OTTAWA, April 29, 2024

STATEMENT OF REASONS

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

COLD-ROLLED STEEL ORIGINATING IN OR EXPORTED FROM CHINA, SOUTH KOREA AND VIETNAM

DECISION

On April 12, 2024, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the finding made by the Canadian International Trade Tribunal on December 21, 2018, in Inquiry No. NQ-2018-002:

i. is likely to result in the continuation or resumption of dumping of certain cold-rolled steel originating in or exported from China, South Korea and Vietnam; and

ii. is likely to result in the continuation or resumption of subsidizing of certain cold-rolled steel originating in or exported from China, South Korea and Vietnam.

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

Canada

TABLE OF CONTENTS

EXECUTIVE SUMMARY

[1] On November 14, 2023, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(1) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its finding made on December 21, 2018, in Inquiry No. NQ-2018-002, concerning the dumping and subsidizing of certain cold-rolled steel (CRS) originating in or exported from China, South Korea and Vietnam.

[2] As a result of the CITT's notice of expiry review, the Canada Border Services Agency (CBSA), on November 15, 2023, initiated an investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the finding is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods.

[3] The CBSA received responses to the Canadian producer Expiry Review Questionnaire (ERQ) from ArcelorMittal Dofasco G.P. (AMD)[1], Stelco Inc. (Stelco)[2], and Algoma Steel Inc. (Algoma)[3]. All of these submissions expressed an opinion that the continued or resumed dumping and subsidizing of CRS from the subject countries is likely if the CITT's finding expires.

[4] The CBSA did not receive a response to the Canadian importer ERQ, exporter ERQ or any of the foreign government ERQs.

[5] The three participating Canadian producers (AMD, Stelco & Algoma) collectively provided a case brief to the CBSA in support of their position that continued or resumed dumping and subsidizing of CRS from the subject countries is likely if the CITT's finding expires.[4] No other party provided a case brief to the CBSA and no party provided a reply submission in response to the case brief that was received.

[6] With respect to China, based on information on the record regarding the large number of producers in China capable of producing a significant amount of CRS, weak domestic demand growth, export dependence and the existence of anti-dumping measures in other jurisdictions in respect of CRS or similar steel products from China, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of CRS into Canada from China. The information on the record also shows a continuing availability of subsidy programs in China.

[1] Exhibit 9 (PRO) and 10 (NC) – Response to Canadian Producer ERQ from AMD.
[2] Exhibit 11 (PRO) and 12 (NC) – Response to Canadian Producer ERQ from Stelco.
[3] Exhibit 13 (PRO) and 14 (NC) – Response to Canadian Producers ERQ from Algoma.
[4] Exhibit 21 (PRO) and 22 (NC) – Case brief filed on behalf of AMD, Stelco and Algoma.

[7] With respect to South Korea, considering the large CRS producers in South Korea and their production capacities, the existence of anti-dumping measures in other jurisdictions, South Korea's limited economic growth, and the fact that exporters of CRS from South Korea have a history of being export oriented, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of CRS into Canada from South Korea. The information on the record also shows a continuing availability of subsidy programs in South Korea.

[8] With respect to Vietnam, based on information on the record regarding the sizable Vietnamese steel companies with ambitious export goals, the indications of limited demand domestically as well as in other export markets, and the existence of trade measures by other jurisdictions, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of CRS into Canada from Vietnam. The information on the record also shows a continuing availability of subsidy programs in Vietnam.

[9] For the foregoing reasons, the CBSA, having considered the relevant information on the record, determined on April 12, 2024, pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding in respect of CRS:

i) is likely to result in the continuation or resumption of dumping of the goods from China, South Korea, and Vietnam; and

ii) is likely to result in the continuation or resumption of subsidizing of the goods from China, South Korea, and Vietnam.

BACKGROUND[5]

[10] On May 25, 2018, following a complaint filed by AMD, the CBSA initiated an investigation pursuant to subsection 31(1) of SIMA, into the dumping and subsidizing of CRS from China, South Korea and Vietnam.

[11] On October 31, 2018 pursuant to subsection 41(1) of SIMA, the CBSA made final determinations respecting the dumping and subsidizing of CRS from China, South Korea and Vietnam.

[12] On December 21, 2018, pursuant to subsection 43(1) of SIMA, the CITT found that the dumping and subsidizing of CRS originating in or exported from China, South Korea, and Vietnam had caused injury to the domestic industry in Canada.

[13] On November 14, 2023, the CITT, pursuant to subsection 76.03(1) of SIMA, initiated an expiry review of its finding made on December 21, 2018, in Expiry Review No. NQ-2018-002.

[5] Cold-rolled steel: Measures in force (cbsa-asfc.gc.ca)

[14] On November 15, 2023, 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 and/or subsidizing of CRS from the subject countries. The CBSA must make determinations in this matter no later than April 29, 2024.

PRODUCT DEFINITION

[15] For purposes of this expiry review investigation CRS is defined as:

Cold-reduced flat-rolled sheet products of carbon steel (alloy and non-alloy), in coils or cut lengths, in thicknesses up to 0.142 inches (3.61 mm) and widths up to 73 inches (1854 mm) inclusive, originating in or exported from the People's Republic of China, the Republic of Korea, and the Socialist Republic of Vietnam, and excluding:

a. organic coated (including pre-paint and laminate) and metallic coated steel;
b. steel 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;
c. steel products for use in the manufacture of aeronautic products;
d. perforated steel;
e. stainless steel;
f. silicon electrical steel; and
g. tool steel.

Additional Product Information

[16] For greater certainty, where the nominal and actual measurements vary, a product is considered to be subject goods if either the actual or nominal measurement (being plus or minus allowable tolerances in the applicable standards), meets the definition set forth above.

[17] The product definition covers both annealed and "full-hard" (unannealed) CRS as well as rectangular and non-rectangular cross-section products.

[18] The maximum widths and thicknesses that apply to non-rectangular CRS are the same as those that apply to rectangular CRS, i.e., thicknesses up to 0.142 inches (3.61 mm) and widths up to 73 inches (1854 mm) inclusive.

[19] The product definition includes carbon steel, whether alloyed or non-alloyed. Alloying elements may include boron, titanium, manganese, silicon, copper, aluminum chromium, cobalt, lead, nickel, tungsten, molybdenum, niobium, vanadium, and zirconium.

[20] The product definition includes cold-rolled steels generally described as interstitial free (IF) steels, high-strength-low-alloy (HSLA) steels, motor lamination steels and advanced high-strength steels (AHSS). IF steel is a common term for a low carbon steel with low levels of elements like titanium or niobium. HSLA steels contain low levels of elements like copper, titanium, chromium, niobium, vanadium and/or molybdenum. Motor lamination steels contain low levels of elements like silicon and aluminum, but are commercially and metallurgically distinct from silicon-electrical steel. AHSS is a term used to describe steel with high tensile strength.

[21] CRS includes "black plate", which is an industry term used to describe light gauge, low carbon, cold-reduced steel intended for use in the production of tin mill products or for use in its untinned state. It is supplied either dry or oiled. CRS for use in the production of tin mill products is included in the product definition (as it is black plate), but the finished product, tin plate, is excluded from the product definition.

[22] CRS is manufactured to meet certain Canadian Standards Association (CSA) and/or ASTM specifications, or equivalent specifications. ASTM specifications for cold-rolled steel meeting the product definition include, but are not limited to A568/A568A, A606/A606M, A424, A1008/A1008M, A726, A625/A625M, and A650/A650M. CRS that does not meet a specification is generally referred to as "non-prime" or "seconds". Both prime and non-prime CRS for non-automotive uses are included in the product definition.

[23] The product definition excludes CRS with organic and metallic coatings. Coating methods include spraying, laminating, plating and hot-dip treatments.

[24] The product definition excludes cold-rolled steel for use in automobiles and automobile parts, hereafter referred to as "automotive". Automotive producers include Original Equipment Manufacturers (OEMs) and part producers.

[25] The product definition excludes perforated cold-rolled steel. Perforated steel is steel sheet that has a pattern of punched or stamped holes throughout the length and width of the steel sheet.

[26] The product definition excludes stainless cold-rolled steel. The Customs Tariff currently defines stainless steel as steel containing no more than 1.2% carbon and 10.5% or more of chromium by weight. This is the same definition that will apply to the subject goods definition. Stainless steel may also include other alloying elements. Stainless steel is commercially and metallurgically distinct from carbon steel, including alloyed carbon steel. Alloyed carbon steel (or alloy carbon steel) is included in the product definition.

[27] The product definition excludes silicon-electrical steel. Silicon-electrical steels include both grain-oriented electrical steel (commonly known as GOES) and non-oriented electrical steel (NOES). At present, the notes to Chapter 72 of Canada's Customs Tariff schedule defines silicon-electrical steel as:

> Alloy steels containing by weight at least 0.6% but not more than 6% of silicon and not more than 0.08% of carbon. They may also contain by weight not more than 1% of aluminum but no other element in a proportion that would give the steel the characteristics of another alloy steel.

[28] The above definition of silicon-electrical steel will apply to the subject goods definition.

[29] The product definition excludes tool steel. Tool steel is a variety of steel with distinct characteristics, such as hardness, that make it suitable for hand tools and dies. Tool steel will meet CSA or ATSM standards, such as ASTM 681 or ASTM 686. The Custom Tariff has specific tariff classification numbers for cold-rolled tool steel, such as such as 7225.50.00.11 and 7225.50.00.21.

[30] More specifically, tool steel is defined as steel which contains the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

[31] CRS falling within the product definition is commonly used in the production and manufacture of other goods, including household appliances, drums, tubing, furniture and strapping.

CLASSIFICATION OF IMPORTS

[32] The subject goods are normally imported into Canada under the following tariff classification numbers:

7209.15.00.00	7209.25.00.00	7211.29.00.00
7209.16.00.40	7209.26.00.00	7211.90.00.00
7209.16.00.90	7209.27.00.00	7225.50.00.10
7209.17.00.40	7209.28.00.00	7225.50.00.20
7209.17.00.90	7209.90.00.00	7225.50.00.30
7209.18.00.00	7211.23.00.00	7225.50.00.40

[33] These tariff classification numbers may also include non-subject goods, and subject goods may also fall under additional tariff classification numbers.

PERIOD OF REVIEW

[34] The Period of Review (POR) for the CBSA's expiry review investigation is January 1, 2020 to September 30, 2023.

CANADIAN INDUSTRY

[35] The complainant is ArcelorMittal Dofasco G.P (AMD), which 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]

[36] Located in Hamilton, Ontario, AMD is a fully-integrated steel manufacturing facility producing flat-rolled and tubular steel products. It has a non-union workforce of approximately 5,000 employees. AMD is the largest of three CRS producers in Canada.

[37] AMD operates an integrated and electric arc furnace steel mill. All primary iron-making and steel-making operations, together with hot-rolling, pickling, cold-rolling, annealing, tempering, galvanizing and tinplating are located at one site consisting of approximately 700 acres bordering on the Hamilton Harbour. AMD produces hot rolled steel, cold rolled steel, corrosion-resistant steel (galvanized/galvalume/aluminize), tinplate, and pre-paint (organic coated) flat steel products. AMD also produces steel tube products using hot rolled steel and galvanized steel sheets.

[38] The other Canadian manufacturers of CRS are Algoma Steel Inc. (Algoma), of Sault Ste Marie, Ontario and Stelco Inc. (Stelco), of Hamilton, Ontario.

[39] Algoma is a primary iron and steel producer. The Algoma Steel Corporation, Limited was originally established in 1901. The company became part of Essar Steel Holdings Limited in June 2007.[7]

[40] The company commenced court-supervised restructuring proceedings under the Companies' Creditors Arrangement Act (CCAA) on November 9, 2015. On November 30, 2018, a group of creditors purchased the company's assets, with the company emerging from CCAA protection as "Algoma Steel Inc."

[41] On May 24, 2021, Algoma announced that it had entered into a merger agreement with Legato Merger Corp., that would result in Algoma becoming a publicly listed company with its common shares traded on the Nasdaq Stock Market. On October 21, 2021, Algoma became public and common shares began trading on the Nasdaq Stock Market and the Toronto Stock Exchange.

[42] During the POR, Algoma has developed some new CRS products that will soon be available. Cold Rolled Grade 60, which recently received a Patent, is preparing for product launch in Spring 2024. Also coming soon are Cold Rolled Grade 70, Cold Rolled Grade 80 and Cold Rolled Spheroidized Anneal 10-20.

