



Ottawa, September 5, 2008

RR-2008-002  
4366-37

## STATEMENT OF REASONS

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

**CERTAIN HOT-ROLLED STEEL PLATE ORIGINATING IN OR EXPORTED FROM  
THE REPUBLIC OF BULGARIA, THE CZECH REPUBLIC AND ROMANIA**

## DECISION

On August 21, 2008, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the President of the Canada Border Services Agency determined that the expiry of the finding made by the Canadian International Trade Tribunal on January 9, 2004, in Inquiry No. NQ-2003-002, concerning certain hot-rolled steel plate originating in or exported from the Republic of Bulgaria, the Czech Republic and Romania was likely to result in the continuation or resumption of dumping of the goods into Canada.

---

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

## TABLE OF CONTENTS

<b>SUMMARY .....</b>	<b>1</b>
<b>BACKGROUND .....</b>	<b>1</b>
<b>PRODUCT DESCRIPTION .....</b>	<b>3</b>
<b>CLASSIFICATION OF IMPORTS .....</b>	<b>5</b>
<b>PERIOD OF REVIEW .....</b>	<b>5</b>
<b>CANADIAN INDUSTRY .....</b>	<b>5</b>
Algoma.....	5
IPSCO .....	6
<b>CANADIAN MARKET .....</b>	<b>6</b>
<b>ENFORCEMENT .....</b>	<b>7</b>
<b>PARTICIPANTS.....</b>	<b>7</b>
<b>INFORMATION USED BY THE PRESIDENT .....</b>	<b>8</b>
Administrative Record .....	8
<b>PROCEDURAL ISSUES .....</b>	<b>8</b>
<i>Information Considered after Closing of the Record .....</i>	<i>8</i>
<b>POSITION OF THE PARTIES.....</b>	<b>9</b>
<i>Parties Contending that Continued or Resumed Dumping is Likely .....</i>	<i>9</i>
Positions of the Canadian Producers.....	9
<i>Parties Contending that Continued or Resumed Dumping is Not Likely .....</i>	<i>12</i>
Positions of Exporters and Importers.....	12
<b>CONSIDERATION AND ANALYSIS .....</b>	<b>12</b>
Bulgaria.....	16
Czech Republic .....	18
Romania .....	20
<b>CONCLUSION .....</b>	<b>23</b>
<b>FUTURE ACTION .....</b>	<b>24</b>
<b>INFORMATION.....</b>	<b>24</b>

## SUMMARY

[1] On April 23, 2008, the Canadian International Trade Tribunal (Tribunal) issued a Notice of Expiry Review with respect to its finding on certain hot-rolled steel plate originating in or exported from the Republic of Bulgaria (Bulgaria), the Czech Republic and Romania. As a result, on April 24, 2008, the Canada Border Services Agency (CBSA) initiated an investigation to determine whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods into Canada.

[2] The Canadian producers of certain hot-rolled steel plate, namely Algoma Steel Inc. (Algoma) and IPSCO Inc. (IPSCO), provided information in support of their position that, if current anti-dumping measures against Bulgaria, the Czech Republic and Romania (Named Countries) expire, the continuation or resumption of dumping of the goods from the Named Countries is likely.

[3] One importer, ArcelorMittal International (AMI) and one exporter from Romania, ArcelorMittal Galati S.A. (AMG) provided a response to their respective Expiry Review Questionnaire (ERQ). In their reply to the ERQ, they submitted that there would be no threat of or no dumping of plate in Canada, and thus, the finding against Romania should be rescinded.

[4] Analysis of evidence on the record shows: the continued dumping of subject goods into Canada while the finding was in place; an inability to compete in Canada at non-dumped prices; a high export dependency in order to maintain capacity utilization rate; the presence of excess plate capacity; a significant planned increase in plate production; a history of dumping cases in Canada with respect to plate; a pattern by Canadian importers of quickly switching sources of supply to import at low prices; the imposition of anti-dumping measures in countries other than Canada with respect to steel products, including carbon steel plate and the presence in Canada of low-priced imports of plate from other countries with which the Named Countries would likely have to compete to secure sales in the Canadian market.

[5] For the foregoing reasons, the President of the CBSA (President), having considered the relevant information on the record, determined on August 21, 2008, under paragraph 76.03(7)(a) of the *Special Import Measures Act* (SIMA) that the expiry of the finding NQ-2003-002 made by the Tribunal on January 9, 2004, concerning certain hot-rolled steel plate originating in or exported from the Republic of Bulgaria, the Czech Republic and Romania was likely to result in the continuation or resumption of dumping of the goods into Canada.

## BACKGROUND

[6] On March 4, 2008, the Tribunal issued a notice concerning the upcoming expiry of its finding.<sup>1</sup> Based on the available information and the representations submitted by the interested parties, the Tribunal decided that a review of the finding was warranted.

---

<sup>1</sup> Exhibit 5, Notice of Expiry of Finding in Expiry No. LE-2007-004 concerning certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania.

[7] On April 23, 2008, the Tribunal, pursuant to subsection 76.03(3) of SIMA, initiated an expiry review of its finding issued on January 9, 2004, in Inquiry No. NQ-2003-002, concerning certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania. The finding is scheduled to expire on January 8, 2009.

[8] On April 24, 2008, the CBSA initiated an expiry review investigation to determine whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods from the Named Countries. The President was required to make a determination no later than August 21, 2008.

[9] The original dumping investigation into certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania was initiated on June 13, 2003, following a complaint made by Algoma, with support from the other Canadian producers of like products, IPSCO and Stelco Inc. (Stelco).

[10] On September 11, 2003, the Commissioner of Customs and Revenue (now the President of the CBSA) made a preliminary determination of dumping concerning the goods from the Named Countries. A final determination of dumping was made on December 9, 2003, followed by an injury finding issued by the Tribunal on January 9, 2004. Thereafter, subject goods have been monitored for anti-dumping purposes.

[11] The CBSA conducted two re-investigations to update the normal values and export prices of certain hot-rolled steel plate. The first re-investigation was concluded on February 3, 2006<sup>2</sup> while the second one, on February 27, 2008.<sup>3</sup>

[12] There is a history of plate dumping cases in Canada. The first finding regarding certain carbon and alloy steel plates dates back to 1983. On December 7, 1983, in Inquiry No. ADT-10-83, the Anti-dumping Tribunal found that the dumping of steel plates from ten countries, which included Czechoslovakia and Romania, had caused, was causing and was likely to cause material injury to domestic production. On January 26, 1984, in Inquiry No. ADT-13-83, the Anti-dumping Tribunal extended its 1983 material injury finding to include the Netherlands. The finding made by the Anti-dumping Tribunal against the eleven countries was rescinded by the Tribunal on May 1, 1990 in Review No. RR-89-006.<sup>4</sup>

[13] Since 1992, there have been five other inquiries concerning similar plate products, each resulting in the imposition of either anti-dumping measures or both anti-dumping and countervailing measures against imports from various countries. The measures resulting from two of the five investigations are still in force. The five plate cases are informally referred to as Plate I, Plate II, Plate III (which is still in force against the People's Republic of China), Plate IV and Plate V (which is the subject of this expiry review).

---

<sup>2</sup> Customs Notice 640, May 1, 2006.

<sup>3</sup> Customs Notice CN08-011, March 19, 2008.

<sup>4</sup> On September 16, 1988, the Canadian Import Tribunal, in Review No. R-10-88, amended the findings made by the Anti-dumping Tribunal to exclude certain steel plate products. The review was conducted without a hearing. Tribunal Statement of Reasons, RR-89-006, publicly available at: [www.citt-tcce.gc.ca/dumping/reviews/orders/rr89006\\_e.asp](http://www.citt-tcce.gc.ca/dumping/reviews/orders/rr89006_e.asp).

**Plate I**

[14] On May 6, 1993, in Inquiry No. NQ-92-007, the Tribunal found that dumped imports from Belgium, Brazil, the Czech Republic, Denmark, Germany, Romania, the United Kingdom and the former Yugoslav Republic of Macedonia were injuring the production of plate in Canada. On May 5, 1998, in Review No. RR-97-006, the Tribunal concluded that there was no likelihood of resumed dumping from the subject countries and, therefore, rescinded its finding.

