



OTTAWA, June 7, 2019

## STATEMENT OF REASONS

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

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

## DECISION

On May 24, 2019, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the order made by the Canadian International Trade Tribunal on January 7, 2014, in Expiry Review No. RR-2013-002 is likely to result in the continuation or resumption of dumping of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate originating in or exported from Bulgaria, the Czech Republic and Romania.

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

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## EXECUTIVE SUMMARY

[1] On December 27, 2018, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its order made on January 7, 2014, in Expiry Review No. RR-2013-002, concerning the dumping of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate (certain hot-rolled steel plate) originating in or exported from Bulgaria, the Czech Republic and Romania (the subject countries).

[2] As a result of the CITT's notice of expiry review, the Canada Border Services Agency (CBSA), on December 28, 2018, initiated an investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the order is likely to result in the continuation or resumption of dumping of the goods.

[3] The CBSA received a response to its Expiry Review Questionnaire (ERQ) from Algoma Steel Inc. (Algoma)<sup>1</sup>, and Evraz Inc. NA Canada (Evraz)<sup>2</sup>, fully integrated producers of hot-rolled steel plate in Canada. The submission made by Evraz expressed an opinion that the continued or resumed dumping of certain hot-rolled steel plate from the subject countries is likely if the CITT's order is rescinded, and included information supporting their position. In addition to their response, Algoma provided the CBSA with additional information prior to the close of the record and supported the position taken by Evraz in its case briefs.

[4] The CBSA received responses to its ERQ from the following Canadian service centres that also produce subject hot-rolled steel plate: Acier Nova Inc.<sup>3</sup>, Samuel, Son & Co. Limited<sup>4</sup>, and SSAB Central Inc. (SSAB)<sup>5</sup>. SSAB expressed an opinion that the continued or resumed dumping of certain hot-rolled steel plate from the subject countries is likely if the CITT's order is rescinded. Acier Nova Inc. and Samuel, Son & Co. Limited did not express an opinion on the likelihood of continued or resumed dumping of certain hot-rolled steel plate from the subject countries is likely if the CITT's order is rescinded.

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<sup>1</sup> Exhibits 22 (PRO) & 23 (NC) – Response to producer ERQ – Algoma Steel Inc.

<sup>2</sup> Exhibits 20 (PRO) & 21 (NC) – Response to producer ERQ – Evraz Inc. NA.

<sup>3</sup> Exhibits 34 (PRO) & 35 (NC) – Response to Service Centre ERQ, Acier Nova Inc.

<sup>4</sup> Exhibits 36 (PRO) & 37 (NC) – Response to Service Centre ERQ, Samuel, Son & Co. Limited.

<sup>5</sup> Exhibits 26 (PRO) & 27 (NC) – Response to producer ERQ – SSAB Central Inc.

[5] The CBSA received responses to its ERQ from the following Canadian importers of certain hot-rolled steel plate: Accucut Profile & Grinding Ltd.,<sup>6</sup> A.M. Castle & Co. (Canada) Inc.,<sup>7</sup> Olbert Metal Sales Limited<sup>8</sup> and Russel Metals Inc.<sup>9</sup> These importers vary in level of trade from wholesalers, to distributors, to service centres. One importer imported an insignificant amount of subject goods from the Czech Republic in 2015. None of the importers expressed an opinion on the likelihood of continued or resumed dumping of subject goods.

[6] In addition, due to the imposition of provisional safeguards on October 25, 2018 by the Government of Canada, the CBSA requested additional information from importers and producers in Canada on how the provisional safeguard surtax of 25% with respect to imports of Heavy Plate has affected the Canadian market.<sup>10</sup> Responses to this request were received from Algoma, Evraz, Accucut Profile & Grinding Ltd., A.M. Castle & Co. (Canada) Inc., and Olbert Metal Sales Limited. In general, responses from the service centres indicated that prices for steel plate in Canada have increased, surtaxes are impacting profitability, and inventories are becoming lean as limited tariff based quotas are difficult to procure.<sup>11</sup> Meanwhile, Canadian producers indicated that there is increased competition in the portion of the product definition that is not subject to the provisional safeguard measures. The Canadian producers submitted that customers are sourcing steel plate not subject to the provisional safeguards in order to avoid paying the surtax.<sup>12</sup>

[7] The CBSA did not receive any response to the ERQ from producers/exporters of certain hot-rolled steel plate from the subject countries.

[8] Case briefs were received on behalf of the Canadian producers, Algoma<sup>13</sup> and Evraz<sup>14</sup>. In addition, SABB and Acier Nova Inc. sent letters of endorsement for the case briefs filed by Algoma. No other case briefs from any party were received by the CBSA. The case briefs submitted by the two Canadian producers included information supporting their position that continued or resumed dumping of subject goods is likely if the CITT's order is rescinded.

[9] The CBSA did not receive any reply submissions from interested parties.

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<sup>6</sup> Exhibit 14 (NC) – Response to ERQ, Accucut Profile & Grinding Ltd.

<sup>7</sup> Exhibits 16 (PRO) & 17 (NC) – Response to ERQ, A.M. Castle & Co. (Canada) Inc.

<sup>8</sup> Exhibits 12 (PRO) & 13 (NC) – Response to ERQ, Olbert Metal Sales Limited.

<sup>9</sup> Exhibits 18 (PRO) & 19 (NC) – Response to ERQ, Russel Metals Inc.

<sup>10</sup> Exhibit 24 (PRO) – Request for additional information sent to importers.

<sup>11</sup> Exhibit 28 (NC) – Response to request for additional information from importer – Castle Metals; Exhibit 29 (NC) - Response to request for additional information from importer – Olbert Metal Sales Limited; Exhibit 30 (NC) - Response to request for additional information from importer – Accucut Profile & Grinding Ltd.

<sup>12</sup> Exhibit 31 (NC) - Response to request for additional information from producer – Algoma Steel Inc.; Exhibits 32 (PRO) & 33 (NC) - Response to request for additional information from importer – Evraz Inc. NA Canada.

<sup>13</sup> Exhibits 46 (PRO) & 47 (NC) – Case Briefs filed on behalf of Algoma Steel Inc.

<sup>14</sup> Exhibit 45 (NC) – Case Briefs filed on behalf of Evraz Inc. NA Canada.

[10] With respect to Bulgaria, the analysis of information on the administrative record indicates that exporters in Bulgaria have a high export dependency on hot-rolled steel plate products; exporters in Bulgaria are selling at prices lower than European domestic benchmark prices and well below Canadian import prices; exporters in Bulgaria have an inability to compete in Canada at non-dumped prices; and there is a presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which exporters in Bulgaria would likely have to compete, in order to secure sales in the Canadian market.

[11] With respect to the Czech Republic, the analysis of information on the administrative record indicates that exporters in the Czech Republic have a high export dependency in order to maintain capacity utilization rates; exporters in the Czech Republic are selling at prices below Canadian import prices; exporters in the Czech Republic have a propensity to dump subject goods into Canada; exporters in the Czech Republic have an inability to compete in Canada at non-dumped prices; and there is a presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which exporters in the Czech Republic would likely have to compete, in order to secure sales in the Canadian market.

[12] With respect to Romania, the analysis of information of the administrative record indicates that exporters in Romania have a high export dependency in order to maintain capacity utilization rates; exporters in Romania are selling at prices lower than European domestic benchmark prices and well below Canadian import prices; there are trade measures in place against Romania by other countries; exporters in Romania have an inability to compete in Canada at non-dumped prices; and there is a presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which exporters in Romania would likely have to compete, in order to secure sales in the Canadian market.

[13] For the forgoing reasons, the CBSA, having considered the relevant information on the administrative record, determined on May 24, 2019, under paragraph 76.03(7)(a) of SIMA, that the expiry of the order in respect of the dumping of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania is likely to result in the continuation or resumption of dumping of the goods into Canada.

## **BACKGROUND**

[14] On June 13, 2003, following a complaint filed by Algoma Steel Inc. and supported by IPSCO (now Evraz Inc. NA Canada) and Stelco Inc. (now Stelco Holdings Inc.), the CBSA initiated an investigation pursuant to subsection 31(1) of SIMA, respecting the dumping of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania.

[15] On December 9, 2003, pursuant to subsection 41(1) of SIMA, the Commissioner of Customs and Revenue made a final determination of dumping concerning the goods from Bulgaria, the Czech Republic and Romania.

[16] On January 9, 2004, pursuant to subsection 43(1) of SIMA, the CITT found in NQ-2003-002 that the dumping of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania had caused injury to the domestic industry in Canada.

[17] On April 24, 2008, pursuant to subsection 76.03(3) of SIMA, the CBSA initiated an expiry review concerning certain hot-rolled steel plate. On August 21, 2008, pursuant to paragraph 76.03(7)(a) of SIMA, the CBSA determined that the expiry of the finding was likely to result in the continuation or resumption of dumping of the goods from Bulgaria, the Czech Republic and Romania.

[18] On January 8, 2009, in Expiry Review No. RR-2008-002, the CITT issued an order to continue its finding in respect of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania.

[19] On July 16, 2010, the CBSA completed its last re-investigation to update the normal values and export prices of certain hot-rolled steel plate.<sup>15</sup> No exporters cooperated. As a result, all imports of subject goods are subject to anti-dumping duty equal to 74.6% of the declared export price in accordance with a ministerial specification.

[20] On April 25, 2013, pursuant to subsection 76.03(3) of SIMA, the CBSA initiated an expiry review concerning certain hot-rolled steel plate. On August 22, 2013, pursuant to paragraph 76.03(7)(a) of SIMA, the CBSA determined that the expiry of the order was likely to result in the continuation or resumption of dumping of the goods from Bulgaria, the Czech Republic and Romania.

[21] On January 7, 2014, in Expiry Review No. RR-2013-002, the CITT issued an order to continue its order in respect of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania.

[22] On June 22, 2018, the CITT informed parties to the proceedings of Expiry Review No. RR-2013-002, Expiry Review No. RR-2014-002, and Inquiry No. NQ-2013-005 that an interim review would commence in order to assess the importance and performance of service centres in the Canadian market during the years between 2012 and 2013. The CITT's primary concern was whether the volume of production by service centres during those years was of a magnitude other than what was estimated in the aforementioned proceedings, and if so, whether that impacted the appropriateness of the CITT's injury determinations in these proceedings.

[23] On December 27, 2018, in the matter of the interim review, the CITT, pursuant to paragraph 76.01(5)(a) of SIMA, continued its orders and finding in the aforementioned proceedings without amendment.<sup>16</sup>

[24] On November 7, 2018, pursuant to subsection 76.03(2) of SIMA, the CITT issued a notice concerning the expiry of its order, which was scheduled to expire on January 6, 2019. Based on the information filed during the expiry process, the CITT decided that a review of the order was warranted.

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<sup>15</sup> Exhibit 25 (NC) – CBSA and CITT public documentation – CBSA – Plate 5 Reinvestigation (2010).

<sup>16</sup> Exhibit 25 (NC) – CBSA and CITT public documentation - CITT - Interim Review Order and Reasons – December 27, 2018.

[25] On December 27, 2018, the CITT initiated an expiry review of its order pursuant to subsection 76.03(3) of SIMA.

[26] On December 28, 2018, the CBSA initiated an expiry review investigation to determine whether the expiry of the order was likely to result in continued or resumed dumping of the subject goods from Bulgaria, the Czech Republic and Romania.