[43] Stelco was originally incorporated in 1910 as The Steel Company of Canada, Limited. Over the following decades, it grew to become Canada's leading steelmaker. In 1980, it was continued as Stelco Inc.[8]

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[6] Exhibit 9 (PRO) and 10 (NC) – Response to Canadian Producer ERQ from AMD.
[7] Exhibit 13 (PRO) and 14 (NC) – Response to Canadian Producer ERQ from Algoma.
[8] Exhibit 11 (PRO) and 12 (NC) – Response to Canadian Producer ERQ from Stelco.

[44] On October 31, 2007, Stelco was acquired by United States Steel Corporation, which renamed it as U. S. Steel Canada Inc. (USSC). On Sept. 16, 2014, USSC filed for protection under the Companies' Creditors Arrangement Act.

[45] On June 30, 2017, Stelco emerged from CCAA protection under the new ownership of Bedrock Industries LP. Subsequently, Stelco Holdings Inc. was established as the parent company of Stelco and listed on the TSX (STLC).

[46] Since the original CRS investigation conducted by the CBSA in 2018, Stelco has made some significant upgrades to production facilities. In Q2 2019, Stelco commissioned a new state-of-the-art batch annealing facility at its Hamilton Works location. Representing an investment of more than $30 million, the batch annealing facility includes a modernized and upgraded temper mill, along with installation of new annealing furnaces. The facility has allowed Stelco to add a full range of up to 200,000 net tons of fully processed cold-rolled steel to its product mix. Stelco now has the capability to service to markets that demand these high-quality products, as well as the pre-painted steel market for architectural applications.

[47] Further, in October 2020, Stelco completed an upgrade and reline of its Lake Erie Works blast furnace. The upgrades to Stelco's Blast Furnace resulted in improved quality and an increase in annual hot metal capacity and production.

CANADIAN MARKET

[48] The apparent Canadian market for CRS during the POR is indicated by volume and value in **Table 1** and by percentage in **Table 2** below.

Table 1: Apparent Canadian Market
(Volume in metric tons (MT) and value in $)

	2020		2021		2022		2023 (Jan 1 – Sept 30)	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Canadian Production[9]	**205,144**	**187,578,066**	**231,332**	**380,112,114**	**200,868**	**356,048,136**	**142,677**	**200,165,936**
China	0.6	4,190	21	33,793	17	22,170	347	709,547
South Korea	38	45,401	19	37,411	39	76,956	0.4	6,368
Vietnam	-	-	-	-	-	-	-	-
Total Subject Countries	**39**	**49,591**	**40**	**71,204**	**55**	**99,126**	**347**	**715,915**
Other Countries	103,953	117,368,779	163,967	244,268,180	121,280	231,822,695	76,847	129,770,326
Total Imports[10]	**103,992**	**117,418,370**	**164,007**	**244,339,384**	**121,335**	**231,921,821**	**77,194**	**130,486,241**
Apparent Canadian Market	**309,136**	**304,996,436**	**395,340**	**624,451,498**	**322,203**	**587,969,958**	**219,871**	**330,652,178**

* Import statistics for non-subject countries are estimated based on CBSA Customs Commercial Systems and information collected during the review.

[9] Exhibit 9 (PRO) – Response to Canadian Producer ERQ AMD, Appendix 1; Exhibit 11 (PRO) – Response to Canadian Producer ERQ from Stelco, Appendix 1; Exhibit 13 (PRO) – Response to Canadian Producer ERQ from Algoma, Appendix 1.

[10] Exhibit 20 (NC) – CBSA Import and Compliance Statistics.

Table 2: Apparent Canadian Market
(As a percentage)

	2020		2021		2022		2023 (Jan 1 – Sept 30)	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Canadian Production	**66.4%**	**61.5%**	**58.5%**	**60.9%**	**62.3%**	**60.6%**	**64.9%**	**60.5%**
China	0%	0%	0%	0%	0%	0%	0.2%	0.2%
South Korea	0%	0%	0%	0%	0%	0%	0%	0%
Vietnam	0%	0%	0%	0%	0%	0%	0%	0%
Total Subject Countries	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0.2%**	**0.2%**
Other Countries	33.6%	38.5%	41.5%	39.1%	37.6%	39.4%	35.0%	39.2%
Total Imports	**33.6%**	**38.5%**	**41.5%**	**39.1%**	**37.7%**	**39.4%**	**35.1%**	**39.5%**

Canadian Production

[49] Based on the figures presented in **Table 1**, the Canadian producers' share of the apparent Canadian market, in terms of the total value, was 61.5% in 2020, 60.9% in 2021, 60.6% in 2022, and 60.5% in the first nine months of 2023. The Canadian producers' share of the apparent Canadian market, as a percentage of the total volume, was 66.4% in 2020, 58.5% in 2021, 62.3% in 2022, and 64.9% in the first nine months of 2023. The Canadian producers' share of the market has remained relatively stable over the POR, accounting for just under two thirds of the apparent Canadian market for CRS.

Imports

[50] As can be seen in **Table 1**, the total value and volume of imports of subject goods was either non existent or negligible throughout the POR. **Table 2** shows that for each of years 2020, 2021 and 2022, total imports from the subject countries were at or near 0% (after rounding) as a percentage of the apparent Canadian market. The same can be said in the first nine months of 2023 for both South Korea and Vietnam, with China shipping 347 MT which equates to a small uptick to 0.2% of the apparent Canadian market for 2023. These insignificant import volumes from the subject countries suggest that exporters in China, South Korea and Vietnam have essentially stopped selling any meaningful volumes of CRS to Canada since the CRS finding has been put in place.

[51] Imports of CRS from non-subject countries as a percentage of the apparent Canadian market also remained stable throughout the POR. Based on the figures in **Table 2**, in terms of value, these imports accounted for 38.5% in 2020, 39.1% in 2021, 39.4% in 2022, and again 39.2% in the first nine months of 2023.

[52] For perspective, **Table 3** below shows the approximate CRS import volumes into Canada during the Period of Investigation (POI) applicable in the original investigation, i.e., prior to the imposition of SIMA duties. At the time, China accounted for the majority of imports of CRS into Canada at 57.9%, followed by South Korea at 6.9% and Vietnam at 6.2% of total imports. The combined imports from the rest of the world accounting for the remaining 29%.

[53] In summary, the combined imports from the three subject countries fell from 71% of total imports during the original POI to almost 0% during the POR for this expiry review.

Table 3: Previous Imports of CRS[11]
(% of Volume)

Country	POI (April 1, 2017 to March 31, 2018)
China	57.9%
South Korea	6.9%
Vietnam	6.2%
Total – Subject Countries	**71%**
All Other Countries	29%

ENFORCEMENT DATA

[54] It should be noted that due to the fact that no exporter participated in the CBSA's original dumping and subsidy investigations concerning CRS, no exporters in China, South Korea or Vietnam received normal values or a specific amount of subsidy following the conclusion of the investigations. Normal values and amounts of subsidy are therefore determined by a ministerial specification under SIMA.

[55] In the enforcement of the CITT's finding during the POR, as detailed in **Table 4** below, the CBSA assessed a total amount of anti-dumping and countervailing duties of $843,188 on subject imports from the subject countries. The total value for duty of subject imports during the POR from these countries was approximately $936,000 and the total quantity was approximately 482 MT. As a percentage of the total value for duty, the combined anti-dumping and countervailing duties assessed during the POR were equal to 90.1%. The figures above are for China and South Korea only, as Vietnam had no shipments of subject goods during the POR.

[11] Cold-Rolled Steel 2018 Investigation - Final Determinations (cbsa-asfc.gc.ca)

Table 4: Enforcement Data – Imports of Subject Goods from China, South Korea and Vietnam[12]
(Quantity in metric tons (MT) and value in $)

Country Name	Quantity				Value for Duty				SIMA Duties			
	2020	2021	2022	2023 (Jan-Sept)	2020	2021	2022	2023 (Jan-Sept)	2020	2021	2022	2023 (Jan-Sept)
China	0.6	21	17	347	4,190	33,793	22,170	709,547	3,818	31,506	14,729	688,406
South Korea	38	19	39	0.4	45,401	37,411	76,956	6,368	27,782	24,055	49,483	3,409
Vietnam	-	-	-	-	-	-	-	-	-	-	-	-
Total	**39**	**40**	**56**	**347**	**49,591**	**71,204**	**99,126**	**715,915**	**31,600**	**55,561**	**64,212**	**691,815**

PARTIES TO THE PROCEEDINGS

[56] On November 15, 2023, the CBSA sent a notice concerning the initiation of the expiry review investigation and ERQs to known Canadian producers, importers and exporters. The governments of each of China, South Korea and Vietnam were each also sent an ERQ relating to subsidy.

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

[58] Three Canadian producers, AMD, Algoma, and Stelco participated in the expiry review investigation and responded to the ERQs.

[59] No response was received from exporters, importers or the governments of the three subject countries.

[60] A case brief was submitted to the CBSA, collectively, on behalf of the three Canadian producers in support of the position that continued or resumed dumping and subsidizing of CRS from the subject countries is likely if the CITT's finding expires.

[61] No other party provided a case brief or reply submission.

[12] Exhibit 20 (NC) – CBSA Import and Compliance Statistics.

INFORMATION CONSIDERED BY THE CBSA

Administrative Record

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

[63] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the "closing of the record date" and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on January 4, 2024.

POSITION OF THE PARTIES – DUMPING

Parties Contending that Continued or Resumed Dumping is Likely

AMD, Algoma and Stelco (collectively, the "Canadian producers")

[64] The Canadian producers made representations through their case brief in support of their position that dumping from China, South Korea and Vietnam is likely to continue or resume in the event the present finding expires. Accordingly, it is argued that the measures should remain in place.

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

Common Factors Impacting Subject Countries

- Global Economic Conditions
- Global Excess Capacity
- Section 20 conditions in China and Vietnam
- Attractiveness of the Canadian Market
- Trade Measures in Other Jurisdictions

China

- China Economic Conditions
- Production and Overcapacity in China
- China's Export Orientation

South Korea

- South Korea Economic Conditions
- Production and Overcapacity in South Korea
- South Korea's Export Orientation

Vietnam

- Vietnam Economic Conditions
- Production and Overcapacity in Vietnam
- Vietnam's Export Challenges

Common Factors Impacting Subject Countries

[66] The Canadian producers submit that international market conditions make it likely that large volumes of CRS will be exported to Canada at low prices if the finding expires. They submit that the international market is volatile and that the situation is expected to continue in the near term. There is excess capacity in the steel industry, including in the flat-rolled steel sector. In order to spread high fixed costs, it is submitted that CRS producers are incentivized to increase production and to look to overseas markets to export their goods. At the same time, demand is expected to be weak globally. The producers contend that this situation will make the Canadian domestic industry susceptible to continued or resumed dumping if the finding expires. Additional details are discussed below.

Global Economic Conditions[13]

[67] The Canadian producers refer to a number of reports and publications on global economic conditions. For example, the International Monetary Fund (IMF) anticipate slow economic growth in 2023 and 2024. A recent report cites the effect of high global inflation, the ongoing Russia-Ukraine war, and trade disruptions as negatively impacting the global economy. The IMF notes that global gross domestic product (GDP) is projected to grow by only 3% in 2023 and 2.9% in 2024. Projected issues in China's real estate sector are expected to also add volatility in the global market.

[68] The Canadian producers state that this is particularly concerning if the finding were to expire. China's economy is still lagging, as are the economies of many of its export markets. They point out that the US is a market that has rebounded stronger than most others, and that since they have multiple trade measures against CRS from China, CRS producers in China in particular will be seeking new markets to alleviate excess CRS production capacity.

[69] Many industrial sectors, including CRS, are facing challenges because of these volatile economic conditions. If the CITT's finding expires at this time, Canadian producers of CRS submit that they would be left without protection and become more vulnerable to imports of dumped goods.

[13] Exhibit 21 (PRO) and 22 (NC) – Case brief filed on behalf of AMD, Stelco and Algoma. pg. 37.

[70] The Canadian Producers contend that global excess production capacity remains a serious problem for the steel industry. They are of the opinion that some of the recent progress in shrinking global excess steel production capacity is being offset by new capacity increases.

[71] They reference a June 2023 report where the Organization for Economic Co-operation and Development (OECD) stated that the gap between global steel production and capacity increased to 628 million MT in 2022, up from 513 million MT in 2021. Overall global steel making capacity increased again in 2022 to reach a new record high of 2,459 million MT. As a result, global steel production as a share of capacity fell from 78.9% in 2021 to 74.5% in 2022. In reporting these figures, the OECD stated, "Such levels of capacity utilisation are not in line with a healthy and financially viable industry."[14]

[72] The Canadian producers go on to state that planned gross capacity additions are expected in the 2023 to 2025 period. The OECD reports that 60 million MT of steel capacity additions are underway, and another 106 million MT are planned over the 2023 to 2025 period. The majority of these expansion projects are in Asia, where the subject countries are located.