**Plate II**

[15] On May 17, 1994, in Inquiry No. NQ-93-004, the Tribunal found that dumped imports from Italy, the Republic of Korea, Spain and Ukraine were injuring the production of plate in Canada. On May 17, 1999, in Review No. RR-98-004, the Tribunal issued an order continuing its finding. On May 17, 2004, in Expiry Review No. RR-2003-001, the Tribunal concluded that the expiry of this order would not likely result in material injury to the domestic industry in the near to medium term and therefore rescinded its order against the subject countries.

**Plate III**

[16] On October 27, 1997, in Inquiry No. NQ-97-001, the Tribunal found that dumped imports from Mexico, the People's Republic of China, the Republic of South Africa and the Russian Federation was threatening to cause material injury to the domestic industry. On January 10, 2003, in Expiry Review No. RR-2001-006, the Tribunal continued its finding against China, South Africa and the Russian Federation and rescinded its finding against Mexico. On January 9, 2008, in Expiry Review No. RR-2007-001, the Tribunal continued its order against China and rescinded its order against South Africa and the Russian Federation.

**Plate IV**

[17] On June 27, 2000, in Inquiry No. NQ-99-004,<sup>5</sup> the Tribunal found that dumped imports from Brazil, Finland, India, Indonesia, Thailand and Ukraine and subsidized imports from India, Indonesia and Thailand had caused material injury to the domestic industry. On June 27, 2005, in Expiry Review No. RR-2004-004, the Tribunal concluded that the expiry of the finding would likely not result in material injury to the domestic industry in the near to medium term and therefore rescinded its finding against the subject countries.

**PRODUCT DESCRIPTION**

[18] The goods subject to this expiry review are defined as:

Hot-rolled carbon steel plate and high-strength low-alloy steel plate not further manufactured than hot-rolled, heat-treated or not, in cut lengths in widths from 24 inches (+/-610 mm) to 152 inches (+/-3,860 mm) inclusive and in thicknesses from 0.187 inch (+/-4.75 mm) to 4 inches (+/-101.6 mm) inclusive, originating in

---

<sup>5</sup> The finding was amended on August 23, 2004 in Interim Review No. RD-2004-002 to exclude a specific pressure vessel quality plate product.

or exported from the Republic of Bulgaria, the Czech Republic and Romania, excluding plate produced to American Society for Testing and Materials (ASTM) specifications A515 and A516M/A516 Grade 70 in thicknesses greater than 3.125 inches (+/-79.3 mm), universal plate mill, plate for use in the manufacture of pipe and plate having a rolled, raised figure at regular intervals on the surface (also known as floor plate).

[19] Hereinafter, the goods will be referred to as “certain hot-rolled steel plate” or “subject goods”.

### **Product Information**

[20] Certain hot-rolled steel plate is manufactured to meet certain Canadian Standards Association (CSA) and/or American Society for Testing and Materials (ASTM) specifications or equivalent specifications.

[21] The CSA specification G40.21 covers steel for general construction purposes. In the ASTM, for instance, specification A36M/A36 comprises structural plate; specifications A572M/A572 comprises high strength low alloy steel plate; and specification A516M/A516 comprises pressure vessel quality plate.

[22] ASTM standards, such as A6/A6M and A20/A20M, recognize permissible variations for dimensions.

[23] It should be noted that the metric equivalent dimensions in the definition of the goods are rounded numbers as indicated by the “+/-” symbols.

### **Production Process**

[24] Liquid steel, for use in the production of certain hot-rolled steel plate, is produced using blast furnaces, basic oxygen furnaces and electric arc furnaces. While details may vary from mill to mill, the process by which certain hot-rolled steel plate is produced from liquid steel is essentially the same for all producers and entails producing a slab, heating the slab, descaling it, rolling it, levelling it, cutting it to size, inspecting it and testing it. Certain hot-rolled steel plate may be heat-treated, which may include annealing, normalizing, stress relieving, quenching, tempering or combinations of these treatments.

### **Applications**

[25] Certain hot-rolled steel plate can be used in a number of applications, the most common being in the production of rail cars, oil and gas storage tanks, heavy construction machinery (e.g. equipment for mining, infrastructure etc.), agricultural equipment, bridges, industrial buildings, high rise office towers, wind and transmission towers, automobiles and truck parts, and shipbuilding, ship repairs, and pressure vessels.

## CLASSIFICATION OF IMPORTS

[26] Certain hot-rolled steel plate is normally imported into Canada under the following Harmonized System (HS) classification numbers:

7208.51.91.10	7208.51.99.10	7208.52.90.10
7208.51.91.91	7208.51.99.91	7208.52.90.91
7208.51.91.92	7208.51.99.92	7208.52.90.92
7208.51.91.93	7208.51.99.93	7208.52.90.93
7208.51.91.94	7208.51.99.94	7208.52.90.94
7208.51.91.95	7208.51.99.95	7208.52.90.95

[27] The 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

[28] The period of review (POR) for this expiry review investigation is January 1, 2005 to March 31, 2008. The President also considered additional information placed on the administrative record, up to the closing of the record date, which was June 12, 2008.

## CANADIAN INDUSTRY

[29] During the POR, the Canadian industry<sup>6</sup> for certain hot-rolled steel plate production was comprised of the following two producers:

- Algoma Steel Inc. of Sault Ste. Marie, Ontario (Algoma)
- IPSCO Inc. of Regina, Saskatchewan (IPSCO)

### Algoma

[30] Algoma was incorporated on June 1, 1992, and on January 29, 2002, the company was reorganized under a Plan of Arrangement and Reorganization pursuant to the *Companies Creditors Arrangement Act*.<sup>7</sup> In June 2007, Algoma became part of Essar Steel Holdings Limited as a wholly owned subsidiary of Algoma Holdings B.V.

[31] Algoma is a primary iron and steel producer and currently has the capacity to produce approximately 3.4 million metric tonnes (mt) of raw steel annually. This capacity is anticipated to increase to 3.9 million mt by 2009. Expressed in terms of finished steel products, its annual production in 2007 was 2.2 million mt consisting of certain hot-rolled steel plate, hot-rolled sheet, cold-rolled sheet, welded wide flange and unfinished parts.

<sup>6</sup> In regard to Stelco, it idled its Hamilton plate mill in April 2003 and subsequently closed the facility in June 2004.

<sup>7</sup> Exhibit 46, Algoma Steel Inc. – Reply to Expiry Review Questionnaire – Canadian Producer. On June 24, 2008, Algoma announced that the company had changed its name to Essar Steel Algoma Inc.

[32] Algoma has two facilities that can produce certain hot-rolled steel plate: the 166” Plate Mill and the 106” Wide Strip Mill.

## **IPSCO**

[33] IPSCO was incorporated in 1956 under the name of Prairie Pipe Manufacturing Co. Ltd. and commenced operations in 1957 with the completion of an electric resistance weld pipe mill in Regina (Saskatchewan).<sup>8</sup> In 1959, IPSCO acquired the assets of Interprovincial Steel Corp. Ltd. and, in 1960, commenced production of its own flat-rolled steel, including certain hot-rolled steel plate.

[34] IPSCO has since expanded its manufacturing capabilities through acquisition and plant construction. In 2007, IPSCO became a 100% owned subsidiary of SSAB of Sweden.

[35] Certain hot-rolled steel plate is manufactured in discrete form at its steel mill in Regina (Saskatchewan) and cut-to-length plate is produced from its coil processing operations located in Regina, Surrey (British Columbia) and Scarborough (Ontario). IPSCO also manufactures other steel products, such as oil country tubular goods (OCTG), line pipe, standard pipe, hollow structural sections and alloy sheet and plate.

[36] On June 12, 2008, SSAB announced that, with the exception of its cut-to-length plate facility in Scarborough, it had sold the remainder of IPSCO’s Canadian tubular businesses and related operations to Evraz Group S.A. (Evraz).<sup>9</sup>

[37] In relation to certain hot-rolled steel plate, Evraz is now the owner of the plate mill and cut-to-length plate facility in Regina, Saskatchewan and of the cut-to-length plate facility in Surrey, British Columbia. Evraz announced that its North American operations will now operate under the name of Evraz Inc. NA. As indicated previously, SSAB retained possession of the processing facility in Scarborough, and renamed it SSAB Central Inc.<sup>10</sup>

## **CANADIAN MARKET**

[38] Detailed information regarding the volumes of sales from Canadian producers and of importations into Canada from certain countries cannot be divulged for confidentiality reasons.<sup>11</sup>

[39] The size of the apparent Canadian plate market fluctuated with volumes increasing in 2006 from 2005 levels before decreasing in 2007.