## **PRODUCT INFORMATION**

### **Product Definition**

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

Hot-rolled carbon steel plate and high-strength low-alloy steel plate not further manufactured than hot-rolled, heat-treated or not, in cut lengths in widths from 24 inches (+/- 610 mm) to 152 inches (+/- 3,860 mm) inclusive and in thicknesses from 0.187 inch (+/- 4.75 mm) to 4 inches (+/-101.6 mm) inclusive, originating in or exported from the Republic of Bulgaria, the Czech Republic and Romania, excluding plate produced to American Society for Testing and Materials (ASTM) specifications A515 and A516M/A516 Grade 70 in thickness greater than 3.125 inches (+/- 79.3 mm), universal mill plate, plate for use in the manufacture of pipe and plate having a rolled, raised figure at regular intervals on the surface (also known as floor plate).

### **Additional Product Information**

[28] Certain hot-rolled steel plate is manufactured to meet certain Canadian Standards Association (CSA) and/or ASTM specifications or equivalent specifications.

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

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

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

## PRODUCTION PROCESS

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

[33] Certain hot-rolled steel plate can also be produced by unwinding plate that has been formed into coils and cutting it into separate lengths. Such plate is referred to as “plate from coil” or “cut-to-length plate” and is typically produced by the service centres.

## CLASSIFICATION OF IMPORTS

[34] The subject goods are normally classified under the following tariff classification numbers:

|               |               |               |
|---------------|---------------|---------------|
| 7208.51.00.10 | 7208.51.00.94 | 7208.52.00.92 |
| 7208.51.00.91 | 7208.51.00.95 | 7208.52.00.93 |
| 7208.51.00.92 | 7208.52.00.10 | 7208.52.00.96 |
| 7208.51.00.93 | 7208.52.00.91 |               |

[35] Prior to January 1, 2017, the subject goods were normally classified under the following tariff classification numbers:

|               |               |               |
|---------------|---------------|---------------|
| 7208.51.00.10 | 7208.51.00.94 | 7208.52.00.92 |
| 7208.51.00.91 | 7208.51.00.95 | 7208.52.00.93 |
| 7208.51.00.92 | 7208.52.00.10 | 7208.52.00.94 |
| 7208.51.00.93 | 7208.52.00.91 | 7208.52.00.95 |

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

## PERIOD OF REVIEW

[37] The period of review (POR) for the CBSA’s expiry review investigation is from January 1, 2015, to October 31, 2018.

## CANADIAN INDUSTRY

[38] The Canadian industry for certain hot-rolled steel plate production includes the following two integrated steel mills:

- Algoma Steel Inc. of Sault Ste. Marie, Ontario
- Evraz Inc. NA Canada of Regina, Saskatchewan

### **Algoma Steel Inc.**

[39] Algoma is a primary iron and steel producer. As of 2018, it has a capacity to produce approximately 3.7 million metric tonnes (MMT) of raw steel and approximately 3.4 MMT of finished steel annually. The first hot-rolled steel plate produced by Algoma was in 1959. On its “166 Plate Mill and 106” Wide Strip Mill, Algoma produces carbon steel plate in widths up to 152 in. (3,860 mm) and in thicknesses up to 4.0 inches (101 mm) and other non-like carbon steel plate and hot-rolled sheet. Algoma also produces cold-rolled sheet at its facility.

[40] The company was incorporated on June 1, 1992. On January 29, 2002 the company was re-organized under a Plan of Arrangement and Reorganization pursuant to the *Companies’ Creditors Arrangement Act* (“CCAA”). The company became part of Essar Steel Holdings Limited in June 2007. On May 8, 2008 the company name was changed to Essar Steel Algoma Inc.

[41] Essar Steel Algoma Inc. commenced court-supervised restructuring proceedings under the 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.”<sup>17</sup>

### **Evraz Inc. NA Canada**

[42] Evraz produces steel plates, steel sheets, tubular products, and processes coils in four locations across Canada, including, Calgary, Red Deer and Regina. Evraz’s facilities in Alberta produce tubular products. Evraz’s Regina facility is the largest steel industrial complex in Western Canada, and produces steel plates, steel sheets, and tubular products. It is also the sole producer of steel plates out of the four manufacturing locations.

[43] Evraz’s facility in Regina was formerly known as IPSCO Inc. (IPSCO), which was incorporated in 1956 under the name of Prairie Pipe Manufacturing Co. Ltd. It commenced operations in 1957 with the completion of an electric resistance weld pipe mill in Regina. In 1959, the company acquired assets of Interprovincial Steel Corp. Ltd. and began production of flat rolled steel in 1960, including the subject goods. Since then, the company expanded its manufacturing capabilities and established scrap companies in Canada as well as in the US through acquisitions and plant constructions.

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<sup>17</sup> Exhibit 23 (NC) – Response to producer ERQ – Algoma Steel Inc. Response to Q7.

[44] On July 17, 2007, SSAB, a wholly owned subsidiary of SSAB Svenkst Stahl of Sweden, acquired IPSCO and its subsidiaries through a 100 percent share acquisition. Under SSAB's direction, IPSCO was reorganized to own only the Regina facility and the facilities in Calgary, Camrose, Red Deer, and the formerly owned facility in Surrey including through a wholly owned subsidiary IPSCO Canada Inc.

[45] On June 12, 2008, Evraz Group S.A., now a wholly owned subsidiary of Evraz plc., acquired IPSCO and its subsidiaries from SSAB through a share acquisition.

[46] On October 15, 2008, the names of IPSCO and IPSCO Canada Inc. were changed to Evraz Canada and Evraz Inc. NA Canada West respectively. On January 1, 2009, Evraz Inc. NA Canada West was amalgamated into Evraz Canada.<sup>18</sup>

### **Steel Service Centres**

[47] Although steel service centres' production processes differ to some extent from those of Algoma and Evraz, steel service centres produce and sell the same products in the Canadian market, to the same end-users, for essentially the same applications.<sup>19</sup> Therefore, the Canadian industry for certain hot-rolled steel plate production is also comprised of the following steel service centres:

- Acier Nova Inc.
- Alliance Steel Corporation
- Coilex Inc.
- Del Metals
- Janco Steel
- Russel Metals Ltd.
- Samuel, Son & Co., Limited
- SSAB Central Inc.<sup>20</sup>
- Varsteel Ltd.

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<sup>18</sup> Exhibit 21 (NC) – Response to producer ERQ – Evraz Inc. NA Canada. Response to Q7.

<sup>19</sup> CITT Inquiry No. NQ-2013-005, [http://www.citt.gc.ca/en/node/6646#P1573\\_40044](http://www.citt.gc.ca/en/node/6646#P1573_40044), para. 53.

<sup>20</sup> According to the CITT, although SSAB has been considered alongside the domestic mills in previous proceedings, it is more akin to a service centre than to a mill. See NQ-2013-005, at para. 53.

## CANADIAN MARKET

[48] The apparent Canadian market for certain hot-rolled steel plate during the POR is presented in **Table 1** below.

**Table 1**  
**Apparent Canadian Market for the Period of Review<sup>21</sup>**  
(Value in CAD and Quantity in Metric Tonnes)

| Source                  | Value (CAD) |       |             |       |             |       |                  |       |
|-------------------------|-------------|-------|-------------|-------|-------------|-------|------------------|-------|
|                         | 2015        |       | 2016        |       | 2017        |       | 2018 (Jan - Oct) |       |
|                         | Value       | %     | Value       | %     | Value       | %     | Value            | %     |
| Canadian Domestic Sales | 240,035,599 | 36.9% | 213,675,573 | 35.1% | 281,753,705 | 38.3% | 306,992,243      | 48.4% |
| Bulgaria                | 0           | 0.0%  | 0           | 0.0%  | 0           | 0.0%  | 0                | 0.0%  |
| Czech Republic          | 0           | 0.0%  | 0           | 0.0%  | 0           | 0.0%  | 0                | 0.0%  |
| Romania                 | 0           | 0.0%  | 0           | 0.0%  | 0           | 0.0%  | 0                | 0.0%  |
| Total Subject Countries | 0           | 0.0%  | 0           | 0.0%  | 0           | 0.0%  | 0                | 0.0%  |
| All Other Countries     | 410,189,848 | 63.1% | 394,957,504 | 64.9% | 454,133,830 | 61.7% | 327,202,517      | 51.6% |
| Total - Imports         | 410,189,848 | 63.1% | 394,957,504 | 64.9% | 454,133,830 | 61.7% | 327,202,517      | 51.6% |
| Total CDN Market        | 650,225,447 | 100%  | 608,633,077 | 100%  | 735,887,535 | 100%  | 634,194,760      | 100%  |

| Source                  | Quantity (MT) |       |          |       |          |       |                  |       |
|-------------------------|---------------|-------|----------|-------|----------|-------|------------------|-------|
|                         | 2015          |       | 2016     |       | 2017     |       | 2018 (Jan - Oct) |       |
|                         | Quantity      | %     | Quantity | %     | Quantity | %     | Quantity         | %     |
| Canadian Domestic Sales | 256,394       | 33.2% | 247,538  | 34.1% | 274,121  | 35.2% | 248,717          | 44.1% |
| Bulgaria                | 0             | 0.0%  | 0        | 0.0%  | 0        | 0.0%  | 0                | 0.0%  |
| Czech Republic          | 0             | 0.0%  | 0        | 0.0%  | 0        | 0.0%  | 0                | 0.0%  |
| Romania                 | 0             | 0.0%  | 0        | 0.0%  | 0        | 0.0%  | 0                | 0.0%  |
| Total Subject Countries | 0             | 0.0%  | 0        | 0.0%  | 0        | 0.0%  | 0                | 0.0%  |
| All Other Countries     | 515,548       | 66.8% | 479,445  | 65.9% | 505,046  | 64.8% | 315,849          | 55.9% |
| Total- Imports          | 515,548       | 66.8% | 479,445  | 65.9% | 505,046  | 64.8% | 315,849          | 55.9% |
| Total CDN Market        | 771,942       | 100%  | 726,983  | 100%  | 779,167  | 100%  | 564,566          | 100%  |

<sup>21</sup> Exhibit 42 (NC) – Final Import and Domestic Market Statistics.

## 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 dollar value, was 36.9% in 2015, 35.1% in 2016, 38.3% in 2017, and 48.4% in the first ten months of 2018. The Canadian producers' share of the apparent Canadian market, as a percentage of the total volume, was 33.2% in 2015, 34.1% in 2016, 35.2% in 2017, and 44.1% in the first ten months of 2018. As a result, the Canadian producers' share of the apparent Canadian market decreased from 2015 to 2016, but has been increasing since 2016.

## Imports – Subject Countries

[50] During the POR, there were no imports of subject goods from the subject countries.

## Imports – Other Countries

[51] During the POR, the total dollar value of imports of certain hot-rolled steel plate from other countries (i.e., the non-named countries) as a percentage of the apparent Canadian market was 63.1% in 2015, 64.9% in 2016, 61.7% in 2017, and 51.6% in the first ten months of 2018. The volume of imports from other countries as a percentage of the apparent Canadian market was 66.8% in 2015, 65.9% in 2016, 64.8% in 2017, and 55.9% in the first ten months of 2018. As a result, the imports of subject goods from other countries decreased steadily since 2015, and experienced a significant decrease in the first ten months of 2018.

