



OTTAWA, October 3, 2014

## STATEMENT OF REASONS

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

**CERTAIN HOT-ROLLED STEEL PLATE  
ORIGINATING IN OR EXPORTED FROM UKRAINE**

## DECISION

On September 18, 2014, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the President of the Canada Border Services Agency determined that the expiry of the finding made by the Canadian International Trade Tribunal on February 2, 2010, in Inquiry No. NQ-2009-003, concerning the dumping of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate originating in or exported from Ukraine is likely to result in the continuation or resumption of dumping of the goods into Canada.

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

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## SUMMARY

[1] On May 21, 2014, the Canadian International Trade Tribunal (Tribunal), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its finding made on February 2, 2010, in Inquiry No. NQ-2009-003, concerning the dumping of 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 inches (4.75 mm) up to and including 3.0 inches (76.0 mm) inclusive (with all dimensions being plus or minus allowable tolerances contained in the applicable standards e.g. ASTM standards A6/A6M and A20/A20M), originating in or exported from Ukraine; excluding 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).

[2] For the purposes of the remainder of this *Statement of Reasons*, the subject goods shall be referred to as “certain hot-rolled steel plate”.

[3] As a result of the Tribunal’s notice, on May 22, 2014, the Canada Border Services Agency (CBSA) initiated an expiry review investigation to determine whether the expiry of the finding with respect to certain hot-rolled steel plate is likely to result in the continuation or resumption of dumping of the goods.

[4] The Canadian producers of certain hot-rolled steel plate, namely Essar Steel Algoma Inc. (Essar Algoma) and Evraz Inc. NA Canada (Evraz Canada) provided responses to the Expiry Review Questionnaire (ERQ). SSAB Central Inc. (SSAB), a Canadian steel service center, also provided a response to the ERQ.

[5] The Canadian producer Essar Algoma provided a case brief in support of its position that continued or resumed dumping of certain hot-rolled steel plate from Ukraine is likely if the Tribunal finding is rescinded. Evraz Canada and SSAB did not provide a case brief or a reply submission.

[6] Responses to the ERQ were received from nine importers. None of the nine importers imported subject goods from Ukraine during the Period of Review (POR). None expressed any position on the likelihood of continued or resumed dumping of the goods if the finding is rescinded. No case briefs or reply submissions were received from any importers.

[7] The CBSA did not receive any response to the ERQ from the exporters of subject goods. None of the exporters provided a case brief. A reply submission was received from one exporter, namely Metinvest International SA. The exporter did not express any position on the likelihood of continued or resumed dumping of the goods if the finding is rescinded.

[8] Analysis of information on the record shows that the producers in Ukraine have substantial excess production capabilities and over-supply of hot-rolled steel plate, which is further exacerbated by the capital intensive nature of steel; the export dependency of Ukrainian exporters of certain hot-rolled steel plate; exporters from Ukraine have demonstrated an inability to compete in the Canadian market at non-dumped prices; the weak economic outlook for Ukraine and its key steel export markets; the commodity nature of hot-rolled steel plate means that Ukrainian product would have to compete with other imports in the Canadian market largely on the basis of price; and the numerous anti-dumping measures that are in place concerning plate and other steel products from Ukraine in other countries.

[9] For the foregoing reasons the President, having considered the relevant information on the record, determined, on September 18, 2014, under paragraph 76.03(7) (a) of SIMA that the expiry of the finding in respect of the dumping of certain hot-rolled steel plate originating in or exported from Ukraine is likely to result in the continuation or resumption of dumping of the goods into Canada.

## **BACKGROUND**

[10] On July 6, 2009, following a complaint filed by Canadian industry, the original anti-dumping investigation was initiated concerning certain hot-rolled steel plate originating in or exported from Ukraine. The complaint was made by Essar Algoma with support from the other Canadian producers of like products, Evraz Canada and SSAB.

[11] On October 5, 2009, the President made a preliminary determination of dumping concerning the goods from Ukraine. The final determination of dumping was made on January 4, 2010. On February 2, 2010, the Tribunal issued an injury finding in Inquiry No. NQ-2009-003.

[12] On July 16, 2010, the CBSA concluded a re-investigation to update the normal values and export prices of certain hot-rolled steel plate from Ukraine. One exporter, Azovstal Iron and Steel Works (Azovstal), a steel mill under Metinvest International SA, participated in the re-investigation and specific normal values were issued to Azovstal. Imports of subject goods from other Ukrainian exporters are subject to anti-dumping duty equal to 21.3% of the export price in accordance with a ministerial specification.

[13] On April 1, 2014, the Tribunal issued a notice concerning the upcoming expiry of its finding. The finding was scheduled to expire on February 1, 2015. Based on the available information and the information submitted by the interested parties, the Tribunal decided that a review of the finding was warranted. As a result, on May 21, 2014, the Tribunal gave notice and initiated an expiry review of its finding made on February 2, 2010.

[14] On May 22, 2014, the CBSA initiated an expiry review investigation to determine whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods from Ukraine.

