate normal values for COR from China.

CBSA's Estimates:

[61] The CBSA notes that the complainant did not estimate normal values for each specific type of product. Rather, in respect of the goods from each named country, the complainant estimated one normal value for each quarter from April 1, 2017 to March 31, 2018 based, in part, on the average of the cost of production of all like goods they produced during each quarterly period of Q1 2017 through Q4 2017, as adjusted. While the CBSA recognizes that there may be differences in the costs and prices of different types of COR, the CBSA finds that this was a reasonable approach, given that the information available to the complainant is limited.

[62] The CBSA used the same methodology for estimating normal values for goods from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India, and South Korea with the following adjustments.

[63] With respect to the costs of the substrate material (i.e. CRS) in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea, the CBSA noted that the complainant referenced incorrect prices from the published MEPS report. The CBSA made necessary adjustments to correct this.

[64] With respect to the amounts for SG&A, financial expenses and profits, the complainant's estimates were based on the information of a single producer in each of the named countries. In order to obtain more representative estimates, the CBSA revised these amounts by averaging information obtained from the most recent annual financial statements of at least two producers in each named country.

¹¹ Exhibit 2 (NC) – COR Complaint – Para. 87-95.

[65] For the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), the CBSA used amounts reported by Yieh Phui Enterprises Co Ltd¹² and China Steel Inc.¹³ For India, the CBSA used amounts reported by JSW Steel¹⁴ and Tata Steel¹⁵ and for South Korea, the CBSA used amounts reported by Hyundai Steel¹⁶ and POSCO¹⁷.

[66] The CBSA also noted that the complainant did not provide any evidence that the lag time between the production and shipment of the goods would be significant enough to justify the use of the costing information for the quarterly periods of Q1 2017 through Q4 2017. As a result, for purposes of estimating normal values pursuant to the methodology of section 19(b), the CBSA used the estimated costing information for each corresponding quarterly period of April 1, 2017 to March 31, 2018 instead.

[67] As discussed above, if there is sufficient reason to believe that conditions described in section 20 of SIMA exist in the sector under investigation, normal values will be determined pursuant to section 20 of SIMA on the basis of the domestic selling price or cost of production plus a reasonable amount for SG&A, plus a reasonable amount for profits of the like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or on the basis of the selling price in Canada of like goods imported from any country designated by the CBSA and adjusted for price comparability.

[68] As detailed in the “Section 20 Inquiry” section of this *Statement of Reasons*, the CBSA has information which demonstrates that the prices of COR in China may be significantly affected by government policies in that country and that prices of COR in China may not be substantially the same as they would be if they were determined in a competitive market. As a result, normal values for China were estimated in accordance with the methodology of section 20 of SIMA.

[69] The CBSA agrees with the complainant that South Korea is an appropriate surrogate country for the purposes of estimating normal values, given that the country is in close geographic proximity to China and therefore has similar trading patterns, and is the third largest exporter of COR to Canada, after China and the United States of America (US). As such, the CBSA estimated normal values for China based on the methodology of subparagraph 20(1)(c)(ii) of SIMA using surrogate information for South Korea, i.e. based on the normal values estimated for the goods from South Korea using the methodology of paragraph 19(b) of SIMA.

¹² Exhibit 2 (NC) – COR Complaint – Attachment 17.

¹³ http://www.csc.com.tw/csc_e/ss/fin/pdf/fin_report106_Q4.pdf

¹⁴ <http://www.jsw.in/sites/default/files/assets/industry/steel/IR/Financial%20Performance/Annual%20Reports%20%20STEEL/JSW%20Steel%20Annual%20Report%202016-17.pdf>.

¹⁵ <http://www.tatasteel.com/media/6832/sebi-release.pdf>.

¹⁶ <http://quote.morningstar.com/stock-filing/Annual-Report/2017/12/31/t.aspx?t=XKRX:004020&ft=&d=0447dd7a13d261a2fc6f629508edf6e7>.

¹⁷ <http://www.posco.com/homepage/docs/eng5/jsp/invest/archive/s91b60100101.jsp?mdex=posco23A>.