## ENFORCEMENT DATA

[52] In the enforcement of the CITT's order during the POR, as detailed in **Table 2** below, no anti-dumping duty was collected, as there were no imports of subject goods from the subject countries during that period.<sup>22</sup>

**Table 2**  
**Enforcement Data – Anti-dumping Duties collected during the POR**  
**on Imports of Subject Goods from Bulgaria, the Czech Republic and Romania**<sup>23</sup>  
(Value in CAD)

| Source         | 2015 | 2016 | 2017 | 2018 (Jan. 1 – Oct. 31) |
|----------------|------|------|------|-------------------------|
| Bulgaria       | \$0  | \$0  | \$0  | \$0                     |
| Czech Republic | \$0  | \$0  | \$0  | \$0                     |
| Romania        | \$0  | \$0  | \$0  | \$0                     |

<sup>22</sup> Exhibit 42 (NC) – Final Import and Domestic Market Statistics.

<sup>23</sup> Exhibit 42 (NC) – Final Import and Domestic Market Statistics.

## **PARTIES TO THE PROCEEDINGS**

[53] On December 28, 2018, the CBSA sent a notice concerning the initiation of the expiry review investigation and ERQs to known Canadian producers, importers and exporters.

[54] The ERQs requested information needed to consider the expiry review factors, as found in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR), relevant to this expiry review investigation.

[55] Five Canadian producers (two integrated steel mills and three service centres) and four importers participated in the expiry review investigation and responded to the ERQs. None of the exporters contacted for purposes of this expiry review investigation provided a response to the ERQs sent out by the CBSA at initiation.

[56] Case briefs were received on behalf of the complainants Algoma and Evraz. No other case briefs or reply submissions were received by the CBSA from any other parties notified by the CBSA at the initiation of this expiry review investigation.

## **INFORMATION CONSIDERED BY THE CBSA**

### **Administrative Record**

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

[58] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties may 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. This allows participants time to prepare their case briefs and reply submissions based on the information that is on the record as of the date the record closed. For this expiry review investigation, the record closed on February 25, 2019.

## POSITION OF THE PARTIES – DUMPING

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

#### Algoma

[59] Algoma, a Canadian producer, made representations in its ERQ response and in its case brief supporting its position that dumping from Bulgaria, the Czech Republic and Romania is likely to continue or resume in the event the present order is rescinded. Therefore, Algoma argued that the measures should remain in place.

[60] The main factors identified by Algoma can be summarized as follows:

- International Market Conditions
- Factors Specific to Subject Countries
- Low-priced Competition from Other Countries
- The Effect of Provisional Safeguards on the CBSA’s Analysis
- Canadian Market Conditions

#### **International Market Conditions**

[61] Algoma submitted that the international market conditions provide important context for macro-economic trends affecting plate. Specifically, it was argued that several global developments are currently affecting the market for plate which would make the Canadian domestic industry susceptible to resumed dumping if the order is rescinded. These developments are further explained below.

#### Global Excess Capacity

[62] Algoma indicated that there continues to be a gap between the global excess steelmaking capacity and global steel demand. Algoma cited the G20’s most recent Ministerial Report from its Global Forum on Steel Excess Capacity, which indicated that in 2017 alone “global crude steelmaking capacity exceeded steel demand (in crude steel equivalent) by approximately 595 million tonnes.” The Ministerial Report further specified that if there were no capacity increases, given the current long-term growth in demand expected, it would take more than “30 years to fully absorb the current capacity-demand gap.”<sup>24</sup> In addition, as noted by the Organisation for Economic Co-operation and Development (OECD) Steel Committee’s Report in September 2018, based on present information on investment projects, there are nearly 25 MMT of gross capacity underway that could come available between 2018-2020, further exacerbating the problems associated with excess capacity.<sup>25</sup>

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<sup>24</sup> Exhibit 47 (NC) – Case Briefs filed on behalf of Algoma Steel Inc., para. 24.

<sup>25</sup> *Ibid.*, para. 25.

[63] Algoma contended that the issue existing for steel products extends to plate overcapacity as well. Algoma referred to plate capacity as reported by CRU data which indicated that there is a significant global excess capacity on equipment that can be used to produce plate. According to the data, excess capacity on reversing mills, steckel mills and hot strip-rolling mills<sup>26</sup> is expected to remain at or over 100 MMT through 2021.<sup>27</sup> Algoma also noted that the downward trend in global excess steelmaking capacity is being driven by increases in production, as opposed to the overall decrease in capacity that is being called for by international organizations.<sup>28</sup>

[64] Algoma submitted that “these trends in global production and production capacity demonstrate that the structural imbalance existing in the steel market will remain a major destabilizing factor in the plate market in the near term.”<sup>29</sup>

[65] Statements from the CITT in previous proceedings related to hot-rolled steel plate were cited as support for the effect that global overcapacity can have on trade, particularly the plate market. Previously, the CITT held that global excess capacity was directly linked to opportunistic dumping of plate in markets that can yield a higher price, in particular, the Canadian market.<sup>30</sup>

[66] Algoma noted that the European Union (EU) is also expected to be impacted in the near future by the overcapacity in the steel industry globally and the softening demand domestically. As the subject countries are members of the EU, if other countries in the EU cannot absorb their steel production, this could lead the subject countries to look to such countries as Canada to export their steel products.<sup>31</sup>

#### Diverging Global Production and Consumption of Plate

[67] Algoma cited information on the record regarding a trend with respect to production and consumption of plate globally. A table containing data was provided detailing the total global production and consumption of reversing mill plate and coil plate.<sup>32</sup>

[68] The table showed that total plate production has grown significantly relative to 2015 levels and is forecasted to remain at heightened levels through 2020. Meanwhile, consumption of plate globally failed to keep pace, resulting in a widening gap between production and consumption that is forecasted to grow in 2020. Algoma submitted that this trend suggests increasing pressure on globally exposed steel markets, including Canada, in the near term.<sup>33</sup>

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<sup>26</sup> According to Algoma, reversing mills relate entirely to discrete plate, a steckle mill is a form of reversing mill that can produce both discrete plate and coil plate, and a hot strip-rolling mill can produce both coil plate and hot-rolled sheet (non-subject). Since hot strip-rolling mills can produce each item exclusively or some combination of both, in order to provide a full context for global plate capacity, Algoma included total capacity of such mills in its analysis.

<sup>27</sup> Exhibit 47 (NC) – Case Briefs filed on behalf of Algoma Steel Inc., paras. 28-29.

<sup>28</sup> *Ibid.*, para. 32.

<sup>29</sup> *Ibid.*, para. 34.

<sup>30</sup> *Ibid.*, para. 35.

<sup>31</sup> *Ibid.*, paras. 36-37.

<sup>32</sup> *Ibid.*, para. 38.

<sup>33</sup> *Ibid.*, paras. 38-39.

## Global Economic Conditions

[69] Algoma contended that the global capacity crisis will be exacerbated in the near to medium term due to the pressure on global growth caused in part by trade tensions around the world. Algoma cited the International Monetary Fund (IMF) forecast of a decrease in world economic growth in 2019 due to heightened trade tensions and rising US interest rates. In January 2019, the IMF released forecasts for global growth of 3.5%, down from 3.7% in 2018, and from the 3.7% it had forecasted in October 2019. Algoma noted that the World Bank and the OECD have shared a similar sentiment, downgrading their global growth forecasts as well.<sup>34</sup>

[70] Algoma alleged that the weakening global economic outlook will exacerbate both the excess capacity crisis and the growing gap between production and consumption of plate. In particular, the pressure on growth will impact increased utilization of production capacity and could lead to diversion into the Canadian market.<sup>35</sup>

## Weak and Declining Demand for Plate in Europe

[71] Algoma argued that weak and declining demand for steel plate coupled with increased import competition threatens EU market stability, which in turn threatens the stability of the Canadian market, as these trends are likely to force European steel producers to rely increasingly on export markets.

[72] Algoma cited a recent report on steel plate indicating that European demand for 2018 had increased following the contraction of 2017 but is forecasted to fall in 2019. Algoma noted that even with the increased EU demand in 2018, future demand from 2019-2020 is only set to increase by a marginal amount compared to the growth that occurred from 2014-2015 and 2015-2016.<sup>36</sup>

[73] Algoma stated that according to EUROFER, “plate producers barely gained from domestic growth in 2018, with growth in sales of 0.6% in the face of import growth of 12.3%.”<sup>37</sup> In addition, Algoma noted that the softening demand for steel plate in Europe has been coupled with a slowing economy as it is also faced with significant import competition despite the steel safeguards imposed.<sup>38</sup>

## 232 Measures and Proliferation of Safeguard Measures

[74] Algoma argued that the 232 Measure, as well as resulting measures in other markets, such as safeguards and anti-dumping findings, are having and will continue to have, significant effects on the global steel trade. Algoma noted that the imposition of these measures highlights the disturbance and uncertainty in world steel markets and the increased pressure on exporters around the world to compete for market share.<sup>39</sup>

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<sup>34</sup> *Ibid.*, para. 40.

<sup>35</sup> *Ibid.*, para. 41.

<sup>36</sup> *Ibid.*, para. 42.

<sup>37</sup> *Ibid.*, para. 45.

<sup>38</sup> *Ibid.*, para. 46.

<sup>39</sup> *Ibid.*, paras. 55-56.

[75] Given the concern that the tariffs imposed on imports of steel and aluminum products in the US will divert these goods to other markets, Algoma filed import statistics to support the reduction of imports to the US following the 232 measures. Algoma noted that the overall steel mill products imported into the US declined by 3,616,798 metric tonnes (MT) in January to November 2018 relative to the same period in 2017.<sup>40</sup>

[76] Algoma noted that US plate imports, due to the current 232 Measure combined with the ongoing US anti-dumping order against plate from eight countries, have declined since 2017. From 2016-2017, plate imports decreased by 364,541 MT, and after the imposition of 232 measures in 2018, plate imports have declined again by 132,186 MT in January to November period of 2018 relative to the same period in 2017.<sup>41</sup>

[77] Algoma alleged that the situation is being further compounded by the proliferation of safeguard measures being taken against steel products, including plate, worldwide. Algoma cited the CITT's statistical summary in the recent safeguard inquiry indicating that as of 2018, there were 20 safeguard measures on subject steel products in force, and another 23 had been initiated.<sup>42</sup>

## **Factors Specific to Subject Countries**

### Increase in Production and Exports

#### *Bulgaria*

[78] Algoma cited the United Nations Comtrade (UN Comtrade) database for total Bulgarian exports of plate<sup>43</sup> which have increased by 23% between 2015 to 2017, reaching 257,230 MT. Algoma noted that plate exports declined suddenly in January to October 2018 year-over-year by over 100,000 MT.<sup>44</sup> Algoma also cited information from the World Steel Association to demonstrate that growth in exports from Bulgaria between 2015 and 2017 coincides with a significant increase in production of flat products and hot-rolled plate ( $\geq 3\text{mm}$ ) during the same period. Information from the World Steel Association indicated a 30% increase in Bulgarian plate production in 2017 over 2015.<sup>45</sup>

[79] Algoma submitted that the decline in Bulgaria's exports in 2018 is troubling. Algoma stated that growth in production accompanied by falling exports would suggest that Bulgaria's plate producers have a surplus of production that needs a home. Furthermore, amidst the falling exports, a softening in demand is predicted for the EU through 2019 and 2020 while imports are on the rise. Algoma argued that these conditions would make Canada an attractive market for Bulgaria's producer to dump its exports.<sup>46</sup>

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<sup>40</sup> *Ibid.*, para. 50.