[73] The Canadian producers are of the opinion that after years of efforts to address the capacity issues, excess steel capacity continues to be a significant problem and is a problem that is once again worsening, particularly in light of current steel demand that is not keeping pace with capacity expansions. As is well documented in past trade remedy cases, excess steel production capacity precipitates the dumping of exports, making it more likely that subject good producers will resume exporting CRS to Canada at dumped and subsidized prices if the finding expires.

Section 20 Conditions in China and Vietnam

[74] Section 20 of SIMA may be applied to determine the normal value of goods 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, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market. Where section 20 is applicable, normal values for the goods are not determined based on domestic prices or costs in that country.

[75] During the original CRS investigation, the CBSA formed the opinion that sections 20 conditions exist in both China and Vietnam.

[76] The Canadian producers submit that an expiry review is not the appropriate proceeding for the CBSA to reconsider whether section 20 conditions exist in any of the subject countries.[15]

14 *Ibid.*, para. 131.
15 *Ibid.*, pg. 11.

[77] The case brief submitted by the Canadian producers nonetheless included additional details in an appendix regarding the continued existence of section 20 conditions in Vietnam and China.[16]

The Attractiveness of the Canadian Market[17]

[78] The Canadian producers point out that in recent history, similar to with many steel products, there has been a price gap between domestic North American CRS prices and CRS prices in subject countries. At the time of the original investigation this price gap did not discourage subject good producers from exporting CRS to Canada at dumped and subsidized prices. The Canadian producers are of the opinion that there is nothing on the CBSA's record showing a change in circumstances such that the historical price gap will dissuade subject good producers from exporting subject goods to Canada at dumped and subsidized prices if the finding expires.

[79] They go on to submit that while the volume of subject good imports have been minimal in recent years, the volume of non-like goods CRS imports from China in particular has been rising. They refer to the following table which reports imports of all CRS (subject and non-subject) from China and other countries, as reported by Statistics Canada.[18]

Table 5
CRS Imports (Subject and non-Subject) (MT)

	2019	2020	2021	2022	2023 (Jan-Oct)	2023 Annualized
China	376	280	3,695	5,052	7,303	8,763
United States	208,360	169,469	172,683	171,916	163,991	196,789
Other	58,173	60,976	118,842	81,339	43,374	52,049
Total	266,909	230,724	295,221	258,306	214,668	257,602

[80] The table shows that starting in 2021, China began exporting increasing volumes of non-subject CRS to Canada. In 2021 the volumes increased 10-fold year-on-year and in 2022 increased again by a significant margin. The Canadian producers suggest that these trends show that Chinese CRS producers remain highly interested in the Canadian CRS market, have maintained sales channels in Canada and have adapted to the finding by shifting to different market segments.

[81] The Canadian producers go on to submit that the Canadian economy is in a period of modest, but stable growth and refer to a variety of publications to support this.

[16] *Ibid*., Appendix 2.
[17] *Ibid*., pg. 13
[18] *Ibid*., Table 9.

[82] For example, they refer to a Bank of Canada forecast in October 2023 that projects Canada's 2023 GDP growth to be a modest 1.2%, down from its 1.8% forecast just three months earlier. The Bank of Canada also lowered its 2024 GDP forecast to 0.9%, down from 1.2% in its July 2023 report. The Bank of Canada forecasts GDP growth rebounding (slightly) to 2.5% in 2025. The Bank of Canada has raised its CPI inflation forecast for 2023 to 3.9% (from 3.7% in July 2023), meaning inflation growth will be 3-times GDP growth. The Bank of Canada has also raised its inflation forecast for 2024 (3.0%, up from 2.5% in July 2023) and 2025 (2.2%, up from 2.1% in July 2023).

[83] The Canadian producers reiterate that while Canada's economy will see some growth over 2023 and through 2025, the growth is expected to be modest and inflation will continue to exceed growth in 2024.

[84] Canada is a relatively high priced market and will be an attractive market for CRS producers, particularly those that face weakening demand in their home markets and primary export markets. However, with weak forecast economic growth there will be insufficient Canadian demand to absorb an influx of subject good imports if the finding is allowed to expire. Further, producers of subject goods would need to displace established CRS import and domestic sources in Canada.

[85] They conclude by submitting that Canada's mature CRS market and forecasted economic conditions increase the likelihood that subject goods will be exported to Canada at dumped and subsidized prices if the finding expires.

Trade Measures in other Jurisdictions[19]

[86] The Canadian producers assert that if the finding is not renewed, subject countries will resume exporting CRS to Canada due to the combination of excess forecast production and trade measures imposed by other countries.

[87] Since the EU, the US, and various other countries have trade measures against subject countries' CRS exports, there are not a lot of options for exporters in China, South Korea, or Vietnam to export excess inventory. These measures divert subject goods to markets without trade remedies, which would include Canada if the finding is permitted to expire.

[88] The Canadian producers provided the following table listing trade remedies in place against CRS from China, South Korea and Vietnam in various other jurisdictions.[20]

[19] *Ibid*., pg 28
[20] *Ibid*., Table 10.

Table 6
CRS Trade Remedies

WTO Member	Subject Country	Measure	Date of Original Imposition	Product
European Union	China	Anti-Dumping	August 2016	Cold-rolled flat steel products
India	China, South Korea	Anti-Dumping	August 2016	Cold rolled/cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated
Indonesia	China, South Korea, Vietnam	Anti-Dumping	March 2013	Cold Rolled Coil/Sheet
Malaysia	China, South Korea, Vietnam	Anti-Dumping	May 2016	Cold Rolled Coils of Alloy and Non-Alloy Steel
Malaysia	China, South Korea, Vietnam	Anti-Dumping	December 2019	Cold rolled coils of iron or non-alloy steel, of width more than 1300mm
Mexico	China	Anti-Dumping	June 2015	Cold-rolled sheet
Morocco	All Members	Safeguards Tariff Increase – *Ad valorem*	May 2015 (duties until December 31, 2024)	Cold-rolled sheets and plated or coated sheets (various developing countries are excluded from the measures, including Korea)
Pakistan	China, South Korea	Anti-Dumping	January 2017	Cold rolled coils-sheets
Chinese Taipei	China	Anti-Dumping	October 2019	Carbon cold-rolled steel products
Chinese Taipei	China	Countervailing Duties	October 2019	Certain carbon cold-rolled steel products
Thailand	China, Vietnam	Anti-Dumping	February 2014	Cold rolled (reduced) carbon steel in coils and not in coils
United States	China	Anti-Dumping	July 2016	Cold-rolled steel flat products
United States	China	Countervailing Duties	July 2016	Cold-rolled steel flat products
United States	South Korea	Anti-Dumping	September 2016	Cold-rolled steel flat products
United States	South Korea	Countervailing Duties	September 2016	Cold-rolled steel flat products
United States	Vietnam	Anti-Circumvention	May 2018	Cold-rolled steel flat products
Vietnam	China	Anti-Dumping	December 2020	Cold-rolled steel

[89] The Canadian producers observe that the majority of the trade measures listed above were imposed relatively recently (2016 or after). The countries listed in the table above, plus Canada, accounted for 65% to 67% of global CRS consumption outside the subject countries over the 2019 to 2023 period.

[90] The Canadian producers also go on to refer to a number of other trade measures aside from anti-dumping and countervailing duties[21]:

- Morocco's safeguard measures against CRS
- The US Section 232 duties on steel
- The EU steel safeguard

[91] The Canadian producers state that the combination of trade remedies discussed above limit the export markets open to subject goods. If the finding is permitted to expire, Canada will be one of the only western Countries with no trade measure in place against the subject goods, therefore making it likely that CRS exports and excess production are diverted to Canada.

China and the CRS Market

China Economic Conditions[22]

[92] The Canadian producers suggest that domestic economic conditions in China will incentivize Chinese CRS producers to export dumped and subsidized CRS to global markets over the next 12 to 24 months, including Canada if the finding expires.

[93] As previously discussed, China's economic growth is slowing, with steel demand being weighed down by weak construction activity and other factors. The Canadian producers point out that weak steel demand is particularly weighing on China's CRS market, where excess production and capacity is expected to increase between 2023 and 2025. It is submitted that these conditions in China will encourage Chinese CRS producers to resume dumping into the Canadian market if the finding expires.

[94] The Canadian producers refer to a number of publications to support their assertions regarding the Chinese economy. For example, a recent IMF report states that China's GDP grew by only 3% in 2022, significantly less than the 8.4% growth in 2021 that was largely a result of government economic stimulation following COVID-19.

[95] The Canadian producers submit that the housing market decline has affected steel demand in China, including for CRS. China's total steel demand contracted in both 2021 and 2022 and continued into 2023 amid negative momentum in the construction sector. Management Engineering and Productions Services (MEPS) reported in October 2023 that China's construction industry continues to see weak indicators for house sales and construction projects.

[96] It is submitted that the housing market decline has also negatively impacted demand for non-construction products that consume CRS such as appliances and furniture industries. China also saw a decline in passenger vehicle sales in June and July 2023 according to a Reuters article, and the Canadian producers suggest that any continued weak CRS consumption by China's automotive industry can equate to additional production of subject CRS available for export.

[21] *Ibid.*, pg 31.
[22] *Ibid.*, pg 44.

[97] In relation to demand for CRS and other downstream products in China, the Canadian Producers included a section in their case brief[23] that reiterated and further discussed the suggestion that economic indicators show that CRS producers in China will face challenging domestic demand conditions over the next 12 to 24 months. These conditions are likely to drive the dumping of CRS exports into the global marketplace.

Production and Overcapacity in China[24]

[98] The Canadian producers point to the impact of global steel demand continuing to slow from where it was a few years ago, while China has continued to build up its steel production capacity. They refer to a number of reports to support this, for example, an OECD publication that discusses China's excess steelmaking capacity leading to increased levels of production beyond real demand. For 2022, the OECD reported China's steel capacity at 1,149.9 million MT, which is where most of Asia's capacity is concentrated.

[99] It is alleged that China's overcapacity threatens to destabilize the global steel industry because, as the OECD Steel Committee observed, the only way to ensure profitability in the industry is through meaningful reductions in global excess capacity. Despite statements from the Government of China assuring that it would work to control the issue as it relates to steel markets, these statements are not being put into practice.

[100] The Canadian producers refer to various articles to support the issue. For example, a Financial Times publication from December 2023, that discusses Chinese officials telling steel manufacturers that annual production caps would not apply in efforts to stimulate economic growth, effectively prioritizing the country's economic growth at the expense of efforts to remedy the overcapacity issues. In the first half of 2023, China's steelmakers largely increased their steel output in anticipation of the economic reopening and resumption of construction activities after emerging from the zero-tolerance policy to COVID-19 in December 2022, but the construction sector remained slow.

[101] The Canadian producers also point to a MEPS report that states that oversupply from domestic mills in China was putting negative pressure on Chinese CRS prices and noted that without annual production caps on Chinese steel producers for 2023, steel prices are falling because of China's flooding of the market.[25]

[102] China's domestic CRS demand as well as demand in downstream industries including furniture, manufacturing, and appliances, is sluggish. With slow demand forecasted through 2026, Chinese exporters will have an increased propensity to export to other markets with stronger demand for CRS. This would include Canada.

[23] *Ibid*., pg 50.
[24] *Ibid*., pg 46.
[25] *Ibid*., para. 169.

China's Export Orientation[26]

[103] The Canadian producers assert that as the largest steel exporter in the world, China relies on exports to sustain production in its steel industry. The table below shows export data from UN Comtrade.

Table 7
CRS Exports (MT)[27]

Countries	2020	2021	2022	Jan-Sept 2023	2023 (annualized)
Türkiye	47,861	352,030	234,929	273,073	364,097
Indonesia	130,901	259,527	228,546	178,409	237,879
Rep. of Korea	165,739	276,138	188,035	267,243	356,324
United Arab Emirates	161,308	339,843	185,703	274,472	365,963
Colombia	172,112	382,030	178,436	168,386	224,515
Peru	106,770	196,010	145,617	79,510	106,013
Philippines	171,647	219,430	144,465	58,938	78,584
Saudi Arabia	138,946	126,348	139,496	102,626	136,835
Brazil	38,009	412,784	121,181	295,187	393,583
Viet Nam	121,285	113,790	119,623	85,743	114,324
Total Top 10 Export Market Volume	**1,254,578**	**2,677,929**	**1,686,031**	**1,783,587**	**2,378,116**
Total China Export Volume	**2,451,268**	**5,462,276**	**3,482,987**	**3,281,094**	**4,374,792**

[104] In 2021, China's CRS exports rose significantly over 2020, fueled in part by the COVID-19 global economic slowdown and rebound. In 2022, Chinese CRS exports dropped relative to 2021, but remained significantly above 2020 volumes. In 2023, China's export volumes are on track to increase by 26% year-on-year. It is submitted that these trends show a direct correlation between China's diminished demand growth, excess production and exports.