## **PRODUCT DESCRIPTION**

### **Product Definition**

[15] The goods subject to the finding 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 inches (4.75 mm) up to and including 3.0 inches (76.0 mm) inclusive (with all dimensions being plus or minus allowable tolerances contained in the applicable standards e.g. ASTM standards A6/A6M and A20/A20M), originating in or exported from Ukraine; excluding 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**

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

[17] CSA specification G40.21 covers steel for general construction purposes. In the ASTM specifications, for instance, specification A36M/A36 comprises structural plate; specification A572M/A572 comprises high-strength low-alloy steel plate; and specification A516M/A516 comprises pressure vessel quality plate. ASTM standards, such as A6/A6M and A20/A20M, recognize permissible variations for dimensions.

### **Production Process**

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

### **Applications**

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

## Classification of Imports

[20] The subject goods are normally, but not exclusively, classified under the following *Customs Tariff* Harmonized System (HS) classification numbers:

Prior to January 1, 2012:

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

On or after January 1, 2012:

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

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

### **PERIOD OF REVIEW**

[22] The period of review (POR) for the CBSA's expiry review investigation is January 1, 2011, to March 31, 2014.

### **CANADIAN INDUSTRY**

[23] The Canadian industry for certain hot-rolled steel plate production is comprised of the following two producers:

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

[24] SSAB Central Inc., who also provided a response to the producer ERQ, is a steel service centre and operates cut-to-length facilities in Canada. However, it does not heat or roll plate in Canada.

## **Essar Steel Algoma Inc.**

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

[26] In June 2007, Algoma Steel Inc. was acquired by Essar Steel Holdings Ltd., a division of the multi-national conglomerate, Essar Global. On May 8, 2008, the company was renamed Essar Steel Algoma Inc.<sup>1</sup>

[27] Essar Steel Algoma Inc., with its subsidiaries, is a vertically integrated primary iron and steel producer having a present capacity to produce approximately 3.7 million metric tonnes (MT) of raw steel annually. Expressed in terms of finished steel products, the annual capacity is approximately 3.4 million MTs consisting of carbon and alloy steel plate, hot-rolled steel sheet, cold-rolled sheet, floor plate and welded wide flange beams and unfinished parts. The company's production facilities are located in Sault Ste. Marie, Ontario.<sup>2</sup>

## **Evrax Inc. NA Canada**

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

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

[30] On June 12, 2008, Evrax Group S.A. acquired from SSAB all of its IPSCO Inc. shares and all of its subsidiaries. SSAB retained a number of U.S. facilities and the coil processing facility in Scarborough, Ontario.

[31] On October 15, 2008, the name IPSCO Inc. was changed to Evrax Inc. NA Canada and the name of its wholly owned subsidiary IPSCO Canada Inc. was changed to Evrax Inc. NA Canada West. On January 1, 2009, Evrax Inc. NA Canada West was amalgamated into Evrax Inc. NA Canada.<sup>3</sup>

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<sup>1</sup> Exhibit 45 (NC) - Essar Algoma response to Producer ERQ.

<sup>2</sup> Ibid.

<sup>3</sup> Exhibit 49 (NC) – Evrax Canada response to Producer ERQ.

[32] Evraz's Regina facility is the largest steel industrial complex in Western Canada, producing carbon steel sheet and plate. The company also operates tubular manufacturing facilities in Calgary, Camrose and Red Deer, Alberta as well as a coil processing facility in Surrey, British Columbia.

### **CANADIAN MARKET**

[33] Detailed information regarding the volumes of sales from Canadian producers and from importers cannot be divulged for confidentiality reasons. Apparent Canadian market share percentages were calculated and presented in **Table 1** below using the information in the Canadian producers' ERQ replies and from the CBSA's internally generated customs information.

**Table 1**  
**Apparent Canadian Market Share for Certain Hot-rolled Steel Plate<sup>4</sup>**

<b>Source</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Q1 2014</b>
Canadian Producers	26%	30%	36%	37%
Ukraine	0%*	0%*	0%	0%
United States	55%	46%	49%	53%
All Other Countries	19%	24%	15%	10%
<b>Total Market</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Note: A small amount of subject goods originating in Ukraine was imported into Canada in 2011 and 2012. The actual percentage for 2011 and 2012 was 0.01% and 0.001% respectively, but both figures were rounded to 0%.

[34] In 2011, production from Canadian manufacturers represented about 26% of the total apparent Canadian market of certain hot-rolled steel plate. In 2012, the Canadian producers' apparent market share increased to 30% and continued to increase in 2014 to 37%.

[35] The market share held by exporters from the United States increased from 46% in 2012 to 53% in 2014, while the market share held by all other participants in the Canadian market decreased over the period.

### **ENFORCEMENT**

[36] During the POR, the volume of imports of subject goods from Ukraine represented less than 0.01% of the total Canadian market for certain hot-rolled steel plate. Anti-dumping duty was collected on the small amount of goods that were imported into Canada.

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<sup>4</sup> Exhibit 53 (PRO) – Final import, market and enforcement statistics.