<sup>41</sup> *Ibid.*, para. 51.

<sup>42</sup> *Ibid.*, para. 52.

<sup>43</sup> HS Codes 7208.51 and 7208.52.

<sup>44</sup> Exhibit 47 (NC) – Case Briefs filed on behalf of Algoma Steel Inc., para. 57.

<sup>45</sup> *Ibid.*, paras. 58-59.

<sup>46</sup> *Ibid.*, para. 60.

[80] Algoma noted that the major steel producer in Bulgaria, Stomana Industry s.a (Stomana), is export oriented with 90% of its production of plate being sold to outside markets. In addition, Stomana reports that its rolling mill has an annual production capacity of 400,000 MT for plate products. Algoma argued that with Stomana's estimated production capacity compared to the World Steel Association estimated production of plate in Bulgaria, there is a significant amount of excess capacity that would incentivize Stomana to sell in Canada at any price that contributes to fixed costs.<sup>47</sup>

### *Czech Republic*

[81] Algoma stated that production capacity of plate producers in the Czech Republic has remained constant in recent years but capacity utilization rate is forecasted to follow a downward trend. Algoma cited the World Steel Association monthly crude steel production report indicating that overall crude steel production in the Czech Republic has increased to 4,966,000 MT in 2018 from 4,550,000 MT in 2017.<sup>48</sup>

[82] Algoma submitted that Czech plate producer, Moravia Steel, is highly export-oriented and exported 67% of its steel products in 2017. Citing Moravia Steel's 2017 annual report, Algoma noted that Moravia Steel has planned reconstructions and modernisations at its two largest domestic steel mills. In light of the EU being Moravia Steel's largest market, Algoma argued that with flagging demand in the EU, Moravia Steel will be more likely to seek other markets to absorb its exports.<sup>49</sup>

### *Romania*

[83] Algoma cited information on the record regarding the low capacity utilization rates with respect to the production of plate in Romania. Furthermore, Algoma cited CRU reports indicating that Romania remained export oriented with net exports of plate increasing between 2015 and 2018.<sup>50</sup>

[84] Algoma noted that Romania's largest steel producer was recently sold, and shortly after the acquisition, the new owners announced plans to increase the plant's production by 50%, from 2 million to 3 million MT per year. According to public reports, this increase in planned production is being proposed in spite of many years of unprofitable operation.<sup>51</sup> Algoma contended that the planned increase in production comes at a time when overall European demand for plate is expected to be weak and Romania's economy is slated to fall into a recession with two consecutive quarters of contraction at the end of 2019 and the beginning of 2020.<sup>52</sup>

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<sup>47</sup> *Ibid.*, paras. 61-62.

<sup>48</sup> *Ibid.*, para. 68.

<sup>49</sup> *Ibid.*, para. 69.

<sup>50</sup> *Ibid.*, paras. 63-64.

<sup>51</sup> *Ibid.*, para. 65.

<sup>52</sup> *Ibid.*, para. 67.

[85] Algoma emphasized that the buyer of the Romanian plant, the Liberty House Group, has also purchased a steel plant owned by ArcelorMittal in Macedonia. Following the formalization of this purchase, Canada began to see its first imports of Macedonian plate which has been absent in the Canadian market for many years. Algoma submitted that with the Macedonia and Romanian facilities both under the same new ownership, it is conceivable that the Romanian facility would similarly focus on Canada should the order on certain hot rolled steel plate be rescinded.<sup>53</sup>

#### *All Subject Countries*

[86] Algoma contended that the combined capacity and production from the subject countries leaves a significant and persistent excess capacity in the range of 4,921,000 MT to 5,077,000 MT for the period between 2015 to 2020. With a proposed expansion of one million MT for the Romanian plant and the current weak demand in Europe, Algoma submitted that capacity utilization rates will be driven even lower for the subject countries.<sup>54</sup>

#### Inability to Sell at Normal Values

[87] Algoma cited information on the record regarding the volumes and values of imports into Canada of certain hot rolled steel plate to demonstrate that there had been no imports of certain hot rolled steel plate from the subject countries during the POR. Algoma submitted that this shows that producers and exporters from the subject countries are unable to sell subject goods in Canada at non-dumped prices.<sup>55</sup>

#### Attractiveness of the Canadian Market

[88] Algoma argued that Canada will be attractive to Bulgarian, Czech and Romanian hot rolled steel plate exporters as a market for their excess production because of the higher prices in Canada relative to other markets.

[89] Algoma cited the CITT's previous review of this finding, concluding that the US Midwest pricing is a reasonable proxy for trends in Canadian market pricing. Algoma provided a table with world pricing of hot rolled steel plate for 2015 through forecast 2020 which indicated that US Midwest pricing has been higher than other markets since 2015, and that this trend is projected to continue through 2021.<sup>56</sup> Algoma also provided pricing for hot rolled steel plate in the US Midwest, Germany, Italy, Far East Import, Chinese Domestic, and each of the subject countries.<sup>57</sup> The data demonstrated that the North American prices were on average 31% to 68% higher than prices in other markets listed above from 2015 through forecast 2020.

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<sup>53</sup> *Ibid.*, para. 66.

<sup>54</sup> *Ibid.*, paras. 72-73.

<sup>55</sup> *Ibid.*, paras. 74-75.

<sup>56</sup> *Ibid.*, paras. 77-78.

<sup>57</sup> Export prices for Bulgaria, the Czech Republic and Romania are from UN comtrade data HS codes 7208.51 and 7208.52.

[90] Algoma contended that the data demonstrated that the export pricing from the subject countries is significantly lower than pricing in the North American market. Algoma argued that even assuming a reasonable amount for freight and logistics, these export prices would allow the subject countries to participate in Canada well under the Canadian market price, incentivizing importers to purchase from these sources.<sup>58</sup>

[91] Algoma submitted that Romania in particular has demonstrated its attraction to the Canadian market by increasing its steel exports to Canada in 2017. Information on the record indicated that from January to June 2018, Romania was one of Canada's top five import sources of semi-finished steel products. Algoma argued that this growth in import volume shows Romania's propensity to export into Canada's market, and provides an established channel for plate to come back into Canada should the order be rescinded.<sup>59</sup>

#### Evidence that the Subject Countries are dumping in Other Markets

[92] Algoma alleged that the subject countries have been dumping in export markets since 2016. Algoma cited information on the record regarding home market pricing of plate from non-subject countries that are part of the EU. Since no sub-market pricing was available for the subject countries with respect to plate, Algoma presented European pricing benchmarks to act as a reasonable proxy of EU market pricing. Algoma presented a table providing an annual average pricing for Europe, derived from pricing in Germany, Italy and the United Kingdom, and compared it to the annual average export pricing from the subject countries.<sup>60</sup>

[93] Referencing the data for home market pricing compared to export pricing, Algoma demonstrated a trend beginning in 2016 where the average export pricing from the subject countries were priced below the annual average European price. Algoma noted that this trend continued in 2017 and again in 2018. Algoma also alleged that these margins were even higher when comparing Bulgaria and Romania's average to the European price, suggesting dumping by 16%, 10% and 7% in 2016, 2017 and 2018 respectively.<sup>61</sup>

#### **Low-priced Competition from Other Countries**

[94] Algoma contended that the Canadian plate producers have faced significant and growing pressure from offshore, low-priced imports over the POR and that the prices of these imports have considerably undercut domestic producer pricing. Algoma submitted that if the order is rescinded, the subject countries will need to compete at or below the prices currently offered by these offshore leaders to regain market share.<sup>62</sup>

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<sup>58</sup> Exhibit 47 (NC) – Case Briefs filed on behalf of Algoma Steel Inc., paras. 79-80.

<sup>59</sup> *Ibid.*, para. 82.

<sup>60</sup> *Ibid.*, para. 84.

<sup>61</sup> *Ibid.*, para. 85.

<sup>62</sup> *Ibid.*, para. 86.

## Period Average Import Statistics

[95] Algoma noted that both the CBSA's import statistics and those compiled by Algoma show an increase in offshore imports in 2017 year-over-year, with offshore imports remaining at an elevated level during the first ten months of 2018.

[96] Algoma cited data on the record showing that offshore producers/exporters were a significant source of imports of plate into Canada in recent years. Import data provided by Algoma indicated that imports from Turkey, Malaysia, and Taiwan accounted for 18.9% of imports in 2017, up from 8.7% in 2016 and 1.2% in 2015. Of these imports, for the first ten months of 2018, the average price from Turkey was \$779/MT, Malaysia was \$1,021/MT, and Taiwan was \$923/MT, in comparison to imports of plate from the US which were, on average, being sold for \$1,096/MT. Together, Algoma contended that these offshore sources significantly undercut the pricing of domestic producers.<sup>63</sup>

[97] Algoma also noted that as the offshore imports have increased in Canada since 2016, the US imports have declined. The company explained that this decline can be attributed in part to US producers finding more opportunities in their home market after the trade remedies finding in 2017 and the section 232 measures in 2018, and also due in part to Canada's retaliatory tariffs imposed on US exports as of July 1, 2018. In addition, the US restrictions may have led to the diversion of these offshore imports to the Canadian market.<sup>64</sup>

[98] Statements from the CBSA in previous proceedings related to plate were cited as support that the subject goods are essentially commodity products that compete largely on pricing considerations, and that the undercutting of domestic pricing by non-subject offshore sources indicates that the subject countries would likely have to compete with this pricing to regain market share in Canada.<sup>65</sup>

## Account Specific Evidence

[99] Algoma reiterated its position that it has faced significant and increasing low-priced competition from new offshore sources that have achieved increased volumes in the Canadian market by undercutting domestic pricing. To support its position, Algoma filed account and transaction specific evidence that had occurred over the course of the POR. Algoma provided several examples on the record demonstrating imports from Malaysia, Taiwan and Turkey at prices that significantly undercut those in the Canadian market.<sup>66</sup>

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<sup>63</sup> *Ibid.*, paras. 89-92.

<sup>64</sup> *Ibid.*, para. 93.

<sup>65</sup> *Ibid.*, paras. 95-96.

<sup>66</sup> *Ibid.*, paras. 99-107.