Export Price

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

[71] The export prices estimated by the complainant were based on publicly available import data obtained from Statistics Canada for the period of April 1, 2017 to March 31, 2018. As the Statistics Canada data includes both subject and non-subject goods, the complainant made a number of adjustments to remove non-subject goods. The complainant estimated an average export price for each named country based on the weighted average declared value for duty of COR imported from April 1, 2017 to March 31, 2018.¹⁸

[72] The CBSA estimated a weighted average export price for each named country based on the value for duty as declared on the customs entry documentation and reports generated through the Facility for Information Retrieval Management (FIRM) for each individual shipment imported from April 1, 2017 to March 31, 2018. The CBSA reviewed customs entry documentation for COR entering Canada and adjusted the FIRM data to correct any errors respecting the quantity and value for duty and to remove non-subject COR.

Estimated Margins of Dumping

[73] For each named country, the CBSA estimated the margin of dumping by comparing the weighted average estimated normal value with the weighted average estimated export price for the period of April 1, 2017 to March 31, 2018. Based on this analysis, it is estimated that COR imported into Canada from each of the named countries was dumped. The estimated margin of dumping for each country are listed in the table below.

TABLE 2
CBSA's Estimated Margins of Dumping

Country	Estimated Margins of Dumping (expressed as % Export Price)
China	27.1%
Chinese Taipei	3.5%
India	35.8%
South Korea	21.9%

¹⁸ Exhibit 2 (NC) – COR Complaint – Para. 68-69.

SECTION 20 INQUIRY

[74] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.¹⁹

[75] The provisions of section 20 are applied on a sector basis rather than on the country as a whole. The sector reviewed will normally only include the industry producing and exporting the goods under investigation.

[76] A section 20 inquiry refers to the process whereby the CBSA collects information from various sources in order to form an opinion as to whether the conditions described under subsection 20(1) of SIMA exist with respect to the sector under investigation. Before initiating such an inquiry, the CBSA must first analyze the information submitted in the complaint and the evidence it has gathered independently to determine if it is sufficient to warrant the initiation of an inquiry.

[77] The complainant alleged that the conditions described in section 20 prevail in the flat-rolled steel industry sector in China, which includes COR. That is, the complainant alleges that this industry sector in China does not operate under competitive market conditions and consequently, prices of COR established in the Chinese domestic market are not reliable for determining normal values.²⁰

[78] The complainant provided evidence supporting its claim that the GOC substantially determines domestic prices of COR. This included evidence of export controls and significant state-ownership in the flat-rolled steel industry sector. The complainant also cited specific policies implemented by the GOC, such as the *2015 Steel Adjustment Policy* and *China's 13th Five-Year Plan*.²¹

[79] The information currently available to the CBSA indicates that there are a number of the GOC's industrial policies that have been implemented which influence the steel industry and the flat-rolled steel industry sector in China, which includes COR. In previous section 20 inquiries, the GOC's industrial plans have been found to strongly influence the decisions of steel enterprises in China.

[80] With respect to the flat-rolled steel industry sector, which includes COR, the CBSA has information which demonstrates that the prices of flat-rolled steel products, including COR, may be significantly affected by the GOC's policies and that prices of COR in China may not be substantially the same as they would be if they were determined in a competitive market.

¹⁹ China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

²⁰ Exhibit 2 (NC) – COR Complaint – Para. 87-90.

²¹ Exhibit 2 (NC) – COR Complaint – Para. 363-425.

[81] In summary, the CBSA believes that there is sufficient evidence to support an inquiry into the allegation that measures taken by the GOC substantially influence prices in the flat-rolled steel industry sector in China, which includes COR, and that the prices are substantially different than they would be in a competitive market.

[82] Consequently, on July 26, 2018, the CBSA included in its investigation, a section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the flat-rolled steel industry sector in China, which includes COR.

[83] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of COR in China, as well as to the GOC, requesting detailed information related to the flat-rolled steel industry sector in China, which includes COR.

[84] As the investigation already includes appropriate countries to serve as potential “surrogates”, should paragraph 20(1)(a) of SIMA be applicable, no additional producers in countries not named in this investigation were requested to provide domestic pricing and costing information. The CBSA also requested information from Canadian importers of COR regarding their sales of COR from other countries.

[85] In the event that the CBSA forms an opinion that domestic prices of COR in China are substantially determined by their government, and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be if they were determined in a competitive market, the normal values of the goods under investigation will be determined, pursuant to paragraph 20(1)(c), where such information is available, on the basis of the domestic selling price or the aggregate of the cost of production, a reasonable amount for SG&A, and a reasonable amount for profits of the like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or, pursuant to paragraph 20(1)(d), where such information is available, on the basis of the selling price in Canada of like goods imported from any country designated by the CBSA and adjusted for price comparability.