## **PARTIES TO THE PROCEEDINGS**

[37] On May 22, 2014, a notice concerning the initiation of the expiry review investigation and the ERQs were sent to the known Canadian producers, importers and exporters. The ERQ requested information needed to consider the factors, as per subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR), relevant to this expiry review investigation. The CBSA also offered the opportunity to participate in the expiry review investigation to any other interested parties.

[38] One Canadian producer of certain hot-rolled steel plate, namely Essar Algoma participated in the expiry review investigation, answered the ERQ and provided a case brief stating that the dumping of subject goods from Ukraine would continue or resume should the Tribunal finding be rescinded.

[39] Responses to the ERQs were received from Evraz Canada and SSAB. Neither of the two companies provided a case brief or a reply submission, nor did they express any position with respect to the likelihood of continued or resumed dumping. As such, Evraz Canada and SSAB are not mentioned in the “Position of the Parties” section of this *Statement of Reasons*.

[40] With regard to the participation of importers of the subject goods, nine responses to the ERQs were received, namely from C&F Steel International Ltd.<sup>5</sup>, Marubeni-Itochu Steel Canada Inc.<sup>6</sup>, Hanwa Canada Corporation<sup>7</sup>, Ocean Steel and Construction Ltd.<sup>8</sup>, Russel Metals Inc.<sup>9</sup>, IMCO International Steel Trading Inc.<sup>10</sup>, Samuel, Son & Co. Limited<sup>11</sup>, Salzgitter Mannesmann International (Canada) Inc.<sup>12</sup> and Accucut Profile and Grinding Ltd.<sup>13</sup>

[41] None of the importers provided a case brief or a reply submission. Since none of these importers imported subject goods from Ukraine during the POR and none expressed a position in the matter of the likelihood of continued or resumed dumping, they are not mentioned in the “Position of the Parties” section of this *Statement of Reasons*.

[42] None of the exporters or producers located in Ukraine provided responses to the ERQ. None provided a case brief. A reply submission was received from one exporter, namely Metinvest International SA.<sup>14</sup> The exporter did not express any position on the likelihood of continued or resumed dumping if the finding is rescinded. In the reply submission, the exporter refuted some of the factors presented by Essar Algoma in its case brief.

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<sup>5</sup> Exhibit 32 (NC) – C&F Steel International Ltd. response to Importer ERQ.

<sup>6</sup> Exhibit 33 (PRO) – Marubeni-Itochu Steel Canada Inc. response to Importer ERQ.

<sup>7</sup> Exhibit 35 (NC) – Hanwa Canada Corporation response to Importer ERQ.

<sup>8</sup> Exhibit 37 (NC) – Ocean Steel and Construction Ltd. response to Importer ERQ.

<sup>9</sup> Exhibit 39 (NC) – Russel Metals Inc. response to Importer ERQ.

<sup>10</sup> Exhibit 41 (NC) – IMCO International Steel Trading Inc. response to Importer ERQ.

<sup>11</sup> Exhibit 47 (NC) – Samuel, Son & Co. Ltd. response to Importer ERQ.

<sup>12</sup> Exhibit 51 (NC) – Salzgitter Mannesmann International (Canada) Inc. response to Importer ERQ.

<sup>13</sup> Exhibit 52 (PRO) – Accucut Profile and Grinding Ltd. response to Importer ERQ.

<sup>14</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA.

## **INFORMATION CONSIDERED BY THE PRESIDENT**

### **Administrative Record**

[43] The information considered by the President for purposes of this expiry review investigation is contained on the administrative record. The administrative record includes the exhibits listed on the CBSA's Exhibit Listing, which is comprised of the Tribunal's administrative record relating to the initiation of the expiry review, CBSA exhibits and information submitted by interested persons, including information which they feel is relevant to the decision as to whether dumping is likely to continue or resume, absent the finding. The information also consists 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 the interested parties.

[44] For purposes of an expiry review investigation, the CBSA sets a date after which no new information may be placed on the administrative record. This is referred to as the "closing of the record date." This allows participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on July 10, 2014.

### **Procedural Issues**

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

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

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

[47] No new information was submitted after the closing of the record.

## **POSITION OF THE PARTIES**

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

[48] The Canadian producer, Essar Algoma, provided a case brief stating that the dumping of subject goods from Ukraine would continue or resume should the Tribunal finding be rescinded.

[49] The main factors identified by Essar Algoma<sup>15</sup> can be summarized as follows:

- Excess production capacity in Ukraine;
- Export dependency of Ukrainian plate producers;
- Inability to sell at normal values and a history of selling dumped plate in Canada from Ukrainian exporters;
- Adverse effect of the current situation in Ukraine affecting the plate industry;
- Soft demand in Ukraine;
- Attractiveness of the Canadian market;
- Large volume of low-priced plate being sold into the Canadian market from new offshore sources; and
- Trade measures in other jurisdictions against Ukrainian plate and other flat-rolled steel products.