## The Effect of Provisional Safeguards on the CBSA's Analysis

[100] Algoma submitted that the provisional safeguard measures imposed in October 2018, and the potential for final safeguard measures, on only a portion of steel plate covered by the product definition in this proceeding, should have no effect on the conclusion that the subject countries are likely to resume dumping in Canada should the order be rescinded. Algoma noted that safeguard measures to date have only been provisional in nature and will expire no later than May 13, 2019. In addition, there can be no certainty as to whether final measures will be imposed after this date.<sup>67</sup>

[101] In addition, Algoma stated that if final safeguard measures would be imposed on heavy plate, it would only cover a portion of the product definition in the proceeding. Algoma provided evidence on the record documenting significant volumes of low-priced offshore plate in the Canadian market in sizes that are “narrower than 80”, which would not be affected by any final safeguard measures.<sup>68</sup>

[102] Furthermore, Algoma argued that safeguard measures and SIMA duties are designed to address separate issues. Specifically, Algoma stated that under SIMA, the CBSA is concerned with whether the subject countries are likely to continue or resume dumping in Canada should the order be rescinded, while safeguard measures are concerned with the surge of imports that may be diverted to Canada.<sup>69</sup>

### Canadian Market Conditions

[103] Algoma stated that the Canadian economy is forecasted to experience slowing growth, citing reports from the Bank of Canada and outlining challenges to the economy from weak oil prices, declining manufacturing, and cooling investment in a variety of sectors.<sup>70</sup>

[104] Algoma also noted that plate consumption in Canada fell significantly in 2018 year-over-year, and is expected to remain well below levels experienced in 2015-2017 through 2020. Algoma referenced a CRU Steel Plate Products Market Report from January 2019 which forecasted that plate prices will fall from the peak experienced in Q3 2018 and will remain below the peak through the end of 2020.<sup>71</sup>

[105] In an environment of macroeconomic challenges, reduced plate demand and falling prices, Algoma argued that competition for available plate demand will become more challenging as the subject countries would be incentivized to compete fiercely on price in order to regain market share in the Canadian plate market.<sup>72</sup>

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<sup>67</sup> *Ibid.*, para. 109.

<sup>68</sup> *Ibid.*, para. 110.

<sup>69</sup> *Ibid.*, para. 111.

<sup>70</sup> *Ibid.*, paras. 113-121.

<sup>71</sup> *Ibid.*, paras. 122-123.

<sup>72</sup> *Ibid.*, para. 124.

## **Evraz**

[106] Evraz stated that they had reviewed the public submission of Algoma in this expiry review investigation and that they support Algoma's position. Evraz supported the notion that if the order were to expire, there would be a significant likelihood of resumed dumping of subject goods from Bulgaria, the Czech Republic and Romania.

[107] Evraz referenced information on the record with respect to production capacities for specific companies operating in the subject countries. In addition, Evraz submitted that the subject countries continue to demonstrate a strong export focus and are increasing production despite challenges selling into the European market.<sup>73</sup>

## **Other Canadian Producers**

[108] Two Canadian service centres, SSAB Central Inc.<sup>74</sup> and Acier Nova Inc.<sup>75</sup>, submitted letters endorsing the case brief filed by Algoma, supporting the notion that if the order were to expire, it would likely result in the continuation and/or resumption of dumping of subject goods from Bulgaria, the Czech Republic and Romania.

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

[109] None of the parties contended that resumed or continued dumping of subject goods from Bulgaria, the Czech Republic, and Romania is unlikely if the order is rescinded.

## **CONSIDERATION AND ANALYSIS – LIKELIHOOD OF CONTINUED OR RESUMED DUMPING**

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

[111] Before presenting the specific analysis with respect to Bulgaria, the Czech Republic and Romania concerning the likelihood of the continuation or resumption of dumping in absence of the CITT's order, there are certain issues that relate to the goods on a broader scale that need to be addressed. These issues are as follows:

- commodity nature of steel plate;
- capital-intensive nature of steel production;
- steel market developments and trends; and
- tariffs and safeguard measures on steel imports and diversion of steel plate into Canada.

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<sup>73</sup> Exhibit 45 (NC) – Case Briefs filed on behalf of Evraz Inc. NA Canada.

<sup>74</sup> Exhibit 49 (NC) – Case Briefs filed on behalf of SSAB Central Inc.

<sup>75</sup> Exhibit 48 (NC) – Case Briefs filed on behalf of Acier Nova Inc.

## Commodity nature of steel plate

[112] In general, hot-rolled steel plate produced to a given specification by a producer in a given country is physically interchangeable with steel plate produced to the same specification in any other country. As such, goods compete amongst themselves regardless of origin and share the same channels of distribution and the same potential customers. This characteristic means that steel plate must compete in a market that is extremely price sensitive, where price is one of the primary factors affecting purchasing decision from customers. Furthermore, because of this high degree of price sensitivity, prices in a given market have historically tended to converge over time towards the lowest available price offering.

[113] Given the commodity nature of the subject goods, when measures are in place for one country, other sources of steel plate emerge. This is evident from the number of measures in place in Canada outlined below, both historically and currently, with respect to steel plate.

[114] The first finding regarding certain hot-rolled steel plate dates back to 1983. On December 7, 1983, in Inquiry No. ADT-10-83, the Anti-dumping Tribunal (now the CITT) found that the dumping of certain hot-rolled steel plate from ten countries, which included Czechoslovakia and Romania, had caused, was causing and was likely to cause material injury to domestic production. On January 26, 1984, in Inquiry No. ADT-13-83, the Anti-dumping Tribunal extended its 1983 material injury finding to include the Netherlands. The finding made by the Anti-dumping Tribunal against the eleven countries was rescinded by the CITT on May 1, 1990 in Review No. RR-89-006.<sup>76</sup>

[115] Since 1992, there have been five other inquiries concerning similar steel plate products, each resulting in the imposition of either anti-dumping measures or both anti-dumping and countervailing measures against imports from various countries. The measures resulting from two of the five investigations are still in force. The five steel plate cases are informally referred to as Plate I, Plate II, Plate III (which is still in force against China), Plate IV and Plate 5 (which is the subject of this expiry review).<sup>77</sup>

[116] On February 2, 2010, in Inquiry No. NQ-2009-003, the CITT found that the dumping of steel plate originating in or exported from Ukraine was threatening to cause injury to the domestic industry. Additionally, on May 20, 2014, in Inquiry No. NQ-2016-005, the CITT found that the dumping of steel plate originating in or exported from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and South Korea has caused injury to the domestic industry.<sup>78</sup> The history of steel plate being dumped into Canada supports the opinion that steel plate is a commodity product and that measures in place preventing one country to export steel plate into Canada, provides an opportunity for other sources of steel plate to emerge.

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<sup>76</sup> <http://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/rr2008-002/rr2008-002-e08-de-eng.html> - *Statement of Reasons – Steel Plate 5 Expiry Review 2008.*

<sup>77</sup> <http://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/rr2008-002/rr2008-002-e08-de-eng.html> - *Statement of Reasons – Steel Plate 5 Expiry Review 2008.*

<sup>78</sup> [http://www.citt.gc.ca/en/node/6646#P6\\_547](http://www.citt.gc.ca/en/node/6646#P6_547).

## Capital-intensive nature of steel production

[117] 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 home market demand drops, producers will search out foreign markets to maintain capacity utilization to ensure that these fixed costs are recovered.”<sup>79</sup> This is often referred to as the “economics of steel production.” Conditions of overcapacity exacerbates 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.

## Steel market developments and trends

[118] According to the World Steel Association, global steel demand faces uncertainty due to the ongoing tensions in the global economic environment. While the strength of steel demand seen in 2017 was carried over in 2018, it is noted that global risks have also increased due to rising trade tensions and volatile currency movements.<sup>80</sup>

[119] Global steel demand in 2017 reached 1,587 MMT, representing a 4.7% increase compared to 2016.<sup>81</sup> Although steel demand in the developed world remains healthy, growth is expected to become more moderate with forecasts anticipating an increase of 1% in 2018 and 1.9% in 2019.<sup>82</sup> According to the World Steel Association, slowed demand in steel is expected in China as continued economic rebalancing efforts and stricter environmental regulations are expected, while the US will experience modest growth in its auto manufacturing and construction sectors. Meanwhile in the EU, despite a relatively healthy economy, steel demand in 2019 is likely to decelerate due to uncertainties resulting from global trade tensions.<sup>83</sup>

[120] As reported by the OECD, global steel exports declined by 9% year-on-year in the first three months of 2018 with a significant portion of the decline taking place in China and India, declining 27.3% and 35.4% respectively. The EU and the US also experienced declining exports of 1.3% and 3.2% respectively during the same period. With respect to steel imports, the EU saw an increase of 3.9% year-on-year in the first three months of 2018 compared to the corresponding time period one year earlier. During the same period, the US, which recorded a significant increase in steel imports in 2017 of 14.7%, recorded a decline of 3.8%.<sup>84</sup>

[121] With respect to excess steel capacity, given that the Chinese steel market accounts for half of the world’s total, the conditions in the Chinese market play an important role in managing the excess global steel capacity. According to the Ministerial Report published by the G20 Global Forum, improvements in the Chinese market have been significant as China has made reductions to bring capacity closer to domestic demand.<sup>85</sup>

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<sup>79</sup> [http://www.citt.gc.ca/en/dumping/reviews/orders/archive\\_rr98004\\_e](http://www.citt.gc.ca/en/dumping/reviews/orders/archive_rr98004_e) - Tribunal Expiry Review *Statement of Reasons* on Certain Hot-Rolled Carbon Steel Plate, RR-98-004, pages 13-14.

<sup>80</sup> Exhibit 39 (NC) – CBSA Research Articles – Worldsteel Short Range Outlook October 2018, page 2.

<sup>81</sup> Exhibit 39 (NC) – CBSA Research Articles – OECD, Steel-Market-Developments-Q4 2018, page 9.

<sup>82</sup> Exhibit 39 (NC) – CBSA Research Articles – Worldsteel Short Range Outlook October 2018, page 2.

<sup>83</sup> Exhibit 39 (NC) – CBSA Research Articles – Worldsteel Short Range Outlook October 2018, page 2.

<sup>84</sup> Exhibit 39 (NC) – CBSA Research Articles – OECD, Steel-Market-Developments-Q4 2018, page 13.

<sup>85</sup> Exhibit 39 (NC) – CBSA Research Articles – Global Forum on Steel Excess Capacity (Sept 2018), page 5.

[122] Despite of the improvement seen in China’s excess steel capacity, in 2017, global crude steelmaking capacity exceeded steel demand by approximately 595 million tonnes.<sup>86</sup> In addition new capacity investment projects continue to take place around the world, thereby further exacerbating the excess capacity issue. According to the OECD, “nearly 52 MMT of gross capacity additions are currently underway and could come on stream during the three-year period of 2018-20, while an additional 39 MMT of capacity additions are currently in the planning stages for possible start-up during the same time period.”<sup>87</sup>

[123] Based on the foregoing factors, the global steel industry continues to show growth amidst the persistent concerns of excess supply and unused steel-making capacity. Although the steel industry has made improvements with the challenge of confronting excess capacity, risks associated with trade imbalances still exist due to the rise of restrictive trade measures such as those imposed by the US and other countries, in the form of tariffs and safeguards discussed below.

### **Tariffs and safeguard measures on steel imports and diversion of steel plate into Canada**

[124] On March 8, 2018, the US issued a proclamation regulating imports of steel into the US under section 232 of the US Trade Expansion Act of 1962, imposing tariffs of 25% on imports of steel into the US.<sup>88</sup>

[125] Canadian Producer, Algoma, provided evidence on the record demonstrating the reduction of imports to the US following the 232 measures. Import volumes for all steel mill products and steel plates cut-to-length are provided in the table below.

**Table 3  
U.S. Imports of Steel Mill Products (MT)<sup>89</sup>**

| Product                  | Census Data                |                            |                                     |                                     |
|--------------------------|----------------------------|----------------------------|-------------------------------------|-------------------------------------|
|                          | Annual Total Quantity 2016 | Annual Total Quantity 2017 | Total Quantity Jan through Nov 2017 | Total Quantity Jan through Nov 2018 |
| All Steel Mill Products  | 29,989,949                 | 34,472,507                 | 32,249,641                          | 28,855,709                          |
| Steel Plates Cut Lengths | 1,050,694                  | 686,153                    | 644,516                             | 511,967                             |

<sup>86</sup> Exhibit 39 (NC) – CBSA Research Articles – Global Forum on Steel Excess Capacity (Sept 2018), page 6.