<sup>8</sup> Exhibit 51, Ipsco Inc. – Reply to Expiry Review Questionnaire – Canadian Producer.

<sup>9</sup> Exhibit 81, Web notice by IPSCO titled “On June 12, 2008, SSAB Svenskt Stal AB divested the IPSCO tubular businesses and related operations to Evraz Group S.A. (“Evraz”) and OAO TMK (“TMK”)”.

<sup>10</sup> SSAB Central Inc. filed a case brief (confidential and non-confidential).

<sup>11</sup> Exhibit 69, Apparent Canadian market statistics for certain hot-rolled steel plate during the POR.

## ENFORCEMENT

[40] During the POR, Romania and the Czech Republic were the only two Named Countries with subject goods exported to Canada.<sup>12</sup> Anti-dumping duty was assessed on importations into Canada of subject goods from both of these countries.

## PARTICIPANTS

[41] The Tribunal's notice concerning the expiry review and an expiry review questionnaire (ERQ) were sent to the Canadian producers, exporters and importers of subject goods.

[42] The ERQ requested information relevant to the consideration of the expiry review factors found under subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR). Any persons or governments having an interest in this investigation were also invited to provide a submission regarding the effect the expiry of the Tribunal's finding would have on the continuation or resumption of dumping.

[43] As mentioned previously, during the POR, there were two producers of certain hot-rolled steel plate in Canada. In addition to participating in the expiry review investigation by answering the Canadian Producer ERQ,<sup>13</sup> both provided case arguments stating that the dumping of subject goods would continue or resume should the Tribunal's finding expire.

[44] One exporter, AMG from Romania participated in the expiry review investigation by providing a response to the Exporter ERQ.<sup>14</sup> No subsequent case arguments or reply submissions were received from this exporter.

[45] Three other exporters submitted a letter to the CBSA indicating that, during the POR, they had not exported subject goods from the Named Countries. These exporters did not participate further in the review.

[46] With regard to importers, AMI participated in the expiry review investigation by providing a response to the Importer ERQ.<sup>15</sup> No subsequent case arguments or reply submissions were received from this importer.

[47] Fourteen other importers either provided a response to the Importer ERQ or submitted a letter to the CBSA indicating that, during the POR, they had not imported subject goods from the Named Countries. These importers did not participate further in the review.

---

<sup>12</sup> Exhibit 62, Enforcement information (POR) with respect to certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania. (English and French)

<sup>13</sup> Exhibit 7, Expiry Review Questionnaire to Canadian producers. (English only)

<sup>14</sup> Exhibit 9, Expiry Review Questionnaire to exporters. (English only)

<sup>15</sup> Exhibit 8, Expiry Review Questionnaire to importers. (English and French)

## INFORMATION USED BY THE PRESIDENT

### Administrative Record

[48] The information used and considered by the President for purposes of this expiry review proceeding is contained on the administrative record. The administrative record includes the exhibits listed on the CBSA's Listing of Exhibits and Information. This is comprised of the Tribunal's administrative record at initiation of 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 is likely to continue or resume, if the finding expires. This information may consist of excerpts from trade magazines and newspapers, orders and findings issued by authorities in Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization, and responses to the ERQ submitted by Canadian producers, importers and exporters.

[49] For purposes of an expiry review investigation, the CBSA sets a date after which no "new" information may be placed on the administrative record. This is referred to as the "closing of the record date". For this expiry review, the administrative record closed on June 12, 2008. This allows participants time to prepare their case arguments and reply submissions based on the information that is on the administrative record as of the closing of the record date.

### PROCEDURAL ISSUES

[50] The closing of the record date for this expiry review was June 12, 2008. In accordance with the CBSA's *Expiry Review Guidelines*, the President 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 President 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 President in making the determination.

[51] 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 President can decide whether it will be included in the record for purposes of the determination.

### *Information Considered after Closing of the Record*

[52] On June 19, 2008, the CBSA placed on the administrative record a Web notice from IPSCO. This notice was dated June 12, 2008 and dealt with information identifying the owners

of the former IPSCO facilities and products, namely Evraz, SSAB and TMK.<sup>16</sup> This new information was added to the record because, a) it was released on the closing of the record date therefore the information was not readily available prior to the closing of the record date, b) it was considered relevant and material information, and c) all participants would have an opportunity to respond to this new information through the expiry review process as scheduled.

## **POSITION OF THE PARTIES**

### ***Parties Contending that Continued or Resumed Dumping is Likely***

[53] The two Canadian producers, Algoma and IPSCO, provided responses to their respective ERQ, filed supplemental documents and presented arguments that the dumping into Canada of certain hot-rolled steel plate from the Named Countries would continue or resume in the event of the expiry of the finding.

### **Positions of the Canadian Producers**

[54] The Canadian producers present several common and separate arguments, in their respective case briefs in the support of the position that if the finding is permitted to expire, continued or resumed dumping is likely to occur.<sup>17</sup>

[55] Both Algoma and IPSCO submit that the Named Countries have significant excess supply that will not only increase their ability to export significant quantities, but also their incentive to resume dumping in significant quantities if allowed to do so.

[56] Both Algoma and IPSCO submit that the steel producers of the Named Countries will have to compete with other low-priced imports, particularly those countries of previous steel plate dumping findings such as Brazil and Ukraine according to Algoma. Algoma and IPSCO contend that Named Countries will be forced to price closer to the low-priced imports to compete on the Canadian market.

[57] Algoma argues that subject goods from the Named Countries have been dumped during the duration of the finding even though the volume of subject goods from the Named Countries has declined significantly since the 2004 Plate V finding which demonstrates an inability to compete without dumping.

[58] Algoma upholds that the Named Countries will resume exporting at significant volumes and prices at or below the current group of low-priced plate imports, as has been the case when prior steel plate findings were rescinded.

---

<sup>16</sup> TMK is a Russian steel pipe producer.

<sup>17</sup> The section "Positions of the Canadian Producers" is intended to outline a number of submissions made by Algoma and SSAB Central Inc. (for consistency purposes in the report, reference in this section is made to IPSCO). It is not intended to be exhaustive. For full details, see Exhibit 82, Algoma Steel Inc. - Case Brief (confidential) and Exhibit 84, SSAB Central Inc. (formerly IPSCO Inc.) - Case Brief (confidential).

[59] Algoma uses Brazil and Ukraine as examples of plate exporters that significantly lowered their prices in order to re-enter the Canadian market to compete after anti-dumping measures against them were rescinded. Algoma states that price pressure faced by the domestic industry in 2006 and 2007 from low-priced plate imports deserves consideration. Algoma submits that price is a key factor for this commodity product, and that it will be these prices that the Named Countries will have to compete with in order to regain lost volumes and market share.

[60] Algoma provides a table regarding the Apparent Canadian Consumption, submits Import Activity Reports and quotes several Protected Exhibits (found on the CBSA's Listing of Exhibits and Information) showing that plate pricing is much lower when there are no findings in place.

[61] In addressing the commodity nature of subject goods, IPSCO submits that carbon steel plate does not generally have any differentiating product characteristics amongst most grades, thus making it highly interchangeable, and the market for it extremely price sensitive. Therefore, IPSCO argues that imported subject goods and like goods compete amongst themselves in Canada, regardless of their origin, as well as with like goods produced by Canadian producers.

[62] Further, due to the capital-intensive nature of steel production, Algoma and IPSCO maintain that the economics of steel production make it likely that when there are conditions of overcapacity, producers will continue to produce and sell excess production in foreign markets at depressed prices, as it may be more costly to shut down and restart a mill than it is to produce at a loss. Algoma and IPSCO note that prices converge over time towards the lowest price offered and that the premiums enjoyed from domestic purchases erode as dumped products become more widely available on the market.