[50] In the case brief, Essar Algoma provides detailed statistics regarding capacity, production and capacity utilization for reversing mills and strip mills<sup>16</sup> in Ukraine for the period from 2011 to 2016. The data indicates that there is significant excess production capacity in Ukraine's reversing mills. The excess production capacity at the reversing mills in Ukraine increased by 29% from 2011 to 2013. The excess production capacity at the reversing mills is expected to peak in 2014.<sup>17</sup> According to a table provided by Essar Algoma, the excess production capacity almost tripled from 2011 to 2013 in Ukraine's strip mills.<sup>18</sup>

[51] Essar Algoma further states that the plate excess production capacity at the reversing mills exceeds the total apparent Canadian demand. If the excess production capacity at the reversing mills is combined with the excess production capacity at the strip mills, the total plate excess production capacity in Ukraine is over five times the size of the Canadian market.<sup>19</sup>

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<sup>15</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc.

<sup>16</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 24. A reversing mill is dedicated exclusively to the production of plate, and a strip mill can produce both coil plate and hot-rolled sheet.

<sup>17</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 29.

<sup>18</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., Table 2, page 9.

<sup>19</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 30.

[52] In terms of utilization rates at the reversing mills, Essar Algoma states that the capacity utilization rate declined from 2011 to 2013, and it is expected to remain below 50% through 2016.<sup>20</sup> Essar Algoma submits that “the significant excess plate capacity combined with soft market conditions, the export orientation of Ukrainian plate producers and the production imperative will result in resumed dumping of plate by Ukrainian exporters to Canada if the Finding expires”.<sup>21</sup>

[53] Essar Algoma notes in the case brief that Ukrainian steelmakers are substantially export dependent. Based on the information provided by Essar Algoma, 75% of all finished steel produced in Ukraine in 2013 were exported. With respect to exports of plate from Ukraine, Essar Algoma notes that plate exports as a percentage of total plate production increased from 65.2% in 2011 to 71.5% in 2013, and it is forecast that Ukrainian plate producers will export almost 75% of their plate production in 2014.<sup>22</sup> In absolute terms, plate exports from Ukraine are forecast to grow by 12% from 2013 to 2016.<sup>23</sup>

[54] Essar Algoma states that one Ukrainian exporter (i.e. Azovstal) participated in both the 2009 original investigation and the 2010 re-investigation and obtained normal values. Essar Algoma notes that the exporters in Ukraine have been unable to sell subject goods at non-dumped prices with or without normal values while the finding has been in place. Essar Algoma contends that “as a result of the inability of exporters from Ukraine to sell plate in the Canadian market, it is highly likely that such exporters would resume selling significant volumes of subject goods into Canada at very low prices, if the Finding were allowed to expire.”<sup>24</sup>

[55] Essar Algoma further states that Ukrainian plate producers have a known history of shipping dumped plate to Canada and lists three Tribunal findings or orders concerning certain hot-rolled steel plate from Ukraine.<sup>25</sup>

[56] Essar Algoma notes, in the case brief, that the ongoing situation in Ukraine is negatively impacting the steel and plate producers. It is noted that Russia has historically been the largest export market for Ukrainian plate producers and the escalation of the Ukrainian crisis had a significant adverse impact on the Ukrainian currency. As a result, the Ukrainian economy has already been adversely affected by the crisis.<sup>26</sup>

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<sup>20</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 25.

<sup>21</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 34.

<sup>22</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 36.

<sup>23</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 37.

<sup>24</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraphs 16 to 18.

<sup>25</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 19.

<sup>26</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraphs 39 to 42.

[57] In terms of economic activities, Essar Algoma notes that Ukraine's GDP contracted by 1.0% by 2013 and is expected to grow by only 1.8% by 2014. It is further stated that Ukrainian steel demand contracted by 5.8% in 2013 and is expected to grow by only 3.5% in 2014. In terms of the market condition for plate, it is expected that Ukrainian plate demand will contract by 8.4% in 2014. It is forecast that plate production will continue to outpace demand and will result in excess plate production of over 3 million MTs per year through 2016. Essar Algoma submits that "the loss of Russia as a market, and a fall in domestic demand because of the political instability, means that Ukraine will be looking for new markets and will be selling at even lower prices".<sup>27</sup>

[58] The Canadian producer cites the attractiveness of the Canadian market because of the relatively high prices of plate in Canada.<sup>28</sup> Essar Algoma provides a table which demonstrates that the US Midwest pricing (reflective of Canadian spot prices) has been higher than other markets since 2011, and this is projected to continue to be higher through 2018.

[59] Despite the higher prices for plate in Canada, Essar Algoma notes that the Canadian plate market is soft. It is forecasted that the plate sector in Canada will see the least amount of growth in North America.<sup>29</sup> Essar Algoma submits that the weak Canadian market condition for plate was also confirmed by two importers in their responses to the ERQ.<sup>30</sup>

[60] Essar Algoma submits that there are currently new offshore sources selling low priced plate in the Canadian market. If the finding expires, exporters in Ukraine would need to compete with these low priced import sources, particularly, India and Russia. It is noted by Essar Algoma that these offshore sources have significant excess plate capacity and a very low utilization rate; as an example, it is cited that India and Russia have over 15 million MTs of excess plate capacity in 2013.<sup>31</sup>

[61] Essar Algoma states that plate importers in Canada have a long history of source switching in order to find the lowest pricing available from different sources. The Canadian producer submits that the same pattern would occur for Ukraine if the finding were allowed to expire.<sup>32</sup>

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<sup>27</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraphs 43 to 49.