<sup>87</sup> Exhibit 44 (NC) – Close of the Record Documents – Algoma Steel Inc., Public Attachment 8: OECD, Recent Developments in Steelmaking Capacity, page 7.

<sup>88</sup> Exhibit 44 (NC) – Close of the Record Documents – Algoma Steel Inc., Public Attachment 13 – US 232 Customs and Border Protection.

<sup>89</sup> Exhibit 44 (NC) – Close of the Record Documents – Algoma Steel Inc., Public Attachment 37 – US Imports of Steel Mill Products Compared Yearly.

[126] As indicated in the table above, overall steel mill products imported into the US declined by 10.5% (3,393,932 MT) in January to November 2018 relative to the same period in 2017. With respect to steel plate, imports have been declining prior to 2016 and have continued to decline into 2017 with a drop of 34.9% (364,541 MT). After the imposition of the 232 measures in 2018, steel plate imports have declined again in the US by 20.6% (132,549 MT) in January to November 2018 relative to the same period in 2017.

[127] These section 232 measures created a ripple effect as the EU also announced their own provisional tariff measures in the form of tariff-rate quotas on July 19, 2018, which included non-alloy and other alloy quarto plate products.<sup>90</sup> In the Official Journal of the Europe Union, the EU cited several unforeseen developments creating imbalances in the international trade of the products concerned. It was noted that the increased use of trade restrictive practices throughout the world, in particular the US section 232 measures adopted in March 2018, has resulted in the EU taking action in the form of implementing provisional safeguards.<sup>91</sup> The EU later replaced the provisional tariffs with definitive safeguard measures effective February 2, 2019. Steel plate is specifically covered under item 7 of those measures and countries importing within the target quotas are subject to an additional duty rate of 25%.<sup>92</sup>

[128] On April 27, 2018, Turkey initiated its own safeguard investigation on the imports of iron and steel products which includes steel plate products. According to the notification filed under Article 12.1(A) to the WTO, Turkey has initiated a safeguard investigation to determine the potential injury and/or threat thereof to domestic producers due to the import taxes imposed by the US, the safeguard investigation initiated by the EU and the increasing tendency towards protectionist measures against steel products worldwide.<sup>93</sup>

[129] On July 1, 2018, in response to the US' imposition of a 25% tariff against steel imports, including those originating in Canada, Canada imposed its own 25% surtax on imports of certain steel products from the US to Canada.

[130] Furthermore, with the threat of divergence of exports from the US to Canada due to the 232 measures, the Government of Canada imposed provisional safeguards in the form of tariff rate quotas (TRQs) on seven classes of steel goods. The provisional safeguards took effect on October 25, 2018. The TRQ's are administered by Global Affairs Canada by way of shipment specific imports permits. On April 3, 2019, the CITT recommended that final safeguards only should be applied on two classes of steel goods. Goods that are not covered by a valid import permit at time of accounting are subject to a 25% surtax.<sup>94</sup> On April 26, 2019, the Government of Canada announced its intent to enact final safeguards on these two categories of steel.<sup>95</sup> Heavy plate is one of the categories covered by these provisional measures but only a portion of the product definition is covered in this proceeding.

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<sup>90</sup> Exhibit 21 (NC) – Response to Producer ERQ – Evraz Inc. Canada, Public Attachment 12, Official Journal of the European Union, page 991.

<sup>91</sup> *Ibid.*, pages 997 & 998.

<sup>92</sup> *Ibid.*, pages 1022 & 1029.

<sup>93</sup> Exhibit 21 (NC) – Response to Producer ERQ – Evraz Inc. Canada, Public Attachment 12, pages 1039-1041.

<sup>94</sup> <https://www.international.gc.ca/controls-controles/steel-acier/notices-avis/911.aspx?lang=eng>

<sup>95</sup> <https://www.fin.gc.ca/n19/19-046-eng.asp>.

[131] Due to the geographic proximity of the US to Canada and the size of the US market for steel, compounded with the effect of global safeguard measures against steel plate imports, the imposition of these measures will likely cause steel plate to be diverted to Canada and price pressures already created by existing non-subject sources noted earlier in this report by the Canadian producers are likely to result in dumping.

## **Bulgaria**

[132] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in Bulgaria. The CBSA, therefore, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to Bulgaria.

[133] Guided by the factors in the SIMR and based on the documentation on the administrative record, the following list represents a summary of the CBSA's analysis conducted in this expiry review investigation:

- high export dependency on steel plate products;
- pricing data suggesting Bulgarian exporters are selling at prices lower than European domestic benchmark prices and well below Canadian import prices;
- inability to compete in Canada at non-dumped prices; and
- the presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which Bulgaria would likely have to compete to secure sales in the Canadian market.

[134] In the Canada Customs and Revenue Agency's (CCRA), original investigation in 2003, Stomana was the only known producer/exporter to have shipped subject goods to Canada during the POI.<sup>96</sup> Stomana did not participate in the original investigation nor has it participated in the last three re-investigations which concluded in 2006, 2008, and 2010.<sup>97</sup> As a result of the non-cooperation by exporters in the original investigation and in the three subsequent re-investigations, normal values for Bulgaria were determined pursuant to a ministerial specification, on the basis of an advance of 74.6% over the export price.

[135] During the first three years of the CBSA's POR (2015, 2016 and 2017), Bulgaria's production of hot-rolled steel plate experienced an increase, along with increased exports of flat steel products. According to the World Steel Association's Steel Statistical Yearbook issued in 2018, Bulgarian production of hot-rolled steel plate ( $\geq 3$ mm) increased by 30% (210,000 MT to 274,000 MT) between 2015 and 2017 which coincided with a 15% increase (267,000 MT to 307,000 MT) in exports of flat products during the same period.<sup>98</sup> It should be noted that during the same period, Bulgaria was faced with a 10% increase (808,000 MT to 888,000 MT) in the imports of flat products.<sup>99</sup>

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<sup>96</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 *SOR* – December 19, 2003.

<sup>97</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 Reinvestigation (2010).

<sup>98</sup> Exhibit 39 (NC) – CBSA Research Articles – Steel Statistical Yearbook 2018, pages 42 & 68.

<sup>99</sup> Exhibit 39 (NC) – CBSA Research Articles – Steel Statistical Yearbook 2018, page 69.

[136] Data was also provided by the Canadian Producer, Algoma, from the UN Comtrade database recognizing a similar trend with exports of steel plate under HS Codes 7208.51 and 7208.52. According to the database, Bulgarian exports grew from 209,006 MT in 2015 to 257,230 MT in 2017.<sup>100</sup> Given the production of hot-rolled steel plate in 2017 provided above, this would indicate over 90% of Bulgarian steel plate produced is for export markets, signifying the high export dependency of steel plate products.

[137] Furthermore, Sidenor Group, the parent company of Stomana, indicates directly on the company website that “Stomana has been one of the most export-oriented companies of Sidenor Group, as it exports more than 90% of its production in plates outside Bulgaria, to more than 30 countries spanning over a wide geographical area (the Balkans, Europe, North Africa, America), and occupies consistently top positions in the suppliers’ list of many major international groups of steel products’ distribution.”<sup>101</sup> This statement supports the data above indicating that a significant portion of Bulgarian steel plate is exported.

[138] In reviewing the pricing data available on the administrative record, the information suggests that exports of steel plate from Bulgaria to other markets during the POR could be below domestic selling prices in Europe, making them potentially dumped prices.

[139] Since pricing data for domestic steel plate was not available for Bulgarian producers, historical steel plate pricing information available for three European countries (Germany, Italy and the United Kingdom) from CRU was averaged in order to determine a European pricing benchmark.<sup>102</sup> In comparing the European benchmark pricing for steel plate to Bulgaria’s export price as reported by UN Comtrade data, the Bulgarian steel plate export price falls below the European average price after 2015 and remains below through to October 2018.<sup>103</sup>

[140] Furthermore, the annual Bulgarian export price as reported by the UN Comtrade data for the two HS codes, 7208.51 and 7208.52, were compared to the annual weighted average import price for certain hot-rolled steel plate imported into Canada during the POR. Information on the confidential record supports that the annual average export prices from Bulgaria fall well below the weighted average Canadian import price for certain hot-rolled steel plate throughout the POR.<sup>104</sup>

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<sup>100</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. - 04\_Subject Countries UN comtrade data Export Tables.

<sup>101</sup> Exhibit 40 (NC) – CBSA Research Articles – Article 8, Sidenor website.

<sup>102</sup> Exhibit 43 (PRO) - Close of Record Documents – Algoma Steel Inc. – Confidential Attachment 69, CRU Historical steel prices monthly. Since Bulgaria forms part of the EU, the annual average price of three EU countries were used as a reasonable proxy for European market pricing.

<sup>103</sup> Exhibit 43 (PRO) - Close of Record Documents – Algoma Steel Inc. – Confidential Attachment 69, CRU Historical steel prices monthly; and Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. - 04\_Subject Countries UN comtrade data Export Tables.

<sup>104</sup> Exhibit 41 (PRO) – Final Import and Domestic Market Statistics; and Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. - 04\_Subject Countries UN comtrade data Export Tables. Note that prices shown in the graph for the Canadian import price were converted to USD using the annual foreign exchange rates published by the Bank of Canada.

[141] Based on the pricing analysis above, it is evident that Bulgarian export prices are well below Canadian import prices and that Bulgarian exporters are selling at low and potentially dumped prices in other markets. As such, in the event that the current order were rescinded, it is likely that steel plate exported from Bulgaria to Canada would be at prices lower than European domestic benchmark prices and well below Canadian import prices.

[142] During the original investigation, import volumes of certain hot-rolled steel plate from Bulgaria represented 3.1% of total imports into Canada from all countries. During the POR for this expiry review, there were no shipments of certain hot-rolled steel plate from Bulgaria to Canada.<sup>105</sup> The absence of shipments as well as the lack of cooperation from Stomana in the various anti-dumping proceedings mentioned above suggests an inability on behalf of the Bulgarian steel plate producers to compete in Canada at non-dumped prices.

[143] Lastly, previous proceedings by the CITT have concluded that steel plate is a commodity product and competes on the basis of price. As observed during the course of the POR, the Canadian steel plate market has experienced increasing competition from several foreign sources. The record indicates that during the POR, steel plate from certain countries was imported into Canada at prices significantly lower than the average price of the domestic producers. As price is a major factor for commodity products such as steel plate, Bulgarian exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market share achieved when they were selling at dumped prices.

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

[144] Based on evidence on the administrative record in respect of: the commodity nature of steel plate; the capital intensive nature of steel production; steel market developments and trends; the current tariff and safeguard measures on steel imports and the diversion of steel plate into Canada; the high export dependency of Bulgarian exporters on steel plate products; pricing data suggesting Bulgarian exporters are selling at prices lower than European domestic benchmark prices and well below Canadian import prices; the inability of exporters in Bulgaria to compete in Canada at non-dumped prices; and, the presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which Bulgaria would likely have to compete, to secure sales in the Canadian market, the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel plate originating in or exported from Bulgaria.

#### **Czech Republic**

[145] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in the Czech Republic. The CBSA, therefore, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to the Czech Republic.