[63] Algoma holds two positions regarding Canadian importers; the first being that they have had a propensity to source dumped steel plate. Algoma supports this with a table showing a small group of importers that have consistently sourced dumped plate over the past decade. Secondly, Algoma maintains that Canadian importers continue the behaviour of selling 'off the docks', which they state is indicative of a likelihood to resume dumping should the finding be rescinded.

[64] Both Algoma and IPSCO argue that there is a clear history of a propensity to dump by the Named Countries. They identify past and current trade measures in place regarding steel products against the Named Countries in other jurisdictions and contend that the sheer number of these anti-dumping measures is clear evidence of the propensity to dump whenever they can do so.

[65] In addition, Algoma refers to the US plate injury finding covering Romania that was rescinded in January 2007. Algoma indicates that in the remainder of 2007, the volume of imports from Romania increased by tenfold at pricing significantly discounted from that which applied when the finding was in effect. Algoma claims that this is among the most cogent evidence that producers in the Named Countries have a demonstrated propensity to dump.

[66] Algoma adds that this occurred in a plate market where there is a major domestic (US) plate producer owned by ArcelorMittal. It is Algoma's position that dumping of plate from

ArcelorMittal's Romanian mill into Canada will inevitably continue or resume since there is no domestic Canadian producer of plate affiliated with ArcelorMittal.

[67] Algoma supports its view with its own experience of price pressures since another ArcelorMittal plate producer located in South Africa benefited from the rescinding by the Tribunal in Expiry Review RR-2007-001 (Plate III) of the plate finding covering it. Algoma claims that significant increased volumes of plate have been imported into Canada in 2008 from South Africa at significantly discounted pricing from that applicable prior to that plate finding being rescinded.

[68] Again both Algoma and IPSCO argue that there is a clear history of a propensity to dump by the Named Countries. They identify trade measures that were previously in place in Canada against the Named Countries and contend that the sheer number of these anti-dumping measures is clear evidence of the propensity to dump whenever they can do so.

[69] Algoma gives the example of the Czech Republic and Romania that continued or resumed injurious dumping after the Plate I finding was rescinded.

[70] Algoma refers to the continuing propensity of Canadian importers to find sources for plate at dumped prices in countries not covered by Tribunal findings, including those permitted to continue or resume dumping and/or subsidy after the rescinding of a Tribunal injury finding.

[71] Algoma and IPSCO state that the most significant market development is the growing plate capacity of China and the fact that China has become the largest steel exporter in the world. Algoma contends that the Chinese steel industry's production imperative, combined with its significant overcapacity means that China will not be able to resist the attractive high prices of the North American market. IPSCO adds that Chinese steel prices remained soft in the first half of 2006, which reflect oversupply and high inventory levels. In addition, IPSCO contends that domestic markets of the Named Countries have insufficient demand to absorb current steel production and that this excess production would likely head to the North American market. Furthermore, Algoma indicates that there is also production overcapacity in the present low-priced countries.

[72] Algoma made references to the fact that ArcelorMittal owns mills in Romania and the Czech Republic and it is in negotiations to purchase another mill in Bulgaria.

## **Conclusion**

[73] According to Algoma and IPSCO, the Named Countries will resume dumping if the finding expires for the following reasons:

- the expiry of the finding would cause the importers to switch to the Named Countries once again;
- the Named Countries will be forced to compete with other low priced imports; and
- given the increase in the production capacity in the Named Countries, it is reasonable to foresee that there will be a resumption of dumping from the Named Countries.

***Parties Contending that Continued or Resumed Dumping is Not Likely***

[74] The only parties to present a position were ArcelorMittal Galati S.A. (AMG) and ArcelorMittal International (AMI). Their position was contained in their respective ERQ response.<sup>18</sup>

**Positions of Exporters and Importers**

[75] AMG submits that it strongly believes that it will not dump subject goods into the Canadian market and thus the finding against Romania should be rescinded.

[76] In support of its claim, AMG notes that the US has just recently rescinded a plate finding against Romania. All other information submitted by AMG to support its position cannot be divulged for confidentiality reasons.

[77] AMI submits that it did not believe that AMG would be a threat to dumped subject goods in the Canadian market. Furthermore, it claims that any future imports from AMG, if any, would be coordinated under the fair trade principles of ArcelorMittal's global trade policy.

**CONSIDERATION AND ANALYSIS**

[78] In deciding whether the expiry of the finding is likely to result in the continuation or resumption of dumping, the President may consider any factor specifically identified in paragraphs (a) to (i) of subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances in rendering a determination pursuant to paragraph 76.03(7)(a) of SIMA.

[79] The CBSA received limited co-operation from interested parties with regard to this expiry review investigation. Similarly, the CBSA found limited information in business or industry publications regarding steel plate in the Named Countries.

[80] Guided by the factors in the aforementioned SIMR and based on the documentation on the administrative record, the ensuing list represents a summary of the factors considered most relevant to the analysis:

- continued dumping of subject goods into Canada while the finding was in place
- inability to compete in Canada at non-dumped prices
- high export dependency in order to maintain capacity utilization rate
- presence of excess plate capacity
- significant planned increase in plate production
- history of dumping cases in Canada with respect to plate
- pattern by Canadian importers of quickly switching sources of supply to import at low prices

---

<sup>18</sup> The section "Positions of the Exporters and Importers" is intended to outline a number of submissions made by AMG and AMI. It is not intended to be exhaustive. For full details, see Exhibit 43, ArcelorMittal Galati S.A. - Response to the Expiry Review Questionnaire – Exporter and Exhibit 61, ArcelorMittal International - Reply to the Expiry Review Questionnaire - Importer.

- imposition of anti-dumping measures in countries other than Canada with respect to steel products, including carbon steel plate
- presence in Canada of low-priced imports of plate from other countries with which the Named Countries would likely have to compete to secure sales in the Canadian market

[81] Before presenting a country by country analysis of the likelihood of continued or resumed dumping, there are certain issues that relate to the goods on a broader scale which are addressed as follows: commodity nature of plate; capital intensive nature of steel production and steel and plate market developments.

### **Commodity Nature of Plate**

[82] Generally speaking, plate produced to a given specification by a producer in a given country is physically interchangeable with plate 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 plate must compete in a market that is extremely price sensitive, where price is one of the primary factors affecting purchasing decisions from customers. Furthermore, because of this high degree of price sensitivity, prices in a given market have historically tended to converge over time towards the lowest available price offerings.

[83] As discussed previously in this report, there were a total of five Canadian investigations between 1992 and 2003 into the dumping of plate involving over 20 countries. These findings indicate a pattern, in that after every injury finding, alternative sources of low-priced imports were quickly found by importers, leading once again to a new investigation and to additional injury findings. On several occasions, after a finding was rescinded, low-priced imports from the same countries quickly reappeared in the Canadian market. For example, this was the case for Korea and Ukraine in 2005 after the rescission in May 2004 of Plate II and was the case again for Brazil, Indonesia and one other country<sup>19</sup> in 2006 after the rescission in June 2005 of Plate IV.<sup>20</sup>

### **Capital-intensive Nature of Steel Production**

[84] A second characteristic of the product involves the capital-intensive nature of steel production. As the Tribunal once noted, “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>21</sup> 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

<sup>19</sup> The name of the country cannot be divulged for confidentiality reasons.

<sup>20</sup> Exhibit 67, Canadian import statistics of certain hot-rolled steel plate for the period of January 1, 2005 to March 31, 2008. (This supercedes Exhibit 35).

<sup>21</sup> Tribunal Statement of Reasons, RR-98-004, pages 13-14, (Plate II – Hot-rolled carbon steel plate), publicly available at: [www.citt-tcce.gc.ca/dumping/reviews/orders/rr98004\\_e.asp](http://www.citt-tcce.gc.ca/dumping/reviews/orders/rr98004_e.asp).

foreign markets at depressed prices rather than reduce production, as long as the producer's variable costs are covered.