<sup>28</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 50.

<sup>29</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 53.

<sup>30</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraphs 54 and 55.

<sup>31</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraphs 62 to 67.

<sup>32</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraph 69.

[62] Essar Algoma argues that there is a history of a propensity to dump plate and other steel products by the exporters of subject goods from Ukraine. Essar Algoma provides a table which lists trade measures that are currently in place against Ukraine and contends that the large number of these anti-dumping measures is clear evidence of the propensity to dump by Ukrainian steel producers. Examples include anti-dumping duties being imposed on Ukrainian steel plate by Brazil, Mexico and the United States; anti-dumping duties imposed on Ukrainian flat-rolled steel products by Argentina, Mexico, Thailand and the United States, etc.<sup>33</sup>

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

[63] None of the parties to the proceeding contended that continued or resumed dumping of subject goods from Ukraine is unlikely if the finding is rescinded.

### **Parties Who Did Not Express Opinion on the Likelihood of the Continued or Resumed Dumping**

[64] A reply submission was received from one exporter i.e., Metinvest International SA (Metinvest). In their reply submission, Metinvest stated that “the purpose of this submission is to correct misstatements and/or unfounded statements in Essar Algoma’s July 21, 2014 submission. Metinvest, Azovstal and Ilyich could not allow the misstatements and/or unfounded statements to remain on the record without any response”.<sup>34</sup>

[65] In response to Essar Algoma’s statement regarding exporters’ inability to sell subject goods in the Canadian market, Metinvest responds that it chose to stop selling into Canada and has an established and consistent consumer base in other markets.<sup>35</sup> Metinvest further responds that “the fact that the Ukrainian Mills did not respond to the CBSA’s expiry review investigation cannot be taken as evidence of anything”, and states that the current crisis in Ukraine may be the reason why Metinvest did not participate in this expiry review investigation.<sup>36</sup>

[66] In response to a list prepared by Essar Algoma with respect to anti-dumping measures that are currently in place concerning plate and other steel products in other countries, Metinvest responds that “Essar Algoma’s list attempt to exaggerate the Ukrainian Mills’ activities by including steel products that are not produced by the Ukrainian Mills”.<sup>37</sup> Metinvest also states that “the fact that other countries offer plates to Canada at low prices doesn’t mean that Metinvest will do the same. No evidence has been presented that Metinvest has engaged in dumping”.<sup>38</sup>

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<sup>33</sup> Exhibit 58 (NC) - Producer Case Brief- Essar Steel Algoma Inc., paragraphs 60 to 61.

<sup>34</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA, paragraph 2.

<sup>35</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA, paragraphs 3(a) and 3(e).

<sup>36</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA, paragraphs 3(b).

<sup>37</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA, paragraphs 3(n).

<sup>38</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA, paragraphs 3(p).

[67] It was concluded in the reply submission that “the CBSA should not continue the anti-dumping duties based on the submissions made by Essar Algoma”.<sup>39</sup>

[68] Metinvest did not express any position in its reply submission with respect to the likelihood of continued or resumed dumping, nor provided information to support the position that continued or resumed dumping is unlikely.

## **CONSIDERATION AND ANALYSIS**

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

[70] Before presenting a country-specific analysis of the likelihood of continued or resumed dumping in absence of the Tribunal finding, there are certain issues that relate to the goods on a broader scale which are addressed as follows:

- the commodity nature of hot-rolled steel plate;
- the capital intensive nature of steel production; and
- steel market developments and trends.

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

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

[72] Generally speaking, plate produced to a given specification by a producer in a given country is physically interchangeable with plate produced to the same specification in any other country. As such, the goods compete globally regardless of origin and share the same channels of distribution and the same potential customers. This characteristic means that plate must compete in a market that is extremely price sensitive, where price is one of the primary factors affecting purchasing decisions from customers. Furthermore, because of this high degree of price sensitivity, prices in a given market have historically tended to converge over time towards the lowest available price offerings.

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<sup>39</sup> Exhibit 59 (NC) – Reply Submission – Metinvest International SA, paragraph 4.

[73] There is a history of plate dumping cases in Canada. Since 1992, there have been seven 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 four of the seven investigations are still in force. The seven plate cases are informally referred to as Plate I, Plate II, Plate III (which is still in force against the People’s Republic of China), Plate IV, Plate V (which is still in force against the Republic of Bulgaria, the Czech Republic and Romania) and Plate VI (which is the subject of this expiry review investigation).<sup>40</sup> On May 20, 2014, in Inquiry No. NQ-2013-005, the Tribunal found that the dumping of hot-rolled steel plate originating in or exported from Brazil, Denmark, Indonesia, Italy, Japan and the Republic of Korea was threatening to cause injury to the domestic industry.<sup>41</sup> The most recent plate case, informally referred to as Plate VII, provides further evidence that there is a history of plate being dumped into Canada.