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<sup>105</sup> Exhibit 42 (NC) – Final Import and Domestic Market Statistics.

[146] Guided by the factors in the SIMR and based on the documentation on the administrative record, the following list represents a summary of the CBSA's analysis conducted in this expiry review investigation:

- high export dependency in the Czech Republic in order to maintain capacity utilization rates;
- pricing data suggesting Czech exporters are selling at prices below Canadian import prices;
- propensity to dump subject goods into Canada;
- inability to compete in Canada at non-dumped prices; and
- the presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries in which the Czech Republic would likely have to compete to secure sales in the Canadian market.

[147] In the CCRA's original investigation in 2003, Vitkovice Steel a.s.<sup>106</sup> (Vitkovice) was the only known producer/exporter to have shipped subject goods to Canada during the POI.<sup>107</sup> Although Vitkovice participated in the investigation, the CCRA found that the costing data was not reliable and normal values for the Czech Republic were determined pursuant to a ministerial specification, on the basis of an advance of 74.6% over the export price.

[148] There was no cooperation by exporters in the two subsequent re-investigations concluded in 2006 and 2008. Vitkovice was the sole responder for the 2010 re-investigation, where it submitted a letter indicating that it had not shipped subject goods to Canada during the period of investigation and had no intention of doing so in the near future.<sup>108</sup>

[149] Vitkovice did participate in the CBSA's 2013 Expiry Review investigation and contended that continued dumping of subject goods from the Czech Republic was unlikely. At the time, Vitkovice and Evraz Canada were under common direct ownership and it was argued by Vitkovice that any new potential sales into Canada would be fully coordinated with its affiliate Evraz Canada.<sup>109</sup> In 2014, Vitkovice was acquired by a group of private investors and is no longer associated with Evraz Canada.<sup>110</sup>

[150] According to the European Steel Association (Eurofer), the Czech steel industry experienced a downward trend in its crude steel production levels, decreasing from 5,262,000 MT in 2015 to 4,686,000 MT in 2017 representing a 10.9% decrease.<sup>111</sup> At 4.6 MMT, the Czech Republic ranked 33<sup>rd</sup> in the world for the largest producer of crude steel, representing 0.27% of the global output.<sup>112</sup> In 2018, the Czech Republic production reached 4.9 MMT, an increase of over 6% compared to 2017.<sup>113</sup>

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<sup>106</sup> In 2014, Vitkovice Steel a.s. was acquired by a group of private investors from Evraz who acquired Vitkovice Steel a.s. in 2005.

<sup>107</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 SOR – December 19, 2003.

<sup>108</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 Reinvestigation (2010).

<sup>109</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA Expiry Review *SOR* (2013).

<sup>110</sup> Exhibit 40 (NC) – CBSA Research Articles – Article 2, Vitkovice Steel Website (February 2019).

<sup>111</sup> Exhibit 39 (NC) – CBSA Research Articles – European Steel Figures 2018, page 15.

<sup>112</sup> Exhibit 39 (NC) – CBSA Research Articles – Worldsteel Figures 2018, page 5.

<sup>113</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. – Public Attachment 9: World Steel Association of Monthly Crude Steel Production.

[151] In terms of capacity utilization, based on the figures above and capacity numbers published in the Global Steel Trade Monitor and on Vitkovice's website, during 2017 and 2018 the Czech Republic steelmakers operated at a rate of 74% and 77% respectively.<sup>114</sup> According to Vitkovice's website, Vitkovice is the leading European manufacturer of rolled steel products and the largest manufacturer of steel plates in the Czech Republic with a production capacity of 755,000 MT.<sup>115</sup> The Prague Business Journal reported in May 2018 that Vitkovice had sold 401,000 MT of steel plate and cut shapes in 2017, up from 328,000 the previous year, and 146,000 MT of sheet piles, up from 136,000 MT.<sup>116</sup> Based on these figures, capacity utilization Vitkovice in 2016 and 2017 would be 61.5% and 72.5% respectively.

[152] Although no sales information was available for Vitkovice during the POR, historical data from previous proceedings indicated that in 2007, export sales represented 64% of Vitkovice's total sales of steel plate. In addition, after an analysis of Vitkovice's sales information in the 2013 Expiry Review investigation, the CBSA concluded that Vitkovice is very dependent on its steel plate export sales in order to sustain its production level and to maintain its capacity utilization rates.<sup>117</sup>

[153] Furthermore, the Czech Republic continues to see a significant increase in imports of steel mill products. According to the Global Steel Trade Monitor in May of 2018, imports of steel mill products into the Czech Republic increased by 68% between 2009 and 2017. As mentioned above, domestic production in the Czech Republic fell by 14% to 4.6 MMT in 2017 as compared to the 5.3 MMT produced in 2015. Apparent consumption, a measure of steel demand, was estimated to be 7.0 million MT in 2017, exceeding domestic production by more than 52%, compared to 2015 when steel demand exceeded domestic production by only 28%. The import penetration level, the amount of imports expressed as a percentage of total apparent consumption, had increased by more than 10 percentage points in 2017, as compared to 2015, to reach 99.3%. Consequently, the demand for crude steel products in the Czech Republic is almost entirely fulfilled by steel imports, placing significant pressure on domestic producers to find purchasers outside the domestic market in order to maintain production levels. In the context of flat products, in 2017 flat products accounted for the largest share of the Czech Republic's steel imports at 58%, or 4.1 MMT.<sup>118</sup> The quantity of flat products being imported into the Czech Republic is more than five times the production capacity of Vitkovice which would suggest that Vitkovice would have to remain an export-oriented producer and rely on exports of steel plate in order to maintain its high capacity utilization.

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<sup>114</sup> Exhibit 39 (NC) – CBSA Research Articles – Global Steel Trade Monitor – Czech (May 2018); and Exhibit 40 (NC) – CBSA Research Articles – Article 2, Vitkovice Steel Website (February 2019). It should be noted that the capacity utilization rate is an estimate and is likely lower due to unknown production capacity for Czech steel producer ZDB Dratovna.

<sup>115</sup> Exhibit 40 (NC) – CBSA Research Articles – Article 2, Vitkovice Steel Website (February 2019).

<sup>116</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. – Public Attachment 34: Vitkovice Steel Earnings Up 12.6% in 2017.

<sup>117</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA Expiry Review *SOR* (2013).

<sup>118</sup> Exhibit 39 (NC) – CBSA Research Articles – Global Steel Trade Monitor – Czech (May 2018).

[154] Since pricing data for domestic steel plate was not available for Czech producers, historical steel plate pricing information available for three European countries (Germany, Italy and the United Kingdom) from CRU was averaged in order to determine a European pricing benchmark.<sup>119</sup> In comparing the European benchmark pricing for steel plate to the Czech Republic's export price as reported by UN Comtrade data, Czech steel plate export price fell slightly below the European average price in 2016 and then returned to selling above the European average through to October 2018.<sup>120</sup>

[155] The annual Czech Republic export price as reported by the UN Comtrade data provided above was compared to the annual weighted average import price for certain hot-rolled steel plate imported into Canada during the POR. Information on the confidential record supports that the annual average export price from the Czech Republic fell well below the weighted average Canadian import price for certain hot-rolled steel plate in 2016 and remained below throughout the POR.<sup>121</sup>

[156] Based on the pricing analysis above, it appears that the Czech Republic export prices are comparable to the average annual selling prices in Europe. However, despite this, these export prices are still well below the average Canadian import prices throughout the POR. As such, in the event that the current order were rescinded, it is likely that certain hot-rolled steel plate exported from the Czech Republic to Canada would be at lower prices than current imports into Canada.

[157] There is no evidence on the record indicating that there are currently countries that have anti-dumping findings against the Czech Republic for steel plate or any other steel products. However, the Czech Republic has exhibited a strong history of dumping steel plate into Canada. The Czech Republic<sup>122</sup> was previously subject to a 1983 finding (ADT-10-83) which was rescinded in 1990 (RR-89-006) and to a 1993 finding (NQ-92-007) which was rescinded in 1998 (RR-97-006). In 2003, five years following the rescinded finding in 1998, the Czech Republic was again subject to a finding (NQ-2003-002) with respect to dumping steel plate into Canada. This pattern of dumping steel plate into Canada is indicative of the likely future behaviour of steel plate producers in the Czech Republic if the order is rescinded.

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<sup>119</sup> Exhibit 43 (PRO) - Close of Record Documents – Algoma Steel Inc. – Confidential Attachment 69, CRU Historical steel prices monthly. Since the Czech Republic forms part of the EU, the annual average price of three EU countries were used as a reasonable proxy for European market pricing.

<sup>120</sup> Exhibit 43 (PRO) - Close of Record Documents – Algoma Steel Inc. – Confidential Attachment 69, CRU Historical steel prices monthly; and Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc - 04\_Subject Countries UN comtrade data Export Tables.

<sup>121</sup> Exhibit 41 (PRO) – Final Import and Domestic Market Statistics; and Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. - 04\_Subject Countries UN comtrade data Export Tables. Note that prices shown in the graph for the Canadian import price were converted to USD using the annual foreign exchange rates published by the Bank of Canada.

<sup>122</sup> The finding was against Czechoslovakia

[158] During the POI of the original investigation, import volumes of certain hot-rolled steel plate from the Czech Republic represented 3.4% of total imports into Canada from all Countries.<sup>123</sup> During the POR, aside from an insignificant amount reported by an importer in 2015, there were no other shipments of certain hot-rolled steel plate from the Czech Republic to Canada.<sup>124</sup> The absence of shipments as well as the lack of participation from Czech producers/exporters in the various anti-dumping proceedings mentioned above suggests an inability on behalf of the Czech steel plate producers to compete in Canada at non-dumped prices.

[159] A final point to observe is that previous proceedings by the CITT have concluded that steel plate is a commodity product and competes on the basis of price. As observed during the course of the POR, the Canadian steel plate market has experienced increasing competition from several foreign sources. The record indicates that, during the POR, certain hot-rolled steel plate from certain countries was imported into Canada at prices significantly lower than the average price of the domestic producers.<sup>125</sup> As price is a major factor for commodity products such as steel plate, Czech exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market share achieved when they were selling at dumped prices.

#### **Determination Regarding Likelihood of Continued or Resumed Dumping for the Czech Republic**

[160] Based on evidence on the administrative record in respect of: the commodity nature of steel plate; the capital intensive nature of steel production; steel market developments and trends; the current tariff and safeguard measures on steel imports and the diversion of steel plate into Canada; the high export dependency of Czech exporters in order to maintain capacity utilization rates; pricing data suggesting Czech exporters are selling at prices below Canadian import prices; exporters in the Czech Republic having a propensity to dump subject goods into Canada; an inability of exporters in the Czech Republic to compete in Canada at non-dumped prices; and, the presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which the Czech Republic would likely have to compete to secure sales in the Canadian market, the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel plate originating in or exported from the Czech Republic.

#### **Romania**

[161] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in Romania. The CBSA, therefore, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to Romania.

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<sup>123</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 SOR – December 19, 2003.

<sup>124</sup> Exhibit 42 (NC) – Final Import and Domestic Market Statistics.

<sup>125</sup> Exhibit 41 (PRO) – Final Import and Domestic Market Statistics.