### Steel and Plate Market Developments

[85] The world crude steel output, on a yearly basis, has continuously set new tonnage records, increasing from 1,146.5 million mt in 2005 to 1,250.2 million mt in 2006 and to 1,343.5 million mt in 2007.<sup>22</sup> In Q1-2008, the world steel production reached 340.7 million mt.<sup>23</sup>

[86] China, the largest steel country-producer, has been the driving force behind the increase in the world production figures. China's steel production increased from 355.8 million mt in 2005, to 422.7 million mt in 2006 and to 489.0 million mt in 2007.<sup>24</sup> In Q1-2008, China steel output reached 124.9 million mt.<sup>25</sup> In 2007, China accounted for over 36% of the global crude steel production.<sup>26</sup>

[87] As a result of the expansion of steelmaking production, China has become a net steel exporter. In 2005, China was ranked as the 5<sup>th</sup> largest exporter of steel products in the world. In 2006, China emerged as the world top ranked steel exporter with volumes reaching 49.2 million mt. In 2007, China's steel exports reached 65.2 million mt,<sup>27</sup> an increase of 33% over 2006.

[88] Since the beginning of 2008, the international plate market has experienced a series of dramatic changes. One of the most significant developments revolves around the significant increase in plate prices. Other fundamental changes include the strong global plate demand and the rapidly expanding plate-making capacity.

[89] Since the beginning of 2008, plate prices have risen strongly worldwide. From January to May 2008, the increase in plate prices for "Southeast Asian import", "Russian export" and "Ukrainian export" ranged in a similar ballpark, rising from \$US 675-700/mt to \$US 1,160-1,280/mt. As for "Chinese domestic" and "US Midwest domestic", plate prices rose from \$US 710/mt to \$US 980/mt in China and from \$US 890/mt to \$US 1,325/mt in the United States.<sup>28</sup> With an increase of \$US 270/mt (or 38%), plate prices for "Chinese domestic" registered the lowest upward trend. As for the other four mentioned regions, increases in plate prices have been more sizeable, ranging from a minimum of \$US 435/mt (nearly 50%) to a maximum of \$US 580/mt (over 80%).

<sup>22</sup> Exhibit 27: Tab 8, International Iron and Steel Institute, "World crude steel output increases by 7.5% in 2007".

<sup>23</sup> Exhibit 27: Tab 3 International Iron and Steel Institute, "March 2008 Crude Steel Production For The 66 Countries Reporting to IISI".

<sup>24</sup> Exhibit 27: Tab 8, International Iron and Steel Institute, "World crude steel output increases by 7.5% in 2007".

<sup>25</sup> Exhibit 27: Tab 3 International Iron and Steel Institute, "March 2008 Crude Steel Production For The 66 Countries Reporting to IISI".

<sup>26</sup> Exhibit 27: Tab 8, International Iron and Steel Institute, "World crude steel output increases by 7.5% in 2007".

<sup>27</sup> Exhibit 55: Tab 2, Iron and Steel Statistics Bureau, "Headlines".

<sup>28</sup> Exhibit 26: Tab 7, Tab 8, Tab 9, Tab 10 and Tab 11, Metal Bulletin Research: Emerging Steel Markets Monthly, Extract – "Regional Highlights: Flat Steel Product Analysis".

[90] During this five-month period, the rise in plate prices was mostly attributed to the heavy increases in the cost of raw materials (e.g. iron ore, coal, scrap metal). Other factors which were also said to contribute to the rise in prices, to a lesser extent, included the increased costs associated with energy and shipping.<sup>29</sup> As for the upcoming price hikes of June and July 2008, a few US plate producers indicated that the announced increases relate not only to the escalating raw material costs, as was the case for the most part in the previous 2008 price increases, but also this time around on the strength of the world plate demand.<sup>30</sup>

[91] In terms of demand, plate markets have gathered momentum in both mature and emerging economies. In North America, especially in the US, transportation products, heavy equipment and the energy-related markets have been bolstering plate demand. Asian plate demand has been fuelled by shipbuilding, construction and infrastructure projects. Transportation, heavy equipment and energy needs in Europe, as well as in emerging countries (also with the inclusion of infrastructure), have kept plate in high demand. As for the future global plate demand, evidence on the record indicates that it is forecasted to remain strong for the remainder of 2008.<sup>31</sup>

[92] Some of the plate demand in the energy sector is attributable to large-diameter line pipe. As line pipe is manufactured using skelp (plate that is folded and welded), some of the increase in world plate demand is attributable to non-subject goods.

[93] In terms of supply, with China<sup>32</sup> leading the charge, millions of metric tonnes of plate-making capacity are set to come on stream in 2008 and in the near future. While this list is not exhaustive as it excludes the plate expansions in other countries, it demonstrates the trend of rapidly expanding plate capacity in China.

Company	Increase in Annual Capacity	Time Frame
Bayi Iron & Steel	650,000 mt	End of 2008
Jiangsu Feida Plate Co.	2.0 million mt	May 2008
Pudong Steel	1.6 million mt	October 2008
Laiwu Steel	1.5 million mt	End of 2008
Hebei Jingye Steel Group	1.5 million mt	Q1-2009
Jinan Steel	1.8 million mt	Q3-2009

[94] China is the world's largest steel producer and exporter. While the international plate market is set to remain strong for the remainder of 2008, China's plate prices remain the lowest among the five regions and its plate-making capacity will increase at a staggering rate in the near future. Lastly, China is subject to anti-dumping measures in Canada with regards to steel plate (Plate III).

<sup>29</sup> Exhibit 74: Tab 6, "Why global prices are rising to unheard levels".

<sup>30</sup> Exhibit 73: Tab 3, Metal Bulletin, "Nucor's \$180 plate play may be just a start" and Tab 7, Metal Bulletin, "Demand keeping carbon plate on upward trajectory".

<sup>31</sup> Exhibit 73: Tab 6, Metal Bulletin, "Strong global plate demand ahead, says Ipsco executive" and Tab 7, Metal Bulletin, "Demand keeping carbon plate on upward trajectory".

<sup>32</sup> Exhibit 54: Tab 5, Metal Bulletin, "Feida Plate to start up 2m tpy mill in May", Tab 6, Metal Bulletin, "Bayi Steel to start plate mill trials this year", Tab 7, Metal Bulletin, "Jingye Steel to double plate capacity to 3m tpy", Tab 9, Metal Bulletin, "Jinan starts construction work of new 1.8m tpy plate mill".

## Likelihood of Continued or Resumed Dumping

[95] The following analysis of the likelihood of continued or resumed dumping begins with Bulgaria, followed by the Czech Republic, and Romania.

### Bulgaria

[96] No exporters from Bulgaria provided a response to the ERQ or filed case arguments or reply submissions for the President to consider in making a determination. In the absence of information from any plate exporters from Bulgaria, the CBSA's analysis relied on various market sources and independent trade reports.

[97] In the CCRA's (now CBSA) original investigation, Stomana Industry s.a.<sup>33</sup> (Stomana) was the only known producer/exporter to have shipped subject goods to Canada during the period of investigation.<sup>34</sup> As a result of the non-cooperation by exporters in the original investigation and in the two subsequent re-investigations, normal values for Bulgaria were determined pursuant to a ministerial specification, an advance over the export price of 74.6%.

[98] Considering Stomana's export orientation (which is discussed below), its lack of cooperation in the various anti-dumping proceedings mentioned above may suggest an inability to compete in Canada at non-dumped prices.

[99] In terms of crude steel production levels, from 2005 to 2007, Bulgaria was ranked 41<sup>st</sup> in the world with an output of just over 2 million mt or less than 0.20% of the world steel production.<sup>35</sup> In Q1-2008, Bulgaria's output reached 340,000 mt, a decrease of 33.5% compared to Q1-2007.<sup>36</sup>

[100] To put plate production in perspective, according to World Steel Dynamics, in 2005, Bulgaria produced 400,000 mt of plate. Plate represents approximately 20% of Bulgaria's total steel output (2 million mt). Data on the record also shows that, in 2005, Bulgarian plate exports (328,000 mt) were far greater than imports (93,000 mt). With a difference of 235,000 mt, Bulgaria is a net exporter of plate.<sup>37</sup>

[101] In terms of capacity utilization, in 2007, the Bulgarian steelmakers were operating at a rate of 65%.<sup>38</sup> As for plate, Stomana's plant capacity is stated at 400,000 mt<sup>39</sup> and, in 2005, it

<sup>33</sup> Stomana is a subsidiary of Greek's Sidenor Group.