[105] The Canadian producers note, referring to various articles and reports, that since 2020, China has steadily increased the proportion of its steel production that is exported, from 4.9% in 2020 to 6.35% and 6.57% in 2021 and 2022 respectively. From January to September 2023, Chinese exports jumped over 31.8% year-over-year. CRS production destined for export was 3% in 2020, 6% in 2021, 4% in 2022 and an estimated 5% in 2023.

[26] *Ibid*., pg 52.
[27] *Ibid*., Table 18.

Summary – China

[106] The Canadian producers summarize that China's forecast excess production, diminished economic growth, weakening construction sector, weak CRS demand growth and export dependence make it very likely that Chinese CRS exporters will continue or resume sales to Canada at dumped and subsidized prices if the finding is permitted to expire.

South Korea and the CRS Market

South Korea Economic Conditions[28]

[107] The Canadian producers suggest that South Korea's general economic indicators increase the likelihood that South Korean steel producers will export CRS to Canada at dumped and subsidized prices in the near to medium term.

[108] According to the Korea Iron & Steel Association, South Korea's steel industry is considered "the nation's key industry with high impact on the inter-industries and…a crucial role in the economic growth of Korea." In 2023, the OECD reported that Korea is the sixth largest steel producing nation measured by steelmaking capacity. However, this industry is not solely focused on its own market. According to the Korea Iron & Steel Association, South Korea's steel industry is trying to "…increase self sufficiency in steel and to improve the balance of trade by raising export."

[109] The Canadian producers point to an announcement from the Government of South Korea in February 2023 titled a *Steel Industry Development Strategy for Transition to Low-Carbon Steel Production*. The program, valued at US$150 billion, will not only support the industry in de-carbonisation. The government stated that it would also "…consider taking countermeasures to trade barriers and exports in efforts to boost steel exports," and it has taken steps to sign agreements with seven steel producing companies including major producers like POSCO and Hyundai Steel to encourage government-industry co-operation.

[110] In summary, South Korean domestic economic indicators are creating an environment that encourages exports. Domestic economic growth is not as robust as it was and is significantly dependent on exports. Meanwhile, the domestic steel industry is specifically focused on increasing exports and investing in production. According to the Canadian producers, the combination of these factors, along with a soft forecast for domestic demand for CRS, create a fertile environment for the dumping of steel.

Production and Overcapacity in South Korea[29]

[111] The Canadian producers refer to several publications to support the notion that South Korea has excess production and overcapacity in its steel industry.

[28] *Ibid*., pg 56.
[29] *Ibid*., pg 57.

[112] For example, according to a Commodities Research Unit (CRU) report, South Korea's export orientation is evident from its reported excess production, which is presumed to be exported. The report shows that over the POR, South Korea's excess production is significant and is forecasted to remain that way over the 2024 to 2026 period. Further, the volume of excess production is estimated to be large enough to be many times the size of Canada's merchant CRS market. This excess production must find export markets. As discussed above, China's CRS consumption growth is stagnant and there are many markets that have trade remedies against South Korea, including the US, India, Indonesia, Malaysia and Pakistan. This increases the likelihood that South Korea's excess production will be sold at dumped prices into any available export markets.

[113] Further, while South Korea is forecasted to improve its capacity utilization rate, it will do so by expanding production more quickly than consumption, with the consequence of greater excess production and greater reliance on exports. In both 2024 and 2025, production increases will outpace consumption increases.

[114] In addition, the Canadian producers submit that there is financial motivation for major South Korean producers to ramp up CRS production beyond demand levels for the foreseeable future. Slowdowns in the global steel market resulted in year-on-year flat or diminished profits for major South Korean CRS producers POSCO and Hyundai Steel. CRS producer Dongkuk Steel was only able to report an increase in net profits through an "export-oriented sales strategy" which resulted in "expanded sales of high value-added products such as Luxteel and Appsteel," both CRS products.[30] It is submitted that these financial results will continue to incentivize South Korean producers to increase production for export sales and dump CRS into the global marketplace to improve capacity utilization rates and lower average costs.

[115] In summary, South Korea's forecast production, excess production and weak financial results for steel producers increase the likelihood that South Korean CRS producers will export dumped and subsidized CRS to Canada if the finding expires.

<u>South Korea's Export Orientation</u>[31]

[116] According to the Canadian producers, South Korea's CRS industry is highly export oriented, and there are several challenges facing South Korea's export markets.

[117] UN Comtrade reports that collectively, South Korea's top export markets saw an overall decrease in South Korean CRS imports in 2022 relative to both 2020 and 2021. Although 2023 data is not available, the Canadian producers are of the opinion that the data shows several trends that will incentivize the dumping of South Korean CRS.

[30] *Ibid.*, pg 59
[31] *Ibid.*, pg 62.

Table 8
South Korean CRS Exports (UN Comtrade, MT)[32]

Countries	2020	2021	2022
China	1,376,580	981,974	774,679
Japan	462,181	601,304	557,216
Mexico	327,026	588,415	537,314
Thailand	500,294	589,867	491,105
India	248,439	388,450	422,588
Indonesia	190,254	230,678	261,490
Türkiye	93,021	117,930	211,233
Malaysia	192,792	251,336	202,600
Belgium	91,639	130,091	175,270
Italy	101,645	74,927	95,824
Total Top 10 Export Market Volume	**3,583,871**	**3,954,972**	**3,729,320**
Total South Korea Export Volume	**4,298,453**	**4,497,872**	**4,188,458**

[118] One trend they note is the decline of exports to China. China is South Korea's top historical CRS export market. However, exports to China saw continuous year-on-year declines, dropping 29% in 2021, and a further 21% in 2022. For example, in 2022, major South Korean CRS producers like Hyundai Steel and POSCO have ceased operations in certain provinces like Beijing, Guangdong, and Jiangsu entirely, having fallen behind in price competitiveness due to oversupply and lack of demand for South Korean vehicles in the Chinese market.

[119] As previously discussed, China is anticipated to see its real estate sector struggle for years. The Canadian producers are of the opinion that weak CRS demand growth in China, compounded by decreasing South Korean exports and increasing South Korean excess production, means it is likely that South Korea will need to find new CRS export markets in 2024 and 2025.

<u>Summary - South Korea</u>

[120] The Canadian producers summarize that given historical trends, the sluggish domestic demand for CRS and downstream products, coupled with the weakness in China's CRS market, forecasted excess production and trade remedies impacting steel in other traditional South Korean CRS export markets, export oriented South Korean producers will be highly incentivized to find new export markets. This increases the likelihood that South Korean CRS producers will resume dumping in the Canadian market if the finding were to expire.

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32 *Ibid*., Table 21.

Vietnam and the CRS Market

Vietnam Economic Conditions[33]

[121] The Canadian producers state that economic conditions in Vietnam will likely incentivize Vietnamese steel producers to export CRS to Canada at dumped and subsidized prices if the finding expires.

[122] They point to an IMF report that forecasts Vietnam's GDP to grow by 4.7% in 2023, 5.8% in 2024, and 6.8% in 2028. However, this growth will not necessarily be attributable to CRS consuming industries. By September 2023, Vietnam's economy had expanded by 4.24% year-on-year, mainly due to growth in the services sector which accounts for about 40% of the total GDP. Comparatively, the industrial and construction sectors, which consume CRS, grew by only 1.65%, which was the "lowest pace" over the same period from 2011 to 2023, due to weakening global demand. The minimal growth in the industrial and construction sectors can likely be attributed to destabilizing factors from the banking and real estate sectors, which is further discussed below. Thus, the Canadian producers are of the opinion that despite increases in GDP growth, economic conditions do not appear favourable for Vietnam's domestic CRS market.

[123] The Canadian producers note that in connection with lagging growth in the construction industry, Vietnam's real estate market turmoil began in 2019 when a wave of economic development led to rapid growth in demand, only to fall short as COVID-19 caused a downturn in home sales. In 2021, heavily-indebted developers turned to corporate bonds for financing after they were unable to finance projects through usual channels. However, in 2022, the government ran an anti-corruption campaign against various high level officials and executives in the real estate sector and proceeded to implement reformative restrictions in the corporate bond market, leading to a "freezing" of corporate bonds.

[124] It is noted that in 2023, Vietnam's domestic steel demand was weak, and rising costs of production did not improve the landscape. Vietnamese finished steel market sales, which includes CRS products, "decreased sharply" year-on-year compared to 2022.

[125] Based on reports from major Vietnamese steel producers, including the Hoa Phat Group and VN Steel, construction steel prices have fallen 16 times since the start of 2023 due to the "gloomy" real estate market. Specifically, the Hoa Phat Group reported slashed prices for its CB240 coil product, a flat steel product, throughout Vietnam, ranging from approximately US$577 to US$589 in August 2023.[34]

[126] The Canadian producers are of the opinion that these conditions reflect weakening demand in Vietnam and are likely to fuel the dumping of CRS in export markets to sustain production and submit that Canada would be particularly attractive, given Vietnamese exporters' limited access to the US and Mexico, among other countries.

[33] *Ibid.*, pg 65.
[34] *Ibid.*, para 219.

Production and Overcapacity in Vietnam[35]

[127] In their case briefs the Canadian producers refer to several publications to support that there is overcapacity in the Vietnam steel industry. For example, Vietnam Prime Ministerial decision No. 879 establishes the government's goal of investing in more sustainable and value-competitive methods for priority industries, which include steel sheet, shaped and alloy steel manufacturing, through 2025. Vietnam is also seen as leading the Association of Southeast Asian Nations (ASEAN) regional steel capacity expansion "with half of its production of Semi-finished and finished steel products intended for export". The ASEAN region's overcapacity situation is also said to stem from rapid capacity expansions specifically in Vietnam, Indonesia and Malaysia.

[128] According to CRU, Vietnam has CRS production capacity that is far greater than its annual production, which peaked in 2021 and then fell in 2022 and then again in 2023. Vietnam's forecast capacity utilization rate is forecasted to improve slightly in the years ahead. Nevertheless, the Canadian producers are of the opinion that Vietnam's capacity utilization rate will remain highly inefficient and the production imperative will incentivize CRS producers to increase production to reduce their average costs. It is submitted that this increases the likelihood that Vietnam's CRS producers will dump CRS in global export markets.

Vietnam's Export Challenges[36]

[129] The Canadian producers suggest that Vietnam's current export challenges significantly increase the likelihood that Vietnamese CRS producers will dump product into Canada if the finding expires.

[130] They submit that despite the country having significant excess production capacity, Vietnam is a net importer of CRS (i.e. it produces less than it consumes). The Canadian producers are of the opinion that, as a result, Vietnamese CRS producers struggle to compete domestically with CRS imports. Indeed, Vietnam's Ministry of Industry and Trade imposed anti-dumping duties against Chinese CRS in 2020, and ordered the continuation of these anti-dumping duties in January 2023. This notwithstanding, China's CRS exports to Vietnam rose year-on-year from 2020 through 2022.

[131] Vietnam has recently faced significant challenges exporting CRS, particularly to western countries. The UN Comtrade table below shows Vietnam's exports of CRS from 2020 to 2022. In 2021 and 2022, Mexico was Vietnam's largest CRS export market; however, exports to Mexico fell by 51% year-on-year in 2022. In 2022, Vietnam exports to the US fell by 68% in 2022 and exports to Belgium fell by 51%.

[35] *Ibid.*, pg 67.
[36] *Ibid.*, pg 71.

Table 9
Vietnam CRS Exports (MT)[37]

Countries	2020	2021	2022
Mexico	83,568	247,597	104,535
Indonesia	28,475	47,178	56,730
Cambodia	7,211	23,887	39,909
USA	17,217	120,934	38,680
Belgium	30,004	74,374	36,457
Malaysia	75,394	39,156	15,745
Spain	950	7,436	11,459
Mozambique	-	1	9,251
Thailand	21,936	20,361	7,118
Myanmar	8,760	-	3,229
Top 10 Export Market Volume	**264,756**	**580,923**	**319,881**
Total Vietnam Export Volume	**301,250**	**610,710**	**326,874**

Summary - Vietnam

[132] The Canadian producers are of the opinion that Vietnam is highly likely to resume exporting dumped and subsidized CRS to Canada if the finding expires. The country faces significant demand challenges in its home market and challenges in its export markets. Consequently, Vietnam needs new export markets to absorb production. Canada would be a particularly attractive market given Mexico's importance to Vietnam and Mexico's recent trade action. Further, the Mexican trade action is a strong indication that Vietnam CRS exports are intent on marketing their CRS to North America by selling it at dumped and/or subsidized prices.