[162] Guided by the factors in the SIMR and based on the documentation on the administrative record, the following list represents a summary of the CBSA's analysis conducted in this expiry review investigation:

- high export dependency in Romania in order to maintain capacity utilization rates;
- pricing data suggesting Romania exporters are selling at prices lower than European domestic benchmark prices and well below Canadian import prices;
- trade measures in place against Romania;
- inability to compete in Canada at non-dumped prices; and
- the presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which Romania would likely have to compete to secure sales in the Canadian market.

[163] In the CCRA's original investigation in 2003, Ispat Sidex S.A. (now ArcelorMittal Galati (AMG)) was the only known producer/exporter to have shipped subject goods to Canada during the POI. AMG participated in the investigation as well as in the subsequent two re-investigations concluded in 2006 and 2008. However, no exporter participated in the last re-investigation, which concluded in 2010.<sup>126</sup>

[164] With the most recent re-investigation that was concluded on July 16, 2010, due to no cooperation from exporters from Romania, normal values for Romania were determined pursuant to a ministerial specification, on the basis of an advance of 74.6% over the export price.<sup>127</sup>

[165] In respect to crude steel production levels, Eurofer reports that from 2015 to 2017, the Romanian steel industry has remained consistent with production of 3,352,000 MT in 2015 and 3,361,000 MT in 2017, representing a 2% share of the EU total production.<sup>128</sup> At 3.4 MMT, Romania sits 37<sup>th</sup> in the world in terms of largest crude steel producers, representing 0.20% of the global output.<sup>129</sup>

[166] As reported in the ArcelorMittal Galati 2016-2017 Sustainability Report, AMG is the largest integrated steel plant in the country and leader in manufacturing products with a production capacity of 3 MMT of steel.<sup>130</sup> The production capacity of AMG alone would represent more than 88% of Romania's total steel production in 2017.

[167] According to AMG's 2016-2017 Sustainability Report, AMG is highly export oriented as more than 70% of its output is exported from Romania. Furthermore, AMG has an important role in the Romanian economy as its operations represents 55% of the city of Galati's gross domestic product (GDP), 25% of the GDP of the Galati County, and 0.5% of Romania's total GDP.<sup>131</sup>

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<sup>126</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 Reinvestigation (2010).

<sup>127</sup> Exhibit 25 (NC) – CBSA and CITT Public Documentation – CBSA – Plate 5 Reinvestigation (2010).

<sup>128</sup> Exhibit 39 (NC) – CBSA Research Articles – European Steel Figures 2018, page 15.

<sup>129</sup> Exhibit 39 (NC) – CBSA Research Articles – Worldsteel Figures 2018, page 5.

<sup>130</sup> Exhibit 21 (NC) – Response to producer ERQ – Evraz Inc. NA Canada. Public Attachment Q28, page 84.

<sup>131</sup> Exhibit 21 (NC) – Response to producer ERQ – Evraz Inc. NA Canada. Public Attachment Q28, pages 84 & 109.

[168] AMG has made several investments in updating machinery and completing maintenance during the POR. On March 13, 2017 a press release from AMG revealed a €12.5 million investment in its Heavy Plate Mill no. 2 to install a hot leveller, which according to the report, ensures a higher range of thicknesses and quality with respect to steel plate production. On March 5, 2018, AMG announced an additional investment of €10 million in the restarting of the continuous casting machine no. 4 to allow production through less technical stoppages and breakdowns, producing higher casting speeds while reducing quality defects.<sup>132</sup>

[169] In October 2018, Britain's Liberty Group (Liberty) announced plans to purchase four steel plants from ArcelorMittal, including one in Romania that produces subject goods. The deal is subject to approval by the European Commission as Arcelor Mittal seeks to bid for Europe's largest steel plant, Ilva in Italy. In order to do so, ArcelorMittal is required to divest a portion of its current steel making facilities in order to satisfy anti-trust concerns raised by the European Commission.<sup>133</sup> Subsequently, Liberty publicised that it has plans to increase the AMG plant's production by over 50%, to 3 MMT, in the next three-five years with an investment plan of €330 million. Liberty plans to build its presence in Romania as it believes the production at the AMG plant can increase over the 3 million MT level.<sup>134</sup>

[170] Despite the proposed investments in Romania's steel industry, current reports indicate that Romania could be facing a recession. A report from UniCredit indicates that Romania's economy could be facing two consecutive quarters of contraction at the end of 2019 and the beginning of 2020. The report notes government failure to attract and absorb European funds means that the government is increasingly forced to borrow at high interest rates.<sup>135</sup> As well, construction companies in Romania warn the government that the market crisis could drag the economy into a recession.<sup>136</sup>

[171] Furthermore, according to the Energy World Magazine, Romania's metallurgical industry has been in strong decline in recent years due to sustained absence of demand from the local market and increased pressure from foreign imports.<sup>137</sup> Weakening demand in the domestic market coupled with the high export dependency of producers in Romania will have producers looking to foreign markets in order to maintain capacity utilization rates and to fulfill the future production increases as proposed by the new potential AMG plant owners.

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<sup>132</sup> Exhibit 21 (NC) – Response to producer ERQ – Evraz Inc. NA Canada. Public Attachment Q28, pages 70-71.

<sup>133</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. – Public Attachment 17: Britain's Liberty to Buy Plants in Romania, Macedonia.

<sup>134</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. – Public Attachment 16: Romania Insider.

<sup>135</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. – Public Attachment 18: uncredit-romania-faces-a-rece.

<sup>136</sup> Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. – Public Attachment 19: Business review Most relevant construction companies.

<sup>137</sup> Exhibit 40 (NC) – CBSA Research Articles – Article 10, Romania's Metallurgical Industry, In Declines.

[172] Since pricing data for domestic steel plate was not available for Romanian producers, historical steel plate pricing information available for three European countries (Germany, Italy and the United Kingdom) from CRU was averaged in order to determine a European pricing benchmark.<sup>138</sup> In comparing the European benchmark pricing for steel plate to Romanian's export price as reported by UN Comtrade data, the Romanian steel plate export price is slightly below the European average price in 2015, then falls further below in 2016 and remains below through to October 2018.<sup>139</sup>

[173] Furthermore, the annual Romanian export price as reported by the UN Comtrade data provided above, was compared to the annual weighted average import price for certain hot-rolled steel plate imported into Canada during the POR. Information on the confidential record supports that the annual average export prices from Romania fall well below the weighted average Canadian import price for certain hot-rolled steel plate throughout the POR.<sup>140</sup>

[174] Based on the pricing analysis above, it is evident that Romanian export prices are well below Canadian import prices and that Romanian exporters are selling at low and potentially dumped prices in other markets. As such, in the event that the current order was rescinded, it is likely that certain hot-rolled steel plate exported from Romania to Canada would be at prices lower than European domestic benchmark prices and well below Canadian import prices.

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<sup>138</sup> Exhibit 43 (PRO) - Close of Record Documents – Algoma Steel Inc. – Confidential Attachment 69, CRU Historical steel prices monthly. Since Romania forms part of the EU, the annual average price of three EU countries were used as a reasonable proxy for European market pricing.

<sup>139</sup> Exhibit 43 (PRO) - Close of Record Documents – Algoma Steel Inc. – Confidential Attachment 69, CRU Historical steel prices monthly; and Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. - 04\_Subject Countries UN comtrade data Export Tables.

<sup>140</sup> Exhibit 41 (PRO) – Final Import and Domestic Market Statistics; and Exhibit 44 (NC) – Close of Record Documents – Algoma Steel Inc. - 04\_Subject Countries UN comtrade data Export Tables. Note that prices shown in the graph for the Canadian import price were converted to USD using the annual foreign exchange rates published by the Bank of Canada.

[175] Evidence on the record documents several anti-dumping measures put in place by authorities in other jurisdictions respecting steel plate and other steel products with respect to Romania. A list of these measures is provided in the table below and is separated into two sections, measures specifically relating to steel plate and measures pertaining to other steel products. These measures demonstrate that Romanian exports have a propensity to dump steel plate and other steel products.

**Table 4**  
**Anti-dumping Actions Imposed by Other Jurisdictions<sup>141</sup>**

| Country Imposing Anti-dumping Action               | Description of Goods   |
|--|--|
| <b>Steel Plate Products Originating in Romania</b> |  |
| Mexico   | Carbon steel plate in sheets   |
| Thailand   | Flat hot rolled in coils and not in coils  |
| <b>Other Steel Products Originating in Romania</b> |  |
| Brazil   | Line pipe up to 5 inches   |
| United States of America                           | Certain small diameter carbon and alloy seamless standard line and pressure pipe |

[176] It should be noted that in January 2007 the US rescinded an anti-dumping finding against Romania with regards to steel plate.<sup>142</sup> Although Romania has not been subject to an anti-dumping finding in the US since 2007 with respect to steel plate, there is a threat that actions taken by the US through the section 232 measures may cause a diversion of subject goods from Romania into Canada.

[177] During the period before the original investigation, import volumes of certain hot-rolled steel plate from Romania represented 14.2% of total imports into Canada from all countries. However, during the POR for this expiry review, there were no imports of certain hot-rolled steel plate from Romania into Canada. This would suggest an inability on behalf of the Romanian steel plate producers to compete in the Canadian market at non-dumped prices.

[178] A final point to observe is that steel plate is a commodity product whose market is highly price sensitive. The Canadian steel plate market is marked by increasing competition from several foreign sources. The record indicates that, during the POR, certain hot-rolled steel plate from certain countries were imported into Canada at prices significantly lower than the average price of domestic producers.<sup>143</sup> As price is a major factor for commodity products such as steel plate, Romanian exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market share achieved when they were selling at dumped prices.

<sup>141</sup> Exhibit 39 (NC) – CBSA Research Articles – WTO AD Semi-report Brazil; WTO AD Semi-report Mexico; WTO AD Semi-report Thailand; and WTO AD Semi-report USA.

<sup>142</sup> Exhibit 39 (NC) – CBSA Research Articles – DOC Revocation or Orders.

<sup>143</sup> Exhibit 41 (PRO) – Final Import and Domestic Market Statistics.

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

[179] Based on evidence on the administrative record in respect of: the commodity nature of steel plate; the capital intensive nature of steel production; steel market developments and trends; the current tariff and safeguard measures on steel imports and the diversion of steel plate into Canada; the high export dependency in Romania in order to maintain capacity utilization rates; exporters in Romania are selling at prices lower than European domestic benchmark prices and well below Canadian import prices; trade measures in place against Romania by other countries; the inability of exporters in Romania to compete in Canada at non-dumped prices; and, the presence of low-priced imports of certain hot-rolled steel plate in Canada from other countries with which Romania would likely have to compete to secure sales in the Canadian market, the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain hot-rolled steel plate originating in or exported from Romania.

### **CONCLUSION**

[180] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of the information on the administrative record, on May 24, 2019, the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the CITT's order made on January 7, 2014, in Expiry Review No. RR-2013-002, in respect of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania is likely to result in the continuation or resumption of dumping of the goods.

### **FUTURE ACTION**

[181] On May 27, 2019, the CITT commenced its inquiry to determine whether the expiry of the order with respect to the dumping of certain hot-rolled steel plate originating in or exported from Bulgaria, the Czech Republic and Romania is likely to result in injury. The CITT's Expiry Review schedule indicates that it will make its decision by October 31, 2019.

[182] If the CITT determines that the expiry of the order with respect to the goods is likely to result in injury, the CITT will make an order continuing the order in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping duties on dumped importations of the subject goods.

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

## **INFORMATION**

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

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