<sup>34</sup> The period of investigation was from April 1, 2002 to March 31, 2003. Exhibit 1, Statement of Reasons concerning the final determination of dumping pursuant to paragraph 41(1)(a) of the Special Import Measures Act regarding certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania. (English and French)

<sup>35</sup> Exhibit 74: Tab 7, International Iron and Steel Institute, "Major steel-producing countries, 2005 and 2006" and Exhibit 80, Algoma Steel Inc. - Supplemental documents.

<sup>36</sup> Exhibit 27: Tab 3, International Iron and Steel Institute, "March 2008 crude steel production for the 66 countries reporting to IISI".

<sup>37</sup> Exhibit 28: Tab 1, World Steel Dynamics, Extract - "Global Steel Mill Product Matrix: 1993-2005 - Bulgaria".

<sup>38</sup> Exhibit 26: Tab 14, World Steel Dynamics, Extract - "Global Steelmaking Capacity Outlook".

<sup>39</sup> Exhibit 76: Tab 1, Stomana Industry SA, Extracts "From Website".

produced 300,000 mt.<sup>40</sup> Based on these figures, Stomana's plate utilization rate is evaluated at 75% and it has excess plate-making capacity of 100,000 mt. This tonnage is very significant when compared to the entire Canadian apparent market in 2007.<sup>41</sup>

[102] From 2005 to 2007, Stomana's production capacity for all of its steel products was 800,000 mt.<sup>42</sup> As its plate capacity (400,000 mt) represents 50% of its production capacity, it is clear that Stomana relies heavily on its plate output in its overall steel operations.

[103] As for economic activity, from 2005 to 2007, market conditions in Bulgaria were favourable as the country experienced a GDP growth ranging between 5.3% and 6.3%.<sup>43</sup> As for plate, fuelled by a strong performance in the construction and mechanical engineering sectors, there was an increased demand in Bulgaria for hot-rolled plate.<sup>44</sup>

[104] Notwithstanding the optimism of domestic growth, it was reported that Stomana still ships 80% of its steel output to foreign markets.<sup>45</sup> Stomana noted that its steel products have been present in the Balkans, and in the international markets for over 50 years.<sup>46</sup> Stomana is clearly very dependent on its exports, which includes a significant portion of plate, in order to support its levels of production.

[105] In 2008, Stomana inaugurated a new long products rolling mill with an annual production capacity of 800,000 mt. With a range of products, including reinforcing steel bars, merchant bars, round bars and wire rods, destined for the markets in the Balkans and Southeastern Europe,<sup>47</sup> it is evident that this new plant also has an export orientation.

[106] During the original investigation, import volumes of plate from Bulgaria represented 3.1% of total imports into Canada from all countries. During the POR, there were no shipments of plate from Bulgaria into Canada. This indicates an inability on behalf of the Bulgarian plate producers to compete in the Canadian market at non-dumped prices.

[107] Based on the evidence on the record, there is one anti-dumping measure currently in place against Bulgaria by Mexico involving a steel product, cold-rolled sheet.<sup>48</sup>

[108] From 2005 to 2007, evidence on the record indicates that Bulgaria shipped plate into the United States. In terms of unit pricing, in 2006, Bulgaria's plate price into the US was \$US 490/mt (\$US 444/short ton), the lowest price among all countries. As for 2005 and 2007, Bulgaria's unit pricing for plate into the US was among the lower-priced import countries.<sup>49</sup>

<sup>40</sup> Exhibit 29: Tab 2, SteelGuru, "Steel maker Stomana Industry eyes 60% of Bulgarian market".

<sup>41</sup> Exhibit 69, Apparent Canadian market statistics for certain hot-rolled steel plate during the POR.

<sup>42</sup> Exhibit 28: Tab 2, World Steel Dynamics, Extract - "Global Steelmaking Capacity Outlook - Bulgaria".

<sup>43</sup> Exhibit 58: Tab 1, [www.indexmundi.com](http://www.indexmundi.com), "Bulgaria GDP - real growth rate".

<sup>44</sup> Exhibit 27: Tab 1, EuroStrategy Consultants, "Global Steel Industry Outlook 2014 - Executive Summary".

<sup>45</sup> Exhibit 58: Tab 3, [www.steelguru.com](http://www.steelguru.com), "Sidenor to invest EUR 400 million in Stomana Industry".

<sup>46</sup> Exhibit 29: Tab 1, Stomana Industry S.A., Extracts - "From Website".

<sup>47</sup> Exhibit 58: Tab 2, [www.stomana.bg](http://www.stomana.bg), "New Long Product Rolling Mill".

<sup>48</sup> Exhibit 66, Trade measures relating to steel products as imposed by WTO members against the subject countries involved in the current expiry review on certain hot-rolled steel plate. (English and French)

<sup>49</sup> Exhibit 80, Algoma Steel Inc. - Supplemental documents.

Given the proximity and the integrated nature of the US and Canadian plate markets, the behaviour exhibited by exporters of Bulgarian plate in the US market may be indicative of their likely future actions in the Canadian market if the finding is rescinded.

[109] A final point to observe is that plate is a commodity product whose market is highly price sensitive. The Canadian plate market is marked by increasing competition from several foreign sources. The record indicates that, in 2007, plate from certain countries was imported into Canada at prices significantly lower than the average price of the domestic producers.<sup>50</sup> As price is a major factor for commodity products such as plate, Bulgarian exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market share achieved when they were selling at dumped prices.

### **Bulgaria Recommendation:**

[110] Based on evidence on the record in respect of: the inability to compete in Canada at non-dumped prices; the excess capacity of plate in Bulgaria; the high export dependency in order to maintain capacity utilization rate; evidence of low-priced exports of Bulgarian plate in the US market; combined with the presence in Canada of low-priced imports of plate from other countries with which exporters from Bulgaria will likely have to compete to secure sales in Canada, the President determined that the expiry of the finding was likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel plate originating in or exported from Bulgaria.

### **Czech Republic**

[111] No exporters from the Czech Republic provided a response to the ERQ or filed case arguments or reply submissions for the President to consider in making a determination. In the absence of information from any plate exporters from the Czech Republic, the CBSA's analysis relied on various market sources and independent trade reports.

[112] In the CCRA's (now CBSA) original investigation, Vitkovice Steel a.s.<sup>51</sup> (Vitkovice) was the only known producer/exporter to have shipped subject goods to Canada during the period of investigation (April 1, 2002 to March 31, 2003).<sup>52</sup> Although Vitkovice participated in the investigation, the CCRA found that the costing data was not reliable and normal values for the Czech Republic were determined pursuant to a ministerial specification, an advance over the export price of 74.6%. There was no cooperation by exporters in the two subsequent re-investigations.

<sup>50</sup> Exhibit 67, Canadian import statistics of certain hot-rolled steel plate for the period of January 1, 2005 to March 31, 2008 (This supercedes Exhibit 35) and Exhibit 69, Apparent Canadian market statistics for certain hot-rolled steel plate during the POR.

<sup>51</sup> In 2003, Osinek a.s. was the parent company of Vitkovice Steel a.s. In November 2005, the Evraz Group acquired Vitkovice Steel a.s. and renamed it Evraz Vitkovice Steel.

<sup>52</sup> Exhibit 1, Statement of Reasons concerning the final determination of dumping pursuant to paragraph 41(1)(a) of the Special Import Measures Act regarding certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania. (English and French)

[113] Considering Vitkovice's export orientation (which is discussed below), its lack of cooperation in the various anti-dumping proceedings mentioned above may suggest an inability to compete in Canada at non-dumped prices.