EVIDENCE OF INJURY

[86] The complainant alleged that the subject goods have been dumped and that such dumping has caused material injury and is threatening to cause material injury to the domestic industry producing like goods in Canada.

[87] SIMA refers to material injury caused to the domestic producers of like goods in Canada. The CBSA has concluded that COR produced by the domestic industry is like goods to the subject goods from the named countries.

[88] In support of their allegations, the complainant provided evidence of an increase in the volume of subject goods; loss of sales; price undercutting; price depression; negative financial results; underutilized production capacity; reduced employment; and threat to continuous investment.

Increase in Volume of Subject Goods

[89] As noted in the “Canadian Market” section of this *Statement of Reasons*, detailed information regarding the volume and value of imports of COR and domestic production cannot be divulged for confidentiality reasons.

[90] The confidential information estimated by the CBSA demonstrates that total volume of imports of COR from the named countries increased from 2015 to March 31, 2018. Additionally, the confidential information indicates that there has been a significant increase in the volume of imports of subject goods from China during this period, while the volume of subject imports from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea decreased.

Loss of Sales

[91] The complainant provided declarations which detail specific examples of sales that were lost to allegedly dumped goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea.²² The complainant also provided supporting documentation, including price quotations and internal reports that support the link between the lost sales and the subject goods.

[92] In addition to the examples provided by the complainant, Stelco, the supporting Canadian producer, also provided similar examples.²³

[93] While the complaint contains a number of account-specific evidence of lost sales due to the allegedly dumped subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea, neither the complainant nor Stelco provided specific examples of sales that had been lost to allegedly dumped subject goods from India.

[94] The CBSA finds that lost sales have resulted in a significant overall decrease in the market share of domestically produced COR, and a loss of potential revenue, between 2015 and March 31, 2018.

Price Undercutting

[95] The complainant submitted that the allegedly dumped goods from the named countries have captured sales by undercutting the prices of the domestic industry. To support this allegation, the complainant provided specific examples of subject goods at prices well below that of the complainant.²⁴

²² Exhibit 2 (NC) – COR Complaint – Attachment 8.

²³ Exhibit 2 (NC) – COR Complaint – Attachment 26.

²⁴ Exhibit 2 (NC) – COR Complaint – Para. 156-160.

[96] The complainant also submitted evidence showing that from 2015 to March 31, 2018, the average prices of subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea have been, for the most part, less than those of the complainant.²⁵ The CBSA found this information to be consistent with its own estimate of the average import prices.

[97] With respect to imports from India, the complainant did not provide any account-specific example of price undercutting. Similarly, the average import price data estimated by the CBSA indicates that the average prices of subject goods from India have been consistently higher than those of the complainant.

Price Depression

[98] The complaint contains documented instances where the complainant was forced to lower prices or lose sales in response to allegedly dumped subject imports. To support this allegation, the complainant provided specific examples of offers of subject goods at prices well below that of the complainant.²⁶

[99] Based on the CBSA's estimates, the average prices of like goods produced in Canada increased year-over-year between 2015 and 2017. Generally, this type of trend would not support an allegation of price depression. However, the complainant submitted that this should be viewed in comparison to spot pricing in the US. Specifically, the complainant stated that the North American COR market is integrated and that pricing in the northeastern US should be similar to that in Central Canada. Further, the complainant submitted that the US Midwest price for COR, as published by CRU, should reflect the spot price of COR in Central Canada, as it is based on current selling prices in the northeastern US.²⁷

[100] Based on the information submitted in the complaint, the CBSA agrees with the complainant that the US Midwest price for COR should reflect the spot price of COR in Central Canada. The CBSA notes that as the US Midwest price increased from 2015 to 2017, the complainant's average domestic price of COR also increased. However, while the complainant's average selling price did increase during this period, the rate of increase was significantly lower than that of the US Midwest price. This has led to an increasing discrepancy between the complainant's average selling price and the US Midwest price. The CBSA believes that this is indicative that prices in the Canadian market have not increased as they would have in absence of the allegedly dumped goods from the named countries.

²⁵ Exhibit 2 (NC) – COR Complaint – Para. 165-171.

²⁶ Exhibit 2 (NC) – COR Complaint – Para. 129-152.

²⁷ Exhibit 2 (NC) – COR Complaint – Para. 129-134.