Parties Contending that Continued or Resumed Dumping is Unlikely

[133] As previously noted, no exporter or foreign governments participated in this expiry review. None of the parties who did participate contended that resumed or continued dumping of subject goods from China, South Korea and Vietnam is unlikely if the finding expires.

CONSIDERATION AND ANALYSIS – DUMPING

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

37 *Ibid*., Table 23.

[135] Guided by, but not limited to these aforementioned factors, the CBSA conducted its review based on the documentation submitted by the various participants and its own research, all of which can be found on the administrative record. It should be noted that due to the fact that no importers, exporters, or foreign governments took the opportunity to participate in this review, the CBSA is limited in some regards in terms of the information and data coming from the subject countries.

Commodity Nature of CRS

[136] Generally speaking, CRS manufactured either by a Canadian producer or by a foreign producer is physically interchangeable. CRS manufactured by foreign producers for sale to Canada is generally manufactured to meet Canadian requirements. As noted by the CITT in the original injury finding "The Tribunal finds that the evidence indicates that CRS is a commodity product which generally competes on the basis of price. This is evident from the domestic producers' specific examples of offers and confirmed sales of lower-priced subject goods. Further, the Tribunal is persuaded by the testimony of purchasers of CRS, confirming the importance of price in a marketplace where service and product quality standards are met".[38]

[137] This means that CRS producers must compete in a market that is price sensitive, where price is one of the primary factors affecting customer purchasing decision. Furthermore, because of this high degree of price sensitivity, importers of CRS in Canada have demonstrated that they will switch to lower priced CRS import sources when they are available. As such, should the CITT's finding expire, the commodity nature of CRS may increase the likelihood of continued or resumed dumping.

Common Factors Impacting Subject Countries

[138] The CBSA acknowledges that, as contended by the Canadian producers, current international market conditions are volatile, and that there is significant excess global steel capacity. High global inflation, along with the current conflicts in both Ukraine and the Gaza Strip[39] further exacerbate the issues as they pertain to supply chains, including steel supply and demand.

[139] According to World Steel, weak demand from certain sectors and steel producers aggressively competing resulted in production levels decreasing by almost 4% from July to August 2023. This followed a trend which started in the previous months and proved World Steel's projection, that production would increase by 2.3%, to be wrong. The lower than expected steel production level can be attributed to weak demand in the Chinese market, which represents about 57% of global steel output.[40]

[38] COLD-ROLLED STEEL - Canadian International Trade Tribunal (citt-tcce.gc.ca) – Para. 6
[39] Exhibit 17 (PRO) – Supplementary Research – Israel-Palestine conflict news
[40] Exhibit 19 (NC) – Close of Record Attachments – World Steel Outlook

[140] Steel demand in China remained almost the same in 2023 as it was in 2022, however, during this period, net exports of semi-finished and finished steel increased by 3.1% and crude steel production increased by 2.6%. An IMF report states that while the new property sector in China "fell sharply" in 2023, the GOC tried to offset this situation by investing in infrastructure and energy.[41]

[141] Russia and Ukraine are major steel producers and the effects of the war between them will continue to be felt for some time. Supply chain disruptions, lower steel consumption in the countries, lower export prices, and sanctions add to overall instability caused first by the pandemic and prolongs the period of volatility in global steel markets.

[142] The IMF's 2023 and 2024 forecasts are down from previous forecasts and below the historical average indicating that most economies have not rebounded fully and continue to struggle, particularly outside advanced economies. It is reported that:

> "Global output for 2023 is estimated at 3.4% *below* pre-pandemic projections for the year. However, there is a divergence among economies. US economic growth has *exceeded* pre-pandemic projections for 2023. Conversely, China is still 4.2% short of pre-pandemic projections. Low-income countries are 6.5% below pre-pandemic projections."[42]

[143] It is reported by UN Comtrade that steel capacity in the ASEAN region is increasing rapidly and exceeds demand.[43] The Middle East and North Africa (MENA) region is also seeing significant capacity growth. It is likely that the structural imbalance in the steel market will continue to undermine the global CRS market over the next two years. Excess capacity is a problem that has not been addressed properly and current trends run the risk of undoing past efforts at reducing it.

[144] Hot rolled steel (HRS) is the primary raw material input used to produce the subject goods. In the latest expiry review for flat hot-rolled carbon and alloy steel sheet and strip, the CITT stated:

> *In addition, as considered by the Tribunal in previous reviews of the finding, due to the capital-intensive nature of hot-rolled steel production, there is a strong incentive for steel mills to maintain high capacity utilization rates to spread fixed costs over as much volume as possible (also referred to as a production imperative). As such, producers have a strong incentive to export steel at marginal cost to increase capacity utilization.*[44]

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[41] Exhibit 17 (PRO) – CBSA Supplementary Research – World Economic Outlook - IMF
[42] *Ibid*
[43] Exhibit 18 (PRO) and 19 (NC) – Close of Record Attachment 2
[44] Flat Hot-rolled Carbon and Alloy Steel Sheet and Strip - Canadian International Trade Tribunal (citt-tcce.gc.ca), para. 159

[145] In other words, the high fixed costs associated with HRS production create an economic incentive to produce HRS and sell it at or above the marginal cost of production (i.e. the cost to produce one more unit), even if sales are at prices below the average cost of production. As long as the producer can cover its marginal cost of production and contribute to its fixed costs, it is better off producing, rather than not producing, that extra unit.

[146] The CITT's recent conclusion on the production imperative for HRS likely extends to CRS as it is a downstream HRS product. Excess HRS production that cannot be sold in the merchant market is easily transformed into CRS. Indeed, many CRS producers have facilities that produce both HRS and CRS. The HRS production imperative will encourage integrated CRS producers to sustain or increase HRS production by transforming HRS into CRS for export to Canada. According to CRU, there are many steel mills in China, and several in South Korea, that produce both HRS and CRS.[45]

[147] The global economy is still facing many challenges which could continue to negatively impact this projection. Inflation and higher material costs could continue to hamper growth and demand. Additionally, global supply chain remain vulnerable to disruptions. The lack of demand in traditional markets of steel producers located in the subject countries can be a driver for them to explore new international markets. Indeed, a recent OECD Economic Outlook reiterated that a sharper than expected slowdown in China is a key risk that negatively impacts output growth around the world.[46]

[148] As previously noted, no exporters in either of the three subject countries participated in the original CBSA investigation and so no exporters have company specific normal values. For most of the POR, imports of CRS were almost non-existent. In fact the only period where the imports from the subject countries were above 0.1% of total imports of CRS to Canada was in the first nine months of 2023 where China sold 347 MT which equated to 0.2% of total CRS imports for that period.[47]

[149] While the finding has been in place, producers in the subject countries have continued to target Canada with dumped and subsidized steel products, particularly corrosion-resistant steel sheet[48], but also products that use flat-rolled steel. This demonstrates the subject countries' continued interest in Canada and intent to market their steel products to Canada at low, dumped and subsidized prices.

[150] While producers in the subject countries remain interested in the Canadian market for flat-rolled and other steel products, they refuse to compete in Canada at fair prices. If they were interested in competing at fair prices they likely would have cooperated in the original investigation or sought normal value reviews in order to obtain normal values.

[45] Exhibit 18 (PRO) and 19 (NC) - Close of Record Attachment 3: CRU, Steel Sheet Market Outlook
[46] Exhibit 17 (PRO) – CBSA Supplementary Research
[47] Exhibit 20 (NC) - CBSA Import and Compliance Statistics.
[48] Corrosion-resistant steel sheet: Measures in force (cbsa-asfc.gc.ca), Corrosion-resistant steel sheet 2: Measures in force (cbsa-asfc.gc.ca)

[151] If the finding expires, exporters from the subject countries may enter the market to compete with already low-priced imports. In order to maintain or secure additional market share, the exporters would likely dump CRS into Canada. As such, should the CITT's finding expire, the continued interest of exporters in the Canadian market may increase the likelihood of continued or resumed dumping of CRS.

The Attractiveness of the Canadian Market

[152] As we see commonly across CBSA measures in force involving the steel industry, pricing for steel products in North America tends to be higher than many other markets, making it an attractive destination for exports.[49] This can hold true for companies looking to maximize profits, as well as those who seek to offload capacity and sell at dumped or subsidized prices because when prices are higher, in theory they are easier to undercut.

[153] It should again be noted that the lack of participation from exporters, combined with the negligible volume of sales of subject goods to Canada during the POR restrict the CBSA from performing a meaningful analysis of pricing levels. The very limited sales of CRS from the subject countries were not what we would typically expect in the ordinary course of trade. Indeed, there were no shipments from Vietnam throughout the entire POR, and for South Korea there were less than 100 MT shipped in total over the 45 month POR.[50]

[154] A Canadian producer made allegations regarding what they consider attempts to circumvent the finding.[51] Documentation was submitted showing that a CRS exporter is offering to misidentify the country of origin in order to save SIMA duties to potential importers. It should be noted that these allegations have not been investigated by the CBSA.

[155] In terms of other flat-rolled steel products, since the CRS finding was put in place in 2018, the subject countries have continued exporting products that are related to CRS. In 2019, the CITT imposed a finding against corrosion-resistant flat-rolled steel from China, Korea and other countries. COR is produced using CRS (or sometimes HRS) as a substrate. Many COR producers also produce HRS and CRS.[52]

[156] In 2020, a second COR finding was put in place, this time including exports from Vietnam.[53] Chinese, Korean, and Vietnamese producers' turn to corrosion-resistant steel exports was perhaps precipitated, in part, by the CRS finding. Specifically, by converting CRS to COR, the subject good producers could maintain exports of flat-rolled steel to Canada.

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[49] Statement of reasons—Expiry review determination: Seamless Casing (SC 2023 ER) (cbsa-asfc.gc.ca) – para. 153, Statement of reasons—expiry review determination: Carbon and alloy steel line pipe 2 (LP2 2022 ER) (cbsa-asfc.gc.ca) – para. 114.
[50] Exhibit 20 (NC) – CBSA Import and Compliance Statistics.
[51] Exhibit 9 (PRO) and 10 (NC) – Response to Canadian Producer ERQ from AMD.
[52] Exhibit 18 (PRO) and 19 (NC) – Close of Record Attachment 3: CRU, Steel Sheet Market Outlook.
[53] Corrosion-resistant steel sheet 2: Measures in force (cbsa-asfc.gc.ca)

[157] After the two COR findings were put in place, there were further cases involving the CRS subject countries, including Container Chassis and Wind Towers from China, products that also include flat-rolled steel as primary raw material inputs. Also noteworthy are the following products (most of which are downstream HRS products, similar to CRS) where the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods:[54]

- Steel Piling Pipe (China)
- Line Pipe 1 (China)
- Line Pipe 2 (South Korea)
- Pup Joints (China)
- Large Line Pipe (China)
- Steel Grating (China)
- OCTG 1 (China)
- OCTG 2 (South Korea and Vietnam)
- Hot-Rolled Steel Plate (China)
- Carbon Steel Welded Pipe 2 (South Korea)
- Seamless Casing (China)
- Sucker Rods (China)

[158] These determinations show that the subject countries continue to demonstrate a pattern of being attracted to the Canadian market and exporting steel products, in particular goods that are produced from HRS, at dumped and/or subsidized prices into Canada.

Trade Measures in other Jurisdictions

[159] As previously discussed, relatively higher priced markets such as North America and Europe, tend to be most attractive to exporters of CRS because the more the subject goods undercut prices, they become relatively more attractive relative to domestic pricing of CRS.

[160] As can be seen in the CRS Trade Remedies table provided by the Canadian producers, the subject countries have limited export markets where they can freely offload excess production without being subject to trade remedies. If the CRS finding is permitted to expire, trade remedies in other jurisdictions will increase the likelihood that CRS exports are diverted to Canada.

[161] Of note, Vietnam imposed anti-dumping duties against Chinese CRS in December 2020 and, in January 2023, Vietnam's Ministry of Industry and Trade ordered the continuation of anti-dumping duties against Chinese CRS.[55]

[54] Dumping and subsidy expiry reviews (cbsa-asfc.gc.ca)
[55] Exhibit 19 (NC), Close of Record Attachment 9.