[114] During the POR, the Czech Republic steel industry experienced an upward trend in its crude steel production levels, increasing from 6.2 million mt in 2005 to 6.9 million mt in 2006. In 2007, the Czech Republic was the world's 25<sup>th</sup> largest producer of crude steel, accounting for 7.1 million mt, or just over 0.50% of the global output.<sup>53</sup> In Q1-2008, the Czech Republic production reached 1.8 million mt, an increase of over 1% compared to Q1-2007.<sup>54</sup>

[115] In terms of capacity utilization, published figures by World Steel Dynamics, indicate, that during the POR, the Czech Republic steelmakers' operated at a rate of 76% in 2005, 84% in 2006 and 87% in 2007.<sup>55</sup>

[116] In 2003, Vitkovice estimated that its output of plate accounted for 80% of the plate production in the Czech Republic.<sup>56</sup> Even today, Vitkovice is the largest producer of plate in the Czech Republic.<sup>57</sup> Figures reported in Vitkovice's annual reports for plate production are as follow: 725,624 mt in 2005, 724,533 mt in 2006<sup>58</sup> and 732,882 mt in 2007.<sup>59</sup>

[117] Vitkovice's plate mill production capacity is reported at 755,000 mt.<sup>60</sup> Based on the levels of production achieved from 2005 to 2007 (ranging from 724,533 mt to 732,882 mt), Vitkovice is running at near full capacity with utilization rates greater than 95%.

[118] An analysis of Vitkovice's sales information indicates that, in 2006, 56% of its sales of plate were to exports markets.<sup>61</sup> In 2007, export sales represented 64% of Vitkovice's total sales of plate.<sup>62</sup> As such, Vitkovice is very dependent on its plate export sales in order to sustain its production levels and to maintain its high capacity utilization rates.

[119] From 2005 to 2007, in terms of economic activity, the Czech Republic experienced a GDP growth which topped 6.0%<sup>63</sup> and witnessed an increase in domestic demand for plate.<sup>64</sup> Despite this increase in domestic demand for plate, from 2006 to 2007, Vitkovice's export plate sales went from 56% to 64% of total sales of plate, an increase of nearly 15%. Clearly, Vitkovice is an export-oriented producer and relies on exports of plate to maintain high capacity utilization.

<sup>53</sup> Exhibit 27: Tab 8, International Iron and Steel Institute, "World crude steel output increases by 7.5% in 2007".

<sup>54</sup> Exhibit 27: Tab 3, International Iron and Steel Institute, "March 2008 crude steel production for the 66 countries reporting to IISI".

<sup>55</sup> Exhibit 26: Tab 14, World Steel Dynamics, Extract - "Global Steelmaking Capacity Outlook".

<sup>56</sup> Exhibit 15, CITT - Administrative Record concerning Expiry Review No. RR-2008-002 on certain hot-rolled steel plate.

<sup>57</sup> Exhibit 57: Tab 5, Prague Daily Monitor, "Evraz Vitkovice Steel ups 2007 profit to CZK 3.2bn".

<sup>58</sup> Exhibit 31: Tab 6, Vitkovice Steel - Extracts - "From Website".

<sup>59</sup> Exhibit 77: Tab 2, Evraz Vitkovice Steel, Extract "From Website - 2007 Annual Report".

<sup>60</sup> Exhibit 31: Tab 6, Vitkovice Steel - Extracts - "From Website".

<sup>61</sup> Exhibit 31: Tab 6, Vitkovice Steel - Extracts - "From Website".

<sup>62</sup> Exhibit 77: Tab 2, Evraz Vitkovice Steel, Extract "From Website - 2007 Annual Report".

<sup>63</sup> Exhibit 57: Tab 4, Prague Daily Monitor, "GDP growth expected to slow to 4.5% this year".

<sup>64</sup> Exhibit 27: Tab 1, EuroStrategy Consultants, "Global Steel Industry Outlook 2014 - Executive Summary".

[120] During the original investigation, import volumes of plate from the Czech Republic represented 3.4% of total imports into Canada from all countries. During the POR, small volumes of plate from Czech Republic entered Canada in 2005 and 2006 and were assessed anti-dumping duty in accordance with a ministerial specification. This indicates an inability on behalf of the Czech Republic plate producers to compete in the Canadian market at non-dumped prices.

[121] Evidence on the record indicates that there are currently no countries that have anti-dumping findings against the Czech Republic for plate or any other steel products.<sup>65</sup>

[122] In addition to the 2004 finding (NQ-2003-002) which is the subject of this expiry review, the Czech Republic has exhibited a history of dumping plate into Canada. The Czech Republic<sup>66</sup> was previously subject to a 1983 finding (ADT-10-83) which was rescinded in 1990 (RR-89-006) and to a 1993 finding (NQ-92-007) which was rescinded in 1998 (RR-97-006). This pattern of dumping plate into Canada may be indicative of the likely future behaviour of plate producers in the Czech Republic if the finding is rescinded.

[123] A final point to observe is that plate is a commodity product whose market is highly price sensitive. The Canadian plate market is marked by increasing competition from several foreign sources. The record indicates that, in 2007, plate from certain countries was imported into Canada at prices significantly lower than the average price of the domestic producers.<sup>67</sup> As price is a major factor for commodity products such as plate, Czech Republic exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market share achieved when they were selling at dumped prices.

### **Czech Republic Recommendation:**

[124] Based on evidence on the record in respect of: the inability to compete in Canada at non-dumped prices; the continuing pressure to export in order to keep capacity utilization rates high; the past practice of dumping plate in Canada; combined with the presence in Canada of low-priced imports of plate from other countries with which Czech exporters will likely have to compete to secure sales in Canada, the President determined that the expiry of the finding was likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel plate originating in or exported from the Czech Republic.

### **Romania**

[125] As mentioned earlier, the CBSA received a response to the ERQ from AMG. AMG did not submit any case arguments or reply submissions.

---

<sup>65</sup> Exhibit 66, Trade measures relating to steel products as imposed by WTO members against the subject countries involved in the current expiry review on certain hot-rolled steel plate. (English and French)

<sup>66</sup> The finding was against Czechoslovakia.

<sup>67</sup> Exhibit 67, Canadian import statistics of certain hot-rolled steel plate for the period of January 1, 2005 to March 31, 2008 (This supercedes Exhibit 35) and Exhibit 69, Apparent Canadian market statistics for certain hot-rolled steel plate during the POR.

[126] In the CCRA's (now CBSA) original investigation, Ispat Sidex S.A. (now AMG)<sup>68</sup> was the only known producer/exporter to have shipped subject goods to Canada during the period of investigation (April 1, 2002 to March 31, 2003).<sup>69</sup> AMG participated in the investigation as well as in the subsequent two re-investigations.

[127] In the most recent re-investigation that was concluded on February 27, 2008, AMG was provided with specific normal values for its future shipments of certain specific subject goods. Normal values for all of its other shipments of subject goods and for all other exporters from Romania were determined in accordance with a ministerial specification based on the export price of the goods advanced by 74.6%.

[128] In terms of crude steel production levels, from 2005 to 2007, Romania was ranked either 25<sup>th</sup> or 26<sup>th</sup> in the world with a constant output of 6.3 million mt. In 2007, Romania represented less than 0.50% of the global output.<sup>70</sup> In Q1-2008, Romania's production reached 1.5 million mt, a decrease of 5.7% compared to Q1-2007.<sup>71</sup>

[129] In its reply to the ERQ, AMG, the largest steel producer in Romania, provided its production tonnage for subject goods.<sup>72</sup> This information cannot be divulged for confidentiality reasons.

[130] In Q1-2008, AMG announced that further investments would be made in order to increase its steel production. In terms of steel plate (including but not limited to subject goods), AMG plans to increase its production to 2.4 million mt from its current 1.7 million mt in the next two to three years,<sup>73</sup> an increase of over 40%.

[131] In terms of capacity utilization for its steel production, evidence on the record indicates that, in the first half of 2007, AMG only operated at two thirds of its capacity. With its announced investments, AMG's objective is to reach capacity rates of 90-95%.<sup>74</sup> In relation to subject goods, AMG provided its capacity utilization rates in its reply to ERQ.<sup>75</sup> This information was considered in CBSA's analysis but cannot be divulged for confidentiality reasons.

[132] As for demand of plate in Romania, evidence indicates that there will be an increase in demand of 50,000 mt from 2008 to 2009.<sup>76</sup> From 2008 to 2010, AMG's steel plate production is set to increase by 700,000 mt. With a difference of 650,000 mt, the anticipated production

<sup>68</sup> From 2005 to 2007, the company's name changed from Ispat Sidex to Mittal Steel Galati to ArcelorMittal Galati s.a.

<sup>69</sup> Exhibit 1, Statement of Reasons concerning the final determination of dumping pursuant to paragraph 41(1)(a) of the Special Import Measures Act regarding certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania. (English and French)

<sup>70</sup> Exhibit 27: Tab 8, International Iron and Steel Institute, "World crude steel output increases by 7.5% in 2007".