Negative Financial Results

[101] The complainant submitted that the injurious impact of allegedly dumped subject goods from the named countries is demonstrated in negative financial results of the domestic COR industry. To support this allegation, the complainant provided the combined financial statements of the complainant and Stelco for the period of 2014 through the first quarter of 2018.²⁸

[102] The CBSA reviewed the financial statements of the complainant and Stelco; specifically, the product income statements for COR²⁹. The CBSA notes that the financial results of the complainant and Stelco have improved from 2015 to March 31, 2018.

[103] The CBSA finds that the trend of improving financial results does not support the allegation of financial injury, especially given the fact that the volumes of imports from the named countries increased substantially during the same period. At the same time, however, the CBSA is cognizant that the increasing volumes of subject goods, combined with their low prices, may have limited the potential growth of the domestic industry.

Underutilization of Production Capacity

[104] The complainant submitted that the capacity utilization rate of the domestic COR industry has suffered due to the presence of allegedly dumped goods from the named countries. To support this allegation, the complainant provided consolidated domestic industry data outlining the combined production capacity and production quantity of the complainant and Stelco for the period of 2014 through the first quarter of 2018.³⁰

[105] The CBSA reviewed this information and found the capacity utilization rate remained nearly constant between 2015 and 2017. Within the period of April 1, 2017 to March 31, 2018, however, there had been more pronounced fluctuations at the quarterly level. Specifically, the utilization rate decreased significantly from Q2 2017 to Q4 2017, before recovering somewhat in Q1 2018.

[106] Given that Q3 2017 and Q4 2017 coincide with the period in which the total market share of the subject goods was the highest since 2015, based on confidential information estimated by the CBSA, the CBSA believes that this is indicative of injury suffered by the domestic COR industry due to the alleged dumping of subject goods from the named countries.

²⁸ Exhibit 2 (NC) – COR Complaint – Para. 175-181.

²⁹ Exhibit 2 (NC) – COR Complaint – Attachments 7, 10 and 11.

³⁰ Exhibit 2 (NC) – COR Complaint – Para. 182-184.

Reduced Employment

[107] The complainant claimed that competition from unfairly priced imports has led to reductions in industry employment. To support this allegation, the complainant provided its employment data for the period of 2014 through the first quarter of 2018.³¹

[108] The CBSA reviewed this information and found that the complainant's employment decreased from 2015 to Q1 2018.

Threat to Continuous Investments

[109] The complainant submitted that its ability to attract capital investment from its parent company is being placed at risk, due to the presence of allegedly dumped goods from the named countries. To support this allegation, the complainant provided a specific example regarding notional support from its parent to invest in Canada.³²

[110] The CBSA finds that the allegation, as described in the complaint, does not appear to be an indicator of injury, as no evidence was provided to suggest that the complainant has suffered injury in this regard. As such, the CBSA instead reviewed this information as a factor to be considered in assessing the threat of injury posed by subject goods from the named countries.

CBSA's Conclusion – Injury

[111] Based on the evidence provided in the complaint, and supplementary data available to the CBSA through its own research and customs documentation, the CBSA is satisfied that the evidence discloses a reasonable indication that the dumping of subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea has caused injury in the form of lost sales, price undercutting, price depression, underutilized production capacity, and reduced employment.

[112] With respect to India, the volume of imports from India decreased over the period reviewed and the complainant did not provide specific examples of lost sales, price undercutting or price depression. As such, the CBSA is of opinion that the evidence does not disclose a reasonable indication that the alleged dumping of the subject goods from India has caused injury.

THREAT OF INJURY

[113] The complainant states that allegedly dumped subject goods from the named countries threaten to cause further material injury to the Canadian domestic industry. The complainant submits that the threat posed by the subject goods is evident in a number of factors which are likely to have an impact in the next 18 to 24 months.³³

³¹ Exhibit 2 (NC) – COR Complaint – Para. 185-186.

³² Exhibit 2 (NC) – COR Complaint – Para. 187-189.

³³ Exhibit 2 (NC) – COR Complaint – Para 66.

[114] The complainant provided the following information to support the allegation that subject goods from the named countries threaten to cause further material injury to the Canadian domestic industry.

Significant Rate of Increase in the Volume of Subject Goods

[115] The complainant alleged that there has been a significant rate of increase in the volume of subject goods imported from the named countries. In support of this allegation, the complainant provided import statistics from the named countries for the period of 2014 through 2017.³⁴

[116] The complainant acknowledged that while import volumes from China increased significantly from 2014 to 2017, the volumes from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea declined during the same period, both collectively and individually. The complainant attributed this decline to the rapid rise in imports from China.