[162] The CBSA also notes that earlier this year Mexico imposed two trade measures that affect CRS imports from China and Vietnam, in addition to the existing 2015 trade remedy against CRS from China. In August 2023, Mexican President Obrador issued a Presidential Decree imposing a 25% duty until July 2025 on steel products, including CRS imported from countries like China and South Korea that do not have a free-trade or preferential tariff agreement with Mexico.[56]

[163] In June 2023, the European Commission announced that it will continue the EU steel safeguard measure until June 2024. The EU Safeguard measure imposes a TRQ, with an applicable 25% duty for import volumes that pass a certain threshold. Vietnam is excluded from the EU steel safeguard measure for CRS, while China and South Korea are both subject to TRQs for CRS.[57]

[164] The CBSA agrees that in addition to the various anti-dumping findings noted above, the continuation of the EU and Morocco steel safeguard measures, the Mexico 25% duties, and the US 232 measure all have the affect of further increasing the likelihood that subject goods may be diverted to Canada if the finding expires.

China

[165] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in China, but information on the record shows that there are many companies capable of producing CRS in China.[58]

[166] Regarding the demand for CRS, main downstream industries for CRS include construction, automotive, and consumer household goods. These industries are experiencing a domestic demand decline in China.[59] There is currently a growing real estate crisis in China that poses a risk to the global economy. The supply of housing is not matched with demand, and the property sector has experienced a severe contraction in response to collapsing demand. China's construction steel demand was expected to decline through the end of 2023.[60]

[167] According to an OECD report, the Chinese government's attempt at real estate stimulus has failed to improve steel demand. Instead of a stimulus package targeted at locations with the largest housing sales, the policy focuses on the biggest urban areas such as Beijing and Shanghai despite those cities accounting for less than 3% of commercial housing sales. The government's effort likely will not have a significant impact on stimulating CRS demand for new construction.[61]

[56] *Ibid*., Close of Record Attachment 11.
[57] *Ibid*., Attachment 159.
[58] Exhibit 21 (PRO) and 22 (NC) – Case brief filed on behalf of AMD, Stelco and Algoma.
[59] Exhibit 10 (NC) - Response to Canadian Producer ERQ from AMD.
[60] Exhibit 19 (NC) – Close of Record Attachment 31: Jing Zhang, "China's construction steel demand. expected to be subdued for the rest of 2023" *S&P Global*.
[61] Exhibit 17 (PRO) – CBSA Supplementary Research - OECD Economic Outlook.

[168] Regarding expected growth, a World Bank report forecasts GDP growth at 4.2% in 2024 and 4.4% in 2025. This in contrast to China's GDP growth that was 6% in 2019 and 6.8% in 2018. These forward-looking growth projections are all lower than pre-pandemic levels. China's growth is also low compared to other countries in Asia and is lower than the IMF's projected average for "Emerging and Developing Asia" which comes in at 4.8% for 2024.[62]

[169] Regarding capacity issues, since no ERQ responses were received from Chinese producers, the CBSA has limited information regarding the production levels of CRS producers in China. However the issue is well documented in other CBSA measures in force regarding the Chinese steel industry as well as in the public domain. For example a chief analyst from a Chinese government owned steelmaker admits capacity is a serious problem with the prediction that China's capacity will total 1.25 billion MT in 2023.[63]

[170] As previously noted by the CITT, "Steel mills are capital intensive with high fixed costs. In order to recover fixed expenses, steel mills must run at high levels of production capacity. When demand in the domestic market decreases, producers will search out foreign markets to maintain capacity utilization to ensure that these fixed costs are recovered." This is often referred to as the "economics of steel production."[64] Conditions of overcapacity exacerbate this characteristic as a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer's variable costs are covered.

[171] Without significant increases in domestic demand, it is reasonable to expect that China's current high production levels could drive producers to increase exports to sustain their output levels and improve their capacity utilization.

[172] According to an International Trade Administration report, flat-rolled products, including CRS, have been China's top exported steel product category since 2017, accounting for 59.4% of Chinese steel exports in 2021. Chinese exports are expected to remain strong, especially with many steel importing countries seeking alternative supply to replace Russia because of sanctions and the ongoing war in Ukraine.[65]

[173] Other Asian markets are generally experiencing low demand similar to China and are feeling the impact of China's economic slowdown. MEPS reported in October 2023 that cheap Chinese coil is plentiful and Chinese exporters are now offering prices that are below other Asian suppliers, while oversupply from domestic mills continued to put negative pressure on prices. The excess of Chinese CRS in the export markets at low prices left little prospect for prices rising in late 2023.[66]

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[62] *Ibid*., World Economic Outlook – IMF.

[63] Exhibit 19 (NC) – Close of Record Attachment 40: "China to pay more attention to overcapacity in steel industry" *Steel Orbis*.

[64] CITT Expiry Review Statement of Reasons on Hot-Rolled Carbon Steel Plate and High-Strength Low-Alloy Plate, pg.14.

[65] *Ibid*., Attachment 48: "Steel Export Report".

[66] *Ibid*., Attachment 38: "International Steel Review" MEPS.

[174] Exporters in China have a propensity to dump CRS and other steel products which is demonstrated by the numerous anti-dumping measures that have been imposed by Canada and other jurisdictions as discussed above in this report.

Determination regarding likelihood of continued or resumed dumping - China

[175] Based on information on the record regarding the large number of producers in China capable of producing a significant amount of CRS, weak domestic demand growth, export dependence and the imposition of anti-dumping measures by other jurisdictions in respect of CRS or similar steel products from China, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of CRS into Canada from China.

South Korea

[176] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in South Korea.

[177] The Canadian producers contend that South Korea's forecast CRS demand is not sufficient to disincentivize South Korean CRS producers from dumping excess production into export markets. South Korea's CRS demand in major downstream industries, such as automotive and construction industries, has slowed in the post-pandemic recovery period and is projected to remain sluggish.[67]

[178] According to the Korea Automobile Importers and Distributors Association, South Korea's new car registrations decreased by 3.4% month-on-month in September 2023, and decreased by 5.7% year over year. Based on H1 2023 data, domestic auto sales from South Korea's five main automakers combined also fell by 5.8% year over year, following a series of interest hikes by the central bank. Further, domestic demand for electric vehicles reportedly slowed in Q4 2023 "amid sagging economic growth". This declining demand prompted the South Korean government to provide temporary EV subsidies to boost sales, which allowed prominent automakers like Hyundai and Kia to temporarily cut prices for certain models, making them as much as 1/3 cheaper in South Korea than in other countries. CRS products for use in automobiles is excluded from the product definition. However, a decline in CRS demand in the South Korean automotive market means there will be significant CRS production that will need to be consumed by non-automotive sectors to maintain production, including non-automotive sectors in export markets such as Canada.[68]

[179] In the construction industry, South Korea's construction deals fell by a "record margin" in Q4 2022, the largest drop recorded since 2015, due to cooling demand in the property sector and inflationary pressures. Factors such as high borrowing costs, tight credit conditions, and stringent tax and regulatory measures on property created an "unprecedently sharp decline" in the South Korean real estate market, resulting in a continuous housing slump since July 2022.[69]

[67] *Ibid.*, Attachment 63: Naeil News, 2023 Automobile Market Forecast.
[68] *Ibid.*, Attachments 64-66.
[69] *Ibid.*, Attachments 67,68.

[180] In term’s of production capacity, information submitted by the Canadian producers shows that South Korea has large CRS capacity, and that its CRS production volumes do exceed its domestic demand.[70]

[181] South Korea’s overall CRS demand, including demand in the downstream automotive and construction industries, is forecast to remain too low to absorb the country’s projected CRS production.

[182] Evidence on the record indicates that POSCO, one of the country’s largest exporters of steel products, including CRS, plans to increase steel production to 52 million MT by 2030. With the increase, the company aims to achieve annual sales revenue of KRW 100 trillion and triple its operating profit as compared to 2022.[71]

[183] With relation to South Korea’s export orientation, the UN Comtrade table included previously in this report show the country’s top export markets.[72] The trend of declining sales to China, historically South Korea’s largest export market, is noted to have the impact of increasing the need for producers of subject goods to find alternative markets for CRS.

[184] An ING Think report from November, 2023 states that exports rebounded in October, driven mainly by solid vehicle and machinery exports, along with signs of improvement in chip exports, suggesting that global demand conditions are holding up well. However, the weak manufacturing indicators hint that the expected export recovery will only be modest. This suggests that an industry like CRS may continue to face the reality that is a slow rebound to previous levels of export performance.[73]

[185] Another trend observed from the export data is that South Korean producers quickly pivoted to other markets, resulting in a 5% increase in overall CRS exports. This included increasing exports by 80% to Mexico, 56% to India, and 42% to Belgium. In 2022, when exports to China dropped by a further 21%, South Korea further increased its exports to markets that saw double digit increases in 2021. This included Indonesia, Türkiye and Belgium.

[186] Two of South Korea’s top ten export markets are located in Europe. With respect to European export markets, CRU forecasts that the EU’s carbon border adjustment mechanism (CBAM) will raise costs on sheet supply from South Korea starting from 2026 onwards to 2030. Further, Germany, a top export market for South Korean CRS, was reportedly experiencing a recession in 2023. Even after a brief economic recovery in May 2023, Germany is expected to see continuous declines in its industrial sector which is largely driven by its automotive sector. Consequently, Korean producers are likely to spend 2024 and 2025 securing market share in non EU markets in order to reduce their exposure to the CBAM as of 2026.[74]

[187] The CBSA has anti-dumping measures in force for the following steel products originating in or exported from South Korea, many of which involved the same exporters.

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[70] Exhibit 21 (PRO) and 22 (NC) - Case Brief filed on behalf of AMD, Algoma and Stelco – pg. 58.
[71] Exhibit 17 (PRO) – Supplementary CBSA Research.
[72] Refer to section titled “South Korea’s Export Orientation”.
[73] Exhibit 17 (PRO) – Supplementary CBSA Research.
[74] Exhibit 19 (NC) - Close of Record Attachment 49: UN Comtrade, CRS Exports by Subject Countries.

- Carbon Steel Welded Pipe 2;
- Cold-Rolled Steel;
- Concrete Reinforcing Bar;
- Corrosion-Resistant Steel Sheet;
- Hollow Structural Sections;
- Line Pipe 2;
- Oil Country Tubular Goods 2; and
- Steel Plate 7.

[188] Other jurisdictions have also been noted earlier in this report to have trade remedies against flat-rolled steel products, including CRS, from South Korea.

Determination regarding likelihood of continued or resumed dumping – South Korea

[189] Considering the large CRS producers in South Korea and their potential production capacities, the existence of anti-dumping measures in other countries, South Korea's limited economic growth, and the fact that exporters of CRS from South Korea have a history of being export oriented, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of CRS into Canada from South Korea.

Vietnam

[190] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in Vietnam.

[191] Publicly available information shows that Vietnam has many large steel producers. The largest, Vietnam Steel Corporation, supplies enough to meet demand of over 50% of the domestic construction steel industry and about 30% of domestic cold-rolled steel demand. The second largest, Hoa Phat Group is a known exporter of steel products to Canada and participant in recent anti-dumping investigations conducted by the CBSA involving steel[75], as is another company listed among the largest in Vietnam, Hoa Sen Group. Another article refers to Formosa Ha Tinh Steel building a new billion dollar steel factory in Vietnam.[76]

[192] According to information on the record, North America is a market of particular interest to Vietnam's steel producers. It was a major steel export market for Vietnam in 2022. Indeed, in January 2022, the Hoa Phat Group reported that Canada was a major export market for its HRS and construction steel. At the end of Q3 2023, the Hoa Phat Group also recorded the highest levels in its sales history, due in large part to exports accounting for more than one-third of its sales on a volume basis.[77]

[75] Notice of conclusion of a re-investigation: Corrosion-resistant steel sheet 2 (COR2 2023 RI) (cbsa-asfc.gc.ca)
[76] Exhibit 17 (PRO) – Supplementary CBSA Research.
[77] Exhibit 19 (NC) - Close of Record Attachment 92.

[193] The Canadian producers contend that Vietnam, similar to China and South Korea, is also experiencing limited domestic demand for CRS as well as in downstream products. The Canadian producers also submitted information regarding the inefficient capacity utilization rates in the country's steel factories. Both of these factors increase pressure for CRS producers to find alternative markets for their products.