<sup>71</sup> Exhibit 27: Tab 3, International Iron and Steel Institute, "March 2008 crude steel production for the 66 countries reporting to IISI".

<sup>72</sup> Exhibit 43, ArcelorMittal Galati S.A. - Response to the Expiry Review Questionnaire – Exporter.

<sup>73</sup> Exhibit 33: Tab 5, SteelGuru, "ArcelorMittal Galati to get EUR 1 billion investments".

<sup>74</sup> Exhibit 33: Tab 6, ZF.RO, "Mittal Steel: At capacity, our production reaches 3bn euros".

<sup>75</sup> Exhibit 43, ArcelorMittal Galati S.A. - Response to the Expiry Review Questionnaire – Exporter.

<sup>76</sup> Exhibit 27: Tab 1, EuroStrategy Consultants, "Global Steel Industry Outlook 2014 – Executive Summary".

growth will far outpace the increase in domestic demand, adding to the surplus of plate available for sale to export markets. Even if only a portion of this planned increase production was to be subject goods, this volume of surplus plate available for exports is very significant in relation to the entire Canadian market in 2007.<sup>77</sup>

[133] In 2005, Romania was ranked as the 5<sup>th</sup> top exporting country of carbon plate (nearly 809,000 mt) in the world with its top five destinations being Turkey, India, Singapore, United States and Italy.<sup>78</sup> In relation to subject goods, AMG provided its domestic and export sales (volumes and values) in its reply to the ERQ.<sup>79</sup> This information was considered in the CBSA's analysis but cannot be divulged for confidentiality reasons. AMG itself indicated that two-thirds of its production is exported, and that, to more than 40 countries.<sup>80</sup> As noted previously, AMG strives to maintain high capacity utilization rates and as a result of the planned increase of plate production, AMG will likely become a significantly larger plate exporter in the near future.

[134] During the original investigation, import volumes of plate from Romania represented 14.2% of total imports into Canada from all countries. During the POR, imports of plate from Romania into Canada occurred only in 2005 and anti-dumping duties were assessed.<sup>81</sup> This indicates an inability on behalf of the Romanian plate producer to compete in the Canadian market at non-dumped prices.

[135] Even though it participated in the 2006 and 2008 re-investigations and obtained normal values, AMG did not export any subject goods to Canada with these normal values. This also indicates an inability to compete in the Canadian market at non-dumped prices.

[136] Apart from the 2004 finding (NQ-2003-002) which is the subject of this expiry review, Romania has exhibited a history of dumping plate into Canada. Romania was previously subject to a 1983 finding (ADT-10-83) which was rescinded in 1990 (RR-89-006) and to a 1993 finding (NQ-92-007) which was rescinded in 1998 (RR-97-006). This pattern of dumping plate into Canada may be indicative of the likely future behaviour of plate producers in Romania if the finding is rescinded.

[137] As well, Romania has other trade measures imposed by other WTO members, with respect to steel products, which includes carbon steel plate.<sup>82</sup> Not only does this indicate a propensity to dump, it also results in fewer markets available to absorb Romanian steel exports.

[138] In January 2007, the US rescinded an anti-dumping finding against Romania with regards to plate. Without dumping constraints for the remainder of 2007, Romanian volumes of plate

---

<sup>77</sup> Exhibit 69, Apparent Canadian market statistics for certain hot-rolled steel plate during the POR.

<sup>78</sup> Exhibit 74: Tab 1, SSB Insight, "Plate market watches China's next move".

<sup>79</sup> Exhibit 43, ArcelorMittal Galati S.A. - Response to the Expiry Review Questionnaire – Exporter.

<sup>80</sup> Exhibit 33: Tab 2, Mittal Steel Galati, Extracts – "From Website".

<sup>81</sup> Exhibit 62, Enforcement information (POR) with respect to certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania.

<sup>82</sup> Exhibit 66, Trade measures relating to steel products as imposed by WTO members against the subject countries involved in the current expiry review on certain hot-rolled steel plate. (English and French) and Exhibit 44, ArcelorMittal Galati S.A. - Response to the Expiry Review Questionnaire - Exporter.

exports to the US increased by nearly 48,000 mt (52,752 short tons) while the unit price decreased by nearly \$US 140/mt (\$US 127/short ton), compared to 2006. In Q1-2008, Romania's unit plate price dropped by a further \$US 39/mt (\$US 35/short ton) and Romania was among the lower-priced countries for plate in the US.<sup>83</sup>

[139] A final point to observe is that plate is a commodity product whose market is highly price sensitive. The Canadian plate market is marked by increasing competition from several foreign sources. The record indicates that, in 2007, plate from certain countries was imported into Canada at prices significantly lower than the average price of the domestic producers.<sup>84</sup> As price is a major factor for commodity products such as plate, Romanian exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market share achieved when they were selling at dumped prices.

### **Romania Recommendation:**

[140] Based on evidence on the record in respect of: the continued dumping of subject goods into Canada while the finding was in place; the inability to export plate to Canada despite having obtained normal values; the export orientation to maintain utilization rates high; report of significant new planned plate production in the near future that is well in excess of the increase in domestic demand; the history of dumping plate into Canada and in other markets; the behaviour exhibited by Romanian plate exporters in terms of volumes and unit pricing following a rescission of a plate finding in the US; the imposition of anti-dumping measures in countries other than Canada with respect to steel products, including carbon steel plate; combined with the presence in Canada of low-priced imports of plate from other countries with which exporters from Romania will likely have to compete to secure sales in Canada, the President determined that the expiry of the finding was likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel plate originating in or exported from Romania.

### **CONCLUSION**

[141] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors contained in subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of evidence on the record, on August 21, 2008, the President of the CBSA determined that the expiry of the finding made by the Tribunal on January 9, 2004, in Inquiry No. NQ-2003-002, concerning certain hot-rolled steel plate originating in or exported from the Republic of Bulgaria, the Czech Republic and Romania is likely to result in the continuation or resumption of dumping of the goods to Canada.

<sup>83</sup> Exhibit 80, Algoma Steel Inc. - Supplemental documents.

<sup>84</sup> Exhibit 67, Canadian import statistics of certain hot-rolled steel plate for the period of January 1, 2005 to March 31, 2008 (This supercedes Exhibit 35) and Exhibit 69, Apparent Canadian market statistics for certain hot-rolled steel plate during the POR.

## FUTURE ACTION

[142] On August 22, 2008, the Tribunal commenced its inquiry to determine whether the expiry of the finding is likely to result in injury or retardation with respect to goods from Bulgaria, the Czech Republic and Romania. The Tribunal will make its decision by January 8, 2009.

[143] If the Tribunal determines that the expiry of the finding with respect to the goods from Bulgaria, the Czech Republic and Romania is likely to result in injury or retardation, the finding 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 duties on dumped importations of certain hot-rolled steel plate.

[144] If the Tribunal determines that the expiry of the finding with respect to the goods from Bulgaria, the Czech Republic and Romania is unlikely to result in injury or retardation, the finding will be rescinded in respect of those goods. Anti-dumping duties would no longer be levied on importations of certain hot-rolled steel plate beginning on the date the finding is rescinded.

## INFORMATION

[145] For further information, please contacted the officer listed below:

**Mail:**

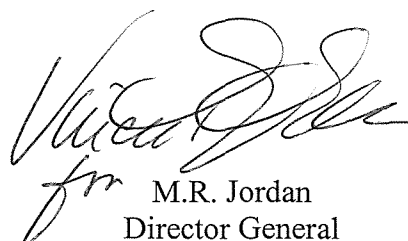
SIMA Registry and Disclosure Unit  
Anti-dumping and Countervailing Program  
Canada Border Services Agency  
100 Metcalfe Street, 11<sup>th</sup> floor  
Ottawa, Ontario, K1A 0L8  
CANADA

**Telephone:** Joël Joyal 613-954-7173

**Facsimile:** 613-948-4844

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

**Web site:** [www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/menu-eng.html](http://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/menu-eng.html)

  
for M.R. Jordan  
Director General  
Trade Programs Directorate