[117] The CBSA's analysis of import data, which is based on the period of 2015 through 2017, shows similar trends and indicates that there has been a significant increase in the total imports of the allegedly dumped goods from the named countries. As noted above, this overall increase is driven by the increase in imports from China.

Overcapacity and Capacity Increases Globally and in the Named Countries

[118] The complainant submitted that there is a global excess capacity in the steel industry in general and the COR industry in particular. Specifically, the complainant alleged that there is a significant overcapacity for the production of COR in each of the named countries. In support of this allegation, the complainant provided a number of industry reports and publications.³⁵

[119] Based on the CBSA's analysis of the information provided in the complaint, the CBSA finds that producers in each of the named countries have a massive overcapacity for the production of COR, especially in relation to the size of the Canadian market. The CBSA recognizes that even if a small percentage of the excess capacity was used to produce subject goods for the Canadian market, this production could satisfy the entire Canadian market for COR and result in a significant increase in the volume of subject goods from the named countries.

Negative International and Domestic Market Conditions

[120] The complainant submitted that the global steel market remains vulnerable and that faced with weak domestic demand and excess production capacity, COR producers in the named countries would increase their exports of subject goods in the next 18 to 24 months. In support of these allegations, the complainant provided industry publications which forecast market demand and production.³⁶

³⁴ Exhibit 2 (NC) – COR Complaint – Para. 200-207.

³⁵ Exhibit 2 (NC) – COR Complaint – Para. 208-223.

³⁶ Exhibit 2 (NC) – COR Complaint – Para. 224-306.

[121] With respect to the COR market in Canada, the complainant provided evidence indicating that the manufacturing sector in Canada, which is a significant user of COR, remains vulnerable and that the Canadian market for COR is forecasted to contract in 2019.³⁷

[122] Based on the CBSA's analysis of the information provided in the complaint, the CBSA finds that the international market conditions, as described above, may encourage COR producers in the named countries to increase their exports to certain markets, including Canada. Similarly, the CBSA recognizes that the weak market conditions in Canada may render the Canadian domestic industry particularly vulnerable to a significant increase in import volumes from the named countries.

Impact of the Subject Goods on the Price of Like Goods

[123] The complainant submitted that the alleged dumping of subject goods had depressed the price of like goods in Canada. Similarly, the complainant stated that the subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea had undercut the price of like goods, resulting in a significant number of lost sales. The complainant also alleged that the trend of aggressive pricing of subject goods from these countries would continue, and that it would have increasingly injurious effects on the Canadian domestic industry. In support of these allegations, the complainant provided account specific information detailing offers of subject goods at prices below that of the complainant.³⁸

[124] Based on its own estimate of the average import prices, and the information provided in the complaint, the CBSA finds that subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea have entered the Canadian market at low prices for the most part, and had a depressing effect on the price of like goods.

Foreign Trade Remedy Actions and the Risk of Diversion

[125] The complainant submitted that subject goods from the named countries are likely to be diverted into the Canadian market, given that there are a number of anti-dumping trade remedy actions that are currently in place against these goods. In support of this allegation, the complainant provided a number of decision documents and reports published by several members of the World Trade Organization (WTO).³⁹

[126] Furthermore, the complainant pointed to the recent imposition of a US tariff of 25% on steel imports into the US, which may exacerbate the Canadian domestic industry's vulnerability to subject goods from the named countries. Similarly, the complainant submitted that the European Union's recent safeguard investigation on steel products, including COR, could divert a significant volume of subject goods into the Canadian market.⁴⁰

³⁷ Exhibit 2 (NC) – COR Complaint – Para. 307-315.

³⁸ Exhibit 2 (NC) – COR Complaint – Para. 316-323.

³⁹ Exhibit 2 (NC) – COR Complaint – Para. 324-336.

⁴⁰ Exhibit 2 (NC) – COR Complaint – Para. 337-351.

[127] The CBSA acknowledges that the presence of trade remedy actions, as described above, may impact the exports of COR from the named countries. The CBSA further recognizes that these restrictions may have a significant impact on the Canadian market by way of diversion.