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

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

[75] A second characteristic of the product involves the capital-intensive nature of steel production. As noted by the CBSA in the Plate V expiry review investigation,<sup>42</sup> “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.” This is often referred to as the “economics of steel production.” This characteristic is particularly important when there are conditions of overcapacity, as a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer’s variable costs are covered.

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<sup>40</sup> Exhibit 27 (NC) – Statement of Reasons – FD – Plate VII, May 2, 2014.

<sup>41</sup> Exhibit 29 (NC) – CITT Finding and Reasons – Plate VII, May 20, 2014.

<sup>42</sup> Exhibit 30 (NC) – Statement of Reasons – Plate V Expiry Review, September 6, 2013.



## Steel market developments and trends

[76] During the first year of the POR, i.e. 2011, the world steel market showed modest improvement with global crude steel production increasing by 4.3% to 1.49 billion MTs. While recovery continued following the global financial crisis of 2009, the European debt crisis caused significant market uncertainty in 2011. The crisis led to countries adopting a number of austerity measures as a result of large government budget deficits. This in turn resulted in some countries suspending investment altogether in infrastructure and other industries, which had a detrimental impact on steel demand. With reduced demand, previous expectations of stronger steel market growth in 2011 were not realized and the problem of overcapacity was only exacerbated. This significant overcapacity continued to put pressure on the profitability of the world's steelmakers.<sup>43</sup>

[77] Global economic growth faltered in 2012, amidst renewed recessions in Japan and the euro zone, and concurring slowdowns in the U.S. and developing economies. As a result, the global economy expanded by a sub-par 2.9%. In Europe, the apparent steel use dropped by around 9% in the first half of 2012 and several steelmakers across the EU continued to cut output to rebalance supply with demand and prevent further falls in steel prices.<sup>44</sup>

[78] China, which produced more than 46% of the world's crude steel in 2012, continue to impact the world steel market.<sup>45</sup> It was noted by the Tribunal in the Plate V expiry review that China has approximately 250 million MTs of overcapacity. In particular, the overcapacity of Chinese reversing mills had increased by approximately 1,000% between 2008 and 2012, and represented over 66% of global reversing mill capacity by 2012.<sup>46</sup>

[79] In addition to the overcapacity issue facing China, an Ernst & Young report<sup>47</sup> noted that global steelmaking capacity continued to exceed demand growth in 2013 with overcapacity of 479 million MTs forecast and capacity utilization is expected to remain below 80% in 2013. The report recognizes that the most significant issue in the steel sector is overcapacity. The Chairman of the OECD Steel Committee warned that overcapacity has reached very high levels and the high levels of overcapacity cloud prospects for the industry's profitability.<sup>48</sup> This overcapacity continued to exert pressure on the prices.

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<sup>43</sup> Exhibit 30 (NC) – Statement of Reasons – Plate V Expiry Review, September 6, 2013.

<sup>44</sup> Exhibit 30 (NC) – Statement of Reasons – Plate V Expiry Review, September 6, 2013.

<sup>45</sup> Exhibit 22 (NC) - Article #6, Steel Statistical Yearbook 2013.

<sup>46</sup> Exhibit 28 (NC) – CITT Order and Reasons – Plate V Expiry Review, January 7, 2014.

<sup>47</sup> Exhibit 22 (NC) – Article #7, Global steel 2013- Ernest and Young.

<sup>48</sup> Exhibit 23 (NC) – Article #1, Statement from Risaburo Nezu, Chairman of the OECD Steel Committee, during the 75<sup>th</sup> session of the OECD steel committee meeting.

[80] It appears that steel prices in the world will continue to remain under pressure due to overcapacity, increase in production and slow demand. The increase in the production capacity in the Republic of Korea and the slowdown in steel demand in Japan, may lead to search for other markets for their products. Furthermore, as the new capacity becomes operational in India in the next one or two years, its domestic oversupply concerns may resurface.<sup>49</sup> Thus, as producers try to find other markets to absorb their excess production, the global steel market will struggle.

[81] In Europe, the European Steel Association (Eurofer) states that the production of crude steel in 2012 amounted to 168 million MTs, a five percent reduction compared to 2011, and the reduction reflected a response to weakening real steel consumption and massive inventory reductions in the steel distribution chain.<sup>50</sup> Eurofer predicts a very modest growth in real steel consumption of around 0.5% in 2014.<sup>51</sup>

### **LIKELIHOOD OF CONTINUED OR RESUMED DUMPING**

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

- excess production capacity and low capacity utilization rate;
- high export dependency of steel products;
- inability to compete in Canada at non-dumped prices;
- weak economic outlook for Ukraine and its key steel export markets;
- the presence of low-priced imports from other countries in Canada, and
- anti-dumping measures in place in other jurisdictions against steel products from Ukraine.