[194] There are some mixed reviews in terms of the forecast for the next 12-24 months terms of Vietnamese domestic economic conditions. Vietnam Plus reports that despite sluggish performance driven by a fall in steel prices, experts are optimistic about the steel industry's recovery in 2024 as the Government's policies and the revised Land Law are put in place to support the realty market and the construction industry.[78]

[195] Weak steel demand is having an impact on the financial results of Vietnamese steel producers. VN Steel and Pomina, two of the largest Vietnamese CRS producers, suffered a significant year-on-year decline in their net profits in H1 2023. Based on publicly available information, VN Steel reported a net revenue decrease of nearly 31% and Pomina reported an over 70% decrease in net revenue.[79]

[196] Weak domestic demand and low profits may incentivize Vietnamese CRS producers to increase exports. Vietnamese producers can decrease average costs which would benefit not only their export sales but also their domestic financial performance.

[197] In 2022, inflationary pressures stemming from the Russia-Ukrainian war led Vietnam's central bank to implement restrictive monetary policies and raise interest rates. Consequently, more than 1,200 of Vietnam's real estate projects worth approximately US$34 billion were suspended, and developers have reportedly struggled to make repayments due to heightened lending rates. Overall uncertainty about interest rates and weak earnings growth are factors that contribute to building pressures on debtors in the real estate sector. This combination of measures and lack of demand in real estate sales serve as downward pressures on the real estate sector, in turn depressing the construction industry, which consumes CRS. This explains, in part, the decline in Vietnam's CRS consumption.[80]

[198] The price declines noted by the Canadian producers reflect weakening demand in Vietnam and could increase the likelihood of producers dumping CRS into export markets to sustain production. Should the finding expire, Canada would be particularly attractive, given Vietnam exporters' limited access to the US and Mexico, among other countries.

[199] It is also noteworthy that since 2018, the United States has made three anti-circumvention determinations against Vietnamese CRS and related products that used substrate from China or South Korea. These measures show the Vietnamese exporters continued interest in the North American market and will further contribute to the diversion of CRS to Canada if the finding expires. Further, it suggests that these three countries have operated in an interconnected manner to undermine a US trade remedy.[81]

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[78] Exhibit 17 (PRO) – Supplementary CBSA Research.
[79] Exhibit 19 (NC) - Close of Record Attachment 81.
[80] *Ibid.*, Attachments 76-78.
[81] Exhibit 9 (PRO) and 10 (NC) - Response to Canadian Producer ERQ from AMD.

Determination regarding likelihood of continued or resumed dumping - Vietnam

[200] Based on information on the record regarding the sizable Vietnamese steel companies with ambitious export goals, the indications of limited demand domestically as well as in other export markets, and the existence of trade measures by other jurisdictions, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of CRS into Canada from Vietnam.

POSITION OF THE PARTIES - SUBSIDIZING

Parties Contending that Continued or Resumed Subsidizing is Likely

[201] The Canadian producers made representations collectively through their case brief in support of their position that subsidizing from the subject countries is likely to continue or resume should the finding expire. Accordingly, they argue that the countervailing measures should remain in place.

[202] The main factors identified can be summarized as follows:

- WTO notifications
- Countervailable subsidy programs
- Previous subsidy determinations made by Canada and the US

China[82]

[203] The Canadian producers are of the opinion that CRS producers located in China benefit from substantial subsidies conferred by various levels of government and if the finding is not renewed, subject goods exported to Canada from China will continue to benefit from the Government of China (GOC) countervailable subsidies.

[204] They refer to China's most recent notification on subsidies to the WTO in 2021, where 71 subsidy programs were listed as being provided at the central government level, and an additional 36 categories of sub-central government level subsidies were listed. However, China is past due on its updated WTO subsidy notification for 2022 and 2023, and WTO member countries have repeatedly expressed concern that China has not yet submitted a complete subsidy notification since joining the WTO more than 20 years ago.

[82] Exhibit 22 (NC) – Case Brief Submitted by AMD, Algoma and Stelco – pg. 76

[205] The Canadian producers refer to recent CBSA subsidy determinations that have occurred involving China since the CRS finding was put in place such as Wind Towers, Container Chassis and Upholstered Domestic Seating. They include an appendix that details CBSA subsidy determinations since 2018 on Chinese downstream steel products and other consumer goods and highlight numerous subsidy programs that are identical to the subsidy programs determined countervailable by the CBSA in its original CRS final determination, in addition to new subsidy programs.[83] They suggest that these post 2018 determinations show that not only do the originally determined CRS subsidies continue to exist, but that additional subsidies may benefit CRS producers.

[206] The Canadian producers point to the fact that in addition to the list of US DOC CVD findings involving China, the US DOC completed an expedited sunset review determination in August 2021 regarding the countervailing duty order on CRS originating from China. The US DOC identified 48 subsidy programs attributable to Chinese CRS producers. Further, it was concluded that the revocation of the order would likely result in the continuation or recurrence of countervailable subsidies at rates exceeding 256% for all listed Chinese producers/exporters.[84]

[207] They go on to reference several publicly available annual reports of Chinese steel companies that highlight details concerning ongoing subsidy programs available from the GOC. For example, Ansteel and Boasteel, both large Chinese CRS producers, reported several government grants and support funds in their respective 2022 annual reports.[85]

[208] The Canadian producers allege that these are only the subsidies that have been reported in their financial statements and submit that it is likely that Chinese producers receive other subsidies which are not transparently disclosed in their financial statements.

South Korea[86]

[209] The Canadian producers are of the opinion that CRS producers located in South Korea benefit from substantial subsidies conferred by various levels of government and if the finding is not renewed, subject goods exported to Canada from South Korea will continue to benefit from the Government of South Korea (GOK) countervailable subsidies.

[210] They contend that South Korea's most recent WTO subsidy notification in 2023 exhibits that South Korean CRS producers still benefit from countervailable subsidies in Free Trade Zones. Specifically, the program "Support for Free Trade Zones" states that the GOK provides subsidies in the form of government grants "for the construction of standard factories for use by companies in Free Trade Zones." The amount of grants under this program according to the GOK was over KRW 5.1 million in 2021, and over KRW 9.2 million in 2022.

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[83] Exhibit 22 (NC) – Case Brief Submitted by AMD, Algoma and Stelco – Appendix 1

[84] Exhibit 19 (NC), Close of Record Attachment 96: US DOC, *Issues and Decision Memorandum for the Expedited First Sunset Reviews of the Countervailing Duty Orders of Certain Cold-Rolled Steel Flat Products from the People's Republic of China and the Republic of Korea.*

[85] *Ibid*., pg. 81.

[86] *Ibid*., pg. 87.

[211] Since the CBSA's original CRS finding in 2018, the US DOC completed an expedited sunset review determination in 2021 regarding the countervailing duty order on CRS originating from South Korea and conducted an administrative review in 2023 on CRS from South Korean companies Hyundai Steel and POSCO.

[212] In the 2021 expedited sunset review, the US DOC concluded that the revocation of the order would likely result in the continuation or recurrence of countervailable subsidies. In the 2023 administrative review, the US DOC issued their preliminary decision that during the period of review from January – December 2021, CRS from South Korean companies Hyundai Steel and POSCO benefited from countervailable subsidies.[87]

[213] They go on to reference several publicly available annual reports of Korean steel companies that highlight details concerning ongoing subsidy programs available from the GOK. For example, POSCO and Dongkuk, both large Korean CRS producers, reported several government grants and support funds in their respective 2022 or 2023 reports.[88]

Vietnam[89]

[214] Similarly, the Canadian producers are again of the opinion that CRS producers located in Vietnam benefit from substantial subsidies conferred by various levels of government and if the finding is not renewed, subject goods exported to Canada from Vietnam will continue to benefit from the Government of Vietnam (GOV) countervailable subsidies.

[215] The Canadian producers refer to recent CBSA subsidy determinations that have occurred involving Vietnam on downstream steel products and other consumer goods since the CRS finding was put in place such as COR and UDS. They highlight numerous subsidy programs in these findings that are identical to the subsidy programs determined countervailable by the CBSA in its original CRS final determination, in addition to new subsidy programs. They suggest that these post 2018 determinations show that not only do the originally determined CRS subsidies continue to exist, but that additional subsidies may benefit CRS producers.

[216] It is pointed out that while the US DOC did not issue a subsidy determination against CRS from Vietnam, they did issue a subsidy determination in August 2020 for Wind Towers from Vietnam, a steel product that is produced primarily from flat-rolled steel. The US DOC found that Vietnamese Wind Tower companies benefitted from 10 countervailable subsidy programs.[90]

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[87] Exhibit 19 (NC), Close of Record Attachment 96: US DOC, *Issues and Decision Memorandum for the Expedited First Sunset Reviews of the Countervailing Duty Orders of Certain Cold-Rolled Steel Flat Products from the People's Republic of China and the Republic of Korea*.
[88] *Ibid*., pg. 91.
[89] *Ibid*., pg. 93.
[90] *Ibid*., Attachment 126: US DOC, *Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Utility Scale Wind Towers from the Socialist Republic of Vietnam*.

[217] They also point to a policy initiative from the GOV that aims to stand up a systemic investment plan to support the country's steel industry called "Vietnam steel industry to 2030, vision 2050."

[218] The Canadian producers submit that existence of this program increases the likelihood that Vietnamese CRS producers will export subsidized goods to Canada if the finding expires.

Parties Contending that Continued or Resumed Subsidizing is Unlikely

[219] No exporters contended that continued or resumed subsidizing is unlikely. The CBSA received no comments from the GOC, the GOK, nor the GOV as part of this expiry review.

CONSIDERATION AND ANALYSIS – SUBSIDIZING

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

[221] The CBSA relied on information from the original investigation, and pertinent information on the record in assessing the likelihood of continued or resumed subsidizing, should the finding expire.

[222] As previously noted, since there was no information submitted by exporters nor was there participation from the foreign governments of the subject countries in this expiry review. It should also be noted that since there have been no re-investigations or normal value reviews since the finding was put in place in 2018, and since there was also no cooperation from exporters in the original subsidy investigation, the CBSA has limited information regarding current subsidy programs available in the subject countries.

[223] As noted in the *Consideration and Analysis – Dumping* section, information on the record indicates a large number of producers and exporters of CRS with significant production capacity in the subject countries. Based on the excess capacity available and export-orientation of producers of CRS, there is significant incentive to pursue export sales to Canada in order to increase capacity utilization. Furthermore, other jurisdictions have put trade measures in place to protect their industry against imports of CRS or downstream steel products from the subject countries. As such, should the CITT's finding expire, the large number of export-oriented CRS producers with excess capacity and trade measures in place in other countries may increase the likelihood of continued or resumed subsidizing of CRS.

[224] As no exporters of subject goods or governments provided a response to the Subsidy RFI in the original investigation, the amounts of subsidy were determined under a Ministerial specification pursuant to subsection 30.4(2) of SIMA, on the basis of facts available.[91]

[91] Cold-Rolled Steel 2018 Investigation - Final Determinations (cbsa-asfc.gc.ca)

[225] In establishing the methodology for determining the amounts of subsidy, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's own research and the CBSA's estimates at the initiation of the investigation.

[226] As a result, for the final determination, the amounts of subsidy for all exporters in China, South Korea and Vietnam are 11.6%, 11.3% and 6.5% respectively, expressed as a percentage of the export price.

[227] Some brief country specific information and analysis is provided below.

China

[228] In the CRS original investigation, the CBSA found that Chinese CRS producers and exporters benefitted from 31 subsidy programs. A list of the 31 Chinese subsidy programs found during the original investigation is below:

Preferential Loans and Loan Guarantees

- Loans from State-Owned Banks at Preferential Rates
- Loan Guarantee through the Government of China/SOE Banks/Public Bodies
- Debt and Interest Forgiveness on Loans from State-Owned Banks
- Preferential Export Financing and Export Credit Guarantee/Insurance

Grants and Grant Equivalents

- Insurance Grants
- Design, Research and Development Grants
- Export Performance Grants
- Performance Award Grants
- Reductions in Land Use and/or Rental Fees
- Grants for the Retirement of Capacity
- Grants for Relocating Production Facilities
- Award for Tax Payments
- Grant - Patent Assistance/Award
- Grant - Special Fund for Fostering Stable Growth of Foreign Trade
- Interest payment subsidy for special projects
- Interest subsidy for the importation of encouraged products and technology
- Financial Subsidy from various levels of governments

Preferential Tax Programs

- Corporate Income Tax Exemption and/or Reduction in Special Economic Zones (SEZs) and Other Designated Areas
- Corporate Income Tax Reduction for New High Tech Enterprises ("NHTE")
- Corporate Income Tax Reduction for Newly Profitable Enterprises

- Municipal/Local Income or Property Tax Reductions
- Preferential Tax Policies for Foreign-Invested Enterprises (FIEs)
- Preferential Tax Policies Related to Research and Investment

Relief from Duties and Taxes

- Offsets to Taxable Income Related to Purchases of Domestic Machinery
- Exemption or Refund of Tariff and Import Value-Added Tax (VAT) for Imported Technologies and Equipment
- Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs
- Offset of Taxable Income on Purchases of Domestic Equipment
- Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring

Goods/Services Provided by the Government at Less than Fair Market Value

- Acquisition of Government Assets/Inputs at Less than Fair Market Value
- Provision of Land for Less than Adequate Remuneration by Government
- Debt-to-Equity Swaps for Less than Fair Market Value

[229] Since the CBSA's original determination concerning CRS from China, it issued two final subsidy determinations for downstream flat-rolled steel products from China: Wind Towers and Container Chassis. The GOC did not submit a complete subsidy questionnaire response in either proceeding.