The Risk of Product Shifting

[128] The complainant stated that COR is a downstream product of HRS and CRS. While HRS and CRS are standalone goods, they are also primary input materials for a number of different steel products. As such, the complainant submitted that if a trade remedy is imposed on upstream HRS and/or CRS products, either in Canada or another country, the affected foreign producers are likely to shift production and increase the exports of goods that are not subject to the trade remedy, such as COR.⁴¹

[129] The complainant pointed to a number of anti-dumping trade remedy actions that are currently in place against upstream HRS and CRS products from the named countries, and submitted that affected producers in China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea would likely shift their production and increase their exports of COR. The complainant also alleged that the high number of trade remedy actions against the named countries demonstrates their propensity to dump and indicates that they have a narrowing list of products and markets for export.⁴²

[130] The CBSA acknowledges that the presence of trade remedy actions on upstream HRS and CRS products, as described above, may impact the exports of COR from the named countries. The CBSA also recognizes that these restrictions may have a significant impact on the Canadian market by way of product shifting.

CBSA's Conclusion – Threat of Injury

[131] The CBSA is of view that the evidence discloses a reasonable indication that there is a threat of material injury to the COR industry in Canada posed by imports of allegedly dumped subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea.

⁴¹ Exhibit 2 (NC) – COR Complaint – Para. 354-355.

⁴² Exhibit 2 (NC) – COR Complaint – Para. 356-358.

CAUSAL LINK – DUMPING, INJURY AND THREAT OF INJURY

[132] The CBSA finds that the complainant has sufficiently linked the injury suffered by the domestic industry, in the form of lost sales, price undercutting, price depression, underutilized production capacity and reduced employment, to the alleged dumping of subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea. The CBSA is satisfied that the injury suffered by the domestic industry is directly related to the price advantage produced by the alleged dumping of subject goods from these three countries.

[133] The complainant also submitted that the continued dumping of goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea threatens to cause injury to the Canadian domestic industry. As discussed above, the CBSA is of opinion that this allegation of threat of injury is reasonably supported with respect to all the named countries.

[134] In summary, the CBSA is of the opinion that the information provided in the complaint has disclosed a reasonable indication that the alleged dumping has caused injury and/or is threatening to cause injury to the Canadian domestic industry.

CONCLUSION

[135] Based on information provided in the complaint, other available information, and the CBSA's import documentation, the CBSA is of the opinion that there is evidence that COR originating in or exported from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea has been dumped. Further, there is evidence that discloses a reasonable indication that the dumping of the subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and South Korea has caused injury and that the dumping of the subject goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea is threatening to cause injury to the Canadian industry. As a result, pursuant to subsection 31(1) of SIMA, a dumping investigation was initiated on July 26, 2018.

SCOPE OF THE INVESTIGATION

[136] The CBSA is conducting an investigation to determine whether the subject goods have been dumped.

[137] The CBSA has requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the POI of April 1, 2017 to March 31, 2018, were dumped. The information requested will be used to determine the normal values, export prices and margins of dumping, if any.

[138] The CBSA requested information from producers and exporters of COR in China, as well as the GOC, to determine whether the conditions of section 20 exist in the sector under investigation.

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

FUTURE ACTION

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

[141] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped, the CBSA will make a preliminary determination of dumping within 90 days after the date of the initiation of the investigation, by October 24, 2018. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigation.

[142] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the volume of goods of a country is negligible, the investigation will be terminated with respect to the goods of that country.

[143] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping, other than goods of the same description as goods in respect of which a determination was made that the margin of dumping of the goods is insignificant, may be subject to provisional duty in an amount not greater than the estimated margin of dumping on the imported goods.

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

[145] After the preliminary determination, if, in respect of goods of a particular exporter, the CBSA's investigation reveals that imports of the subject goods from that exporter have not been dumped, or that the margin of dumping is insignificant, the investigation will be terminated in respect of those goods.

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

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

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

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

UNDERTAKINGS

[150] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated.

[151] An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods. Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone and fax numbers, mailing address and e-mail address to one of the officers identified in the "Information" section of this document.

[152] If undertakings were to be accepted, the investigation and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA's investigation be completed and that the CITT complete its injury inquiry.

PUBLICATION

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

INFORMATION

[154] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping. Written submissions should be forwarded to the attention of the SIMA Registry and Disclosure Unit.

[155] To be given consideration in this phase of the investigation, all information should be received by the CBSA by September 4, 2018.

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

[157] Confidential information submitted to the CBSA will be disclosed on written request to independent counsel for parties to this proceeding, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the CITT, any court in Canada, or a WTO/NAFTA dispute settlement panel. Additional information respecting the Directorate’s policy on the disclosure of information under SIMA may be obtained by contacting one of the officers identified below or by visiting the CBSA’s website.

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

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

Mail: SIMA Registry and Disclosure Unit
Trade and Anti-dumping Programs Directorate
Canada Border Services Agency
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Canada

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