[83] As mentioned earlier in the report, no exporters from Ukraine provided responses to the ERQ or a case brief. One exporter, namely Metinvest provided a reply submission. Azovstal, an integrated steel mill under Metinvest, participated in the CBSA's 2010 re-investigation and obtained normal values.<sup>52</sup>

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<sup>49</sup> Exhibit 30 (NC) – Statement of Reasons - Plate V Expiry Review, September 6, 2013.

<sup>50</sup> Exhibit 22 (NC) – Article #9, 2008 – 2012 European Steel in Figures, Eurofer.

<sup>51</sup> Exhibit 22 (NC) – Article #8, Eurofer steel market outlook 2013 to 2014.

<sup>52</sup> Exhibit 3 (NC) – Notice of Conclusion of Re-investigation - 2010.

[84] Ukraine is one of the major steel producing countries in the world, ranking in 10<sup>th</sup> in crude steel production. In 2013, a total of 32.8 million MTs of crude steel were produced by Ukrainian steel producers and accounted for approximately 2% of the world total steel production.<sup>53</sup> Ukraine is also a major plate producing country in the world with an annual capacity of 5.7 million MTs of wider plates. The production capacity of wider plate in Ukraine represented approximately 6% of the world total plate capacity<sup>54</sup>, which is approximately eight times the size of the total Canadian market.<sup>55</sup>

[85] Metinvest is the largest steel producer in Ukraine and one of the top-ten steel plate producers in the world.<sup>56</sup> Metinvest has an annual crude steel production capacity of 18.5 million MTs and produced a total of 14.3 million MTs of crude steel in 2013, ranking in 24<sup>th</sup> among steel producers in the world.<sup>57</sup> Other than Metinvest, there are several other major steel plate producers in Ukraine. Dneprovsky Integrated Iron and Steel Works has an annual production capacity of 3.8 million MTs and DonetskSteel has an annual capacity of 1.5 million MTs of crude steel.<sup>58</sup>

[86] Although there is no information on the record indicating the quantity of certain hot-rolled steel plate produced in Ukraine, the *Steel Statistical Yearbook 2013*, which was published by the World Steel Association, provides information pertaining to crude steel and hot-rolled flat products. **Table 2** summarizes Ukraine's production of crude steel and hot-rolled flat products and a percentage of hot-rolled flat products for the past five years from 2008 to 2012.

**Table 2**  
**Production of Crude Steel and Hot-rolled Flat Products in Ukraine**<sup>59</sup>  
**(Values in million MTs)**

<b>Ukraine</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Production of crude steel	32.28	29.86	33.43	35.33	32.98
Production of hot-rolled flat products	6.53	4.75	9.19	10.76	9.49
% of hot-rolled flat products	20%	16%	27%	30%	29%

<sup>53</sup> Exhibit 26 (NC) – Article #1, World Steel in Figures 2014, World Steel Association.

<sup>54</sup> Exhibit 26 (NC) – Article #4, Plate market research, Metal Expert Consulting.

<sup>55</sup> Exhibit 53 (PRO) – Final import, market and enforcement statistics.

<sup>56</sup> Exhibit 21 (NC) – Article #1, information regarding Metinvest.

<sup>57</sup> Exhibit 26 (NC) – Article #1, World Steel in Figures 2014, World Steel Association.

<sup>58</sup> Exhibit 21 (NC) – Articles 3 & 4, information regarding DonetskSteel and Dneprovsky.

<sup>59</sup> Exhibit 22 (NC) – Article #6, *Steel Statistical Yearbook 2013*.

[87] Based on the information presented in **Table 2** above, the shares of hot-rolled flat products continued to grow from 16% in 2009 to 30% in 2011 and slightly dropped to 29% in 2012, which indicates a growing importance of the steel plate sector in Ukraine's steel industry.

[88] With respect to production capacity in Ukraine, the total capacity was reduced from 44.1 million MTs in 2011 to 43.8 million MTs in 2013, and the reduction was largely due to the decommissioning of open-hearth furnaces.<sup>60</sup> During the same period, the total production declined from 35.3 million MTs in 2011 to 33.3 million MTs in 2013. Consequently, the capacity utilization rate declined from 80.1% in 2011 to 76.2% in 2012, and the capacity utilization rate further declined to 76.1% in 2013.<sup>61</sup> Information provided by Essar Algoma also confirms the declining trend of the capacity utilization rate of certain flat products in Ukraine from 2011 to 2013.<sup>62</sup>

[89] Regarding import and export activities, Ukraine is one of the top-three net exporting countries in the world behind China and Japan. In 2013, a total of 24.7 million MTs of steel products were exported to overseas markets from Ukraine. However, during the same period, Ukraine only imported 1.7 million MTs of steel products, as a result, the net export in 2013 was 23.0 million MTs.<sup>63</sup>

[90] The *Steel Statistical Yearbook 2013* provides a detailed breakdown of imports and exports of a narrow category of goods, namely flat products. Based on the data presented in **Table 3** below, the net exports of flat products from Ukraine increased from 5.56 million MTs in 2009 to 6.63 million MTs in 2011 and returned to the 2009 level in 2012.