[230] In Wind Towers the CBSA determined that exporters received countervailable benefits from 27 subsidy programs. Eleven of these 27 subsidy programs were also found as countervailable subsidy programs in the CBSA's CRS determination. CRS producers may also benefit from some of the other programs.

[231] In Container Chassis the CBSA determined that the sole cooperative exporter received countervailable benefits from 42 subsidy programs. Two of these subsidy programs were also found as countervailable subsidy programs in the CBSA's CRS determination. CRS producers may also benefit from some of the other programs.

[232] In the May 2023 Stainless Steel Sinks expiry review decision, the CBSA considered in its likelihood of resumed/continued subsidization analysis that recent subsidy determinations on other Chinese consumer goods sectors, namely UDS and Mattresses, as evidence that stainless steel sink producers in China likely continue to benefit from GOC subsidy programs.[92]

[233] Although the CBSA has not had participation from the GOC in recent subsidy proceedings, the GOC has made recent notifications to the WTO of its subsidy programs, including one in July 2023 that included an extensive list of subsidies.

[92] Statement of reasons—expiry review determination: Stainless steel sinks (SSS 2022 ER) (cbsa-asfc.gc.ca)

[234] As pointed out by the Canadian producers, recent US DOC conclusions regarding China's continued subsidization of flat rolled steel exports to North America suggests that Chinese CRS exporters likely continue to benefit from subsidies.

[235] Consequently, the record is clear that since the final determination of the original investigation and throughout the period of review, the GOC has made subsidy programs available to producers/exporters of CRS in China.

Determination regarding likelihood of continued or resumed subsidizing – China

[236] Based on the information on the record in respect of the continued availability of subsidy programs for CRS exporters in China and the countervailing measures against China steel products and other consumer goods in Canada and in the US, the CBSA has determined that the expiry of finding is likely to result in the continuation or resumption of subsidizing of subject goods from China.

South Korea

[237] In the CRS original investigation, the CBSA found that Korean CRS producers and exporters benefitted from 27 subsidy programs. A list of the 27 subsidy programs found during the original investigation is below:

<u>Energy Savings and other Green Programs</u>

- Management of Electricity Load Program
- Green Subsidies: GOK Subsidies for "Green Technology R&D" and its Commercialization
- Modal Shift Grants

<u>Preferential Tax Programs</u>

- RSTA Article 10(1)(2): Research, Supply, or Workforce Development Expense Tax Deductions for "Core Technologies"
- RSTA Article 104(14): Tax Payment for Third-Party Logistics Operations
- RSTA Article 104(5): Special Tax Credit for Payment Records
- RSTA Article 120: Acquisition and Property Tax Benefits to Companies Located in Industrial Complexes
- RSTA Article 22: Tax Exemption on Investment in Overseas Resources Development
- RSTA Article 24: Tax Credit for Investment in Productivity Increase Facilities
- RSTA Article 25: Tax Credit for Investment in Facilities for Environment or Safety
- RSTA Article 30: Tax Program for Special Depreciation
- RSTA Article 78(4): Tax Reduction and Exemption for Industrial Complexes

<u>Preferential Loans and Loan Guarantees</u>

- KEXIM Export Factoring
- KEXIM Export Loan Guarantees

- KEXIM Import Financing
- KEXIM Overseas Investment Credit Program
- KEXIM Short-Term Export Credits
- KEXIM Trade Bill Rediscounting Program
- Korea Development Bank (KDB) Short-Term Discounted Loans for Export Receivables
- Korean Trade Insurance Corporation (K-SURE) Export Credit Guarantee
- Long-Term Loans from the Korean Resources Corporation (KORES) and the Korea National Oil Corporation (KNOC)
- Dongbu's Debt Restructuring

Goods/Services Provided by the Government at Less than Fair Market Value

- Reductions of Lease Fees and other Financial Support in FEZs
- Custom Duties Reduced or Exempted
- Export Insurance through the Korea Trade Insurance Corporation (K-Sure)

Grants and Grant Equivalents

- Sharing of Working Opportunities/Employment Creating Incentives

Relief from Duties and Taxes in Inputs, Materials and Machinery

- GOK Facilities Investment Support under RSTA Article 26

[238] Although the CBSA has not had subsidy determinations involving South Korea since the CRS finding was put in place, the GOK has made recent notifications to the WTO of its subsidy programs, including one in 2023 that included a list of subsidies, some of which may benefit producers and/or exporter of CRS.

[239] For example, in the CRS original investigation, the CBSA determined that the GOK provided countervailable subsidies to South Korean CRS producers through other financial support in Free Economic Zones (a type of Free Trade Zone). However, at the time it was stated that it was only a possibility that the GOK provided cash grants in Free Economic Zones to cover "factory and facility construction costs." The program "Support for Free Trade Zones" in South Korea's most recent WTO subsidy notification suggests that South Korean companies operating in Free Trade Zones do indeed receive GOK grants to cover factory construction costs.[93]

[240] As pointed out by the Canadian producers, recent US DOC conclusions regarding South Korea's continued subsidization of flat rolled steel exports to North America suggests that Korean CRS exporters likely continue to benefit from subsidies.

[241] For example, in the 2021 expedited sunset review, US DOC also identified 55 subsidy programs attributable to South Korean CRS producers, and 25 of these subsidy programs were included in the CBSA's original CRS determination, indicating that a vast majority of GOK subsidy programs continue to exist for South Korean CRS producers/exporters.

[93] Cold-Rolled Steel 2018 Investigation - Final Determinations (cbsa-asfc.gc.ca)

[242] In addition to CRS, the US DOC issued positive countervailing duty determinations during the period of review for other flat rolled and related steel products originating from South Korea including *Corrosion-Resistant Steel*, *Hot-Rolled Steel*, and *Carbon and Alloy Steel Line Pipe*. In *Corrosion-Resistant Steel*, the US DOC preliminarily found that South Korean producers KG Dongbu Steel Co., Ltd. and Hyundai Steel benefitted from 12 GOK countervailable subsidy programs.[94]

[243] Consequently, evidence suggests that since the final determination of the original investigation and throughout the period of review, the GOK has made subsidy programs available to producers/exporters of CRS in South Korea.

Determination regarding likelihood of continued or resumed subsidizing – South Korea

[244] Based on the information on the record in respect of the continued availability of subsidy programs for CRS exporters in South Korea and the countervailing measures against Korean steel products in the US, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of subsidizing of subject goods from South Korea.

Vietnam

[245] In the CRS original investigation, the CBSA found that Vietnamese CRS producers and exporters benefitted from 12 subsidy programs. A list of the 12 subsidy programs found during the original investigation is below:

<u>Relief from Duties and Taxes</u>

- Exemptions of Import Duty
- Refunds of Import Duty
- Exemption/Reductions of Land Rent, Tax and Levy
- Program Incentives on non-agricultural Land Use Tax

<u>Preferential Loans and Loan Guarantees</u>

- Export and Import Support in Forms of Preferential Loan, Guarantee and Factoring

<u>Preferential Tax Programs</u>

- Enterprise Income Tax Preferences, Exemptions and Reductions
- Accelerated Depreciation of Fixed Assets
- Establishments Dealing with Exported Goods

[94] Exhibit 19 (NC) - Close of Record Attachment 112: US DOC, *Decision Memorandum for the Preliminary Results and Partial Rescission of the Countervailing Duty Administrative Review.*

Grants and Grant Equivalents

- Investment Support
- Export Promotion Program
- Grants to Firms that Employ More than 50 Employees
- Assistance to Enterprises Facing Difficulties due to Objective Reasons

[246] Since the CBSA's original determination concerning CRS from Vietnam, it issued one final subsidy determination for a downstream flat-rolled steel product from Vietnam in COR. Another subsidy determination on a Vietnamese consumer good was put in place concerning UDS.

[247] In COR the CBSA determined that exporters received countervailable benefits from ten subsidy programs. Nine of the ten subsidy programs were also found to be countervailable subsidy programs in the CBSA's CRS determination. As noted previously, many CRS producers also produce COR, providing a reasonable indication that the sector is still benefitting from subsidies.[95]

[248] In UDS, the CBSA found that Vietnamese producers and exporters benefited from 15 subsidy programs, and 10 of these 15 subsidy programs were also found as countervailable subsidy programs in the CBSA's CRS final determination.

[249] In the June 2023 copper pipe fittings expiry review, the CBSA found that evidence on the record, including information from the GOV, demonstrated the likelihood of continued subsidization of Vietnamese subject good producers.[96]

[250] As pointed out by the Canadian producers, recent US DOC conclusions regarding Vietnam's continued subsidization of flat rolled steel exports to North America suggests that Chinese CRS exporters likely continue to benefit from subsidies.

[251] For example the US DOC issued a subsidy determination in August 2020 for Wind Towers from Vietnam, a steel product that is produced primarily from flat-rolled steel. The US DOC found that Vietnamese Wind Tower companies benefitted from 10 countervailable subsidy programs.[97]

[252] The US DOC also conducted an expedited sunset review in July 2023 for a different steel product, steel wire hangers from Vietnam, and determined that revoking the finding would likely lead to a continuation or recurrence of countervailable subsidies. The US DOC rendered this determination due to an absence of evidence on the record that the four subsidy programs from the original finding had been terminated or suspended. This subsidy finding has been in place since 2013.[98]

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[95] Corrosion-resistant steel sheet 2: Measures in force (cbsa-asfc.gc.ca)

[96] Statement of Reasons—Expiry Review Determination: Copper Pipe Fittings 2 (CPF2 2023 ER) (cbsa-asfc.gc.ca)

[97] Exhibit 19 (NC) - Close of Record Attachment 126: US DOC, *Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Utility Scale Wind Towers from the Socialist Republic of Vietnam.*

[98] *Ibid.*, Attachment 127: US DOC, *Steel Wire Garment Hangers From the*

[253] Consequently, evidence suggests that since the final determination of the original investigation and throughout the period of review, the GOV has made subsidy programs available to producers/exporters of CRS in Vietnam.

Determination regarding likelihood of continued or resumed subsidizing - Vietnam

[254] Based on the information on the record in respect of the continued availability of subsidy programs for CRS exporters in Vietnam and the countervailing measures against Vietnamese steel products in the US, the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of subsidizing of subject goods from Vietnam.

CONCLUSION

[255] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR and considering any other factors relevant in the circumstances. Based on the foregoing consideration of pertinent factors and analysis of information on the record, on April 12, 2024, the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding made by the CITT on December 21, 2018, in inquiry NQ-2018-002 in respect of certain cold-rolled steel originating in or exported from China, South Korea and Vietnam:

i) is likely to result in the continuation or resumption of dumping of the goods from China, South Korea and Vietnam; and

ii) is likely to result in the continuation or resumption of subsidizing of the goods from China, South Korea and Vietnam.

FUTURE ACTION

[256] On April 13, 2024, the CITT initiated its expiry review to determine whether the continued or resumed dumping and subsidizing are likely to result in injury. The CITT's expiry review schedule indicates that it will make its decision by September 19, 2024.

[257] If the CITT determines that the expiry of the finding with respect to the goods is likely to result in injury, 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 and/or countervailing duties on dumped and/or subsidized importations of the subject goods.

[258] If the CITT determines that the expiry of the finding with respect to the goods is not likely to result in injury, the finding will be rescinded in respect of those goods. Anti-dumping and/or countervailing duties would then no longer be levied on importations of the subject goods, and any anti-dumping and/or countervailing duties paid in respect of goods that were released after the date that the finding was scheduled to expire will be returned to the importer.

Socialist Republic of Vietnam: Final Results of the Expedited Sunset Review of the Countervailing Duty Order

INFORMATION

[259] For further information, please contact the officer listed below:

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