**Table 3**  
**Exports and Imports of Flat Products**  
(Values in million MTs)<sup>64</sup>

<b>Ukraine</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Exports of flat products	8.25	6.06	6.57	7.56	6.56
Imports of flat products	1.39	0.50	0.83	0.93	1.01
Net exports	6.86	5.56	5.74	6.63	5.56

<sup>60</sup> Exhibit 23 (NC) – Article #2, Global Market and Ukrainian Steel Industry in 2013 – 2014.

<sup>61</sup> Exhibit 23 (NC) – Article #2, Global Market and Ukrainian Steel Industry in 2013 – 2014.

<sup>62</sup> Exhibit 55 (PRO) – Close of record submission – Essar Steel Algoma.

<sup>63</sup> Exhibit 26 (NC) – Article #1, World Steel in Figures 2014, World Steel Association.

<sup>64</sup> Exhibit 22 (NC) – Article #6, *Steel Statistical Yearbook 2013*, page 67 to 69.

[91] According to a presentation to the 75<sup>th</sup> session of the OECD Steel Committee meeting, Ukrainian steel exports continued to play an important role during the period from 2009 to 2013.<sup>65</sup> With respect to the largest steel producer Metinvest, the company states on its website that “a substantial portion”<sup>66</sup> of its steel products is exported to over 1,000 customers located in more than 75 countries. According to information from a state-run Ukrainian Industry Expertise Consultancy, 80% of steel products produced by Ukrainian steel producers are shipped to export markets.<sup>67</sup> The data clearly indicate that Ukrainian steel producers are heavily export dependent.

[92] During the original investigation, import volumes of plate from Ukraine represented 6.3% of total imports into Canada from all countries.<sup>68</sup> During the POR, a small volume of subject goods were imported into Canada which represented less than 0.01% of the total imports from all countries. Anti-dumping duties were collected during the POR on the subject goods imported into Canada from Ukraine.<sup>69</sup> The collection of anti-dumping duties and the apparent lack of export activity of subject goods from Ukraine since the Tribunal finding provide an indication that Ukrainian exporters are unable to compete in the Canadian market at non-dumped prices.

[93] In terms of economic activity, Ukraine was in its third recession at the end of 2013<sup>70</sup> and experienced a GDP growth of only 0.3% in 2012 and 0% in 2013. It is forecasted that the Ukrainian economy will contract 4% in 2014 and expected to grow by only 1.3% in 2015.<sup>71</sup> With respect to steel plate consumption in Ukraine, it declined 41.7% in 2013 and is expected to further decline by 8.4% in 2014.<sup>72</sup>

[94] As mentioned earlier, Ukraine’s steel industry is heavily dependent on export markets. In 2013, 57% of Ukraine’s iron and steel products were exported to the EU, Turkey and Russia.<sup>73</sup> One analysis also indicates that a large portion of Ukrainian plate went to Russia in 2013.<sup>74</sup> Given the current situation in Ukraine, the weak economic outlook for the Russian economy in 2014 and 2015<sup>75</sup> and a fall in domestic demand of plate in Ukraine, Ukrainian steel producers may be looking for new markets, which further increases its reliance on overseas markets for the industry’s growth.<sup>76</sup>

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<sup>65</sup> Exhibit 23 (NC) – Article #2, Global Market and Ukrainian Steel Industry in 2013 – 2014.

<sup>66</sup> Exhibit 21 (NC) – Article #1, information regarding Metinvest.

<sup>67</sup> Exhibit 26 (NC) – Article #9, Ukraine rolled steel output returns to growth in May.

<sup>68</sup> Exhibit 1 (NC) – Statement of Reasons – 2010 Investigation.

<sup>69</sup> Exhibit 53 (PRO) – Final import, market and enforcement statistics.

<sup>70</sup> Exhibit 26 (NC) – Article #5, Outlook 2014: Uncertain year ahead for Ukraine.

<sup>71</sup> Exhibit 26 (NC) – Article #6, Consensus Forecast: Ukraine.

<sup>72</sup> Exhibit 55 (PRO) – Essar Algoma close of record submission, Attachment 2, steel plate products market outlook, May 2014.

<sup>73</sup> Exhibit 22 (NC) – Article #4, Ukraine’s steel industry to look east or west?

<sup>74</sup> Exhibit 26 (NC) – Article #10, Analysis: EU plate prices further squeeze from imports.

<sup>75</sup> Exhibit 26 (NC) – Article #3, Economic Snapshot for Eastern Europe, GDP growth for Russia is forecast at 0.7% and 1.7% in 2014 and 2015 respectively.

<sup>76</sup> Exhibit 22 (NC) – Article #4, Ukraine’s steel industry to look east or west?

[95] Based on a report published in July 2013,<sup>77</sup> the EU economy was forecasted to contract 0.2% in 2013 and grow 1.2% in 2014. In addition, EU apparent steel demand was forecasted to shrink 3.1% to 137 million MTs in 2013 before rising 1.8% to 140 million MTs in 2014, EU steel producers continued to feel the pinch of a contracting EU economy and excess steel production capacity for the 6<sup>th</sup> consecutive year since the outset of the financial crisis in 2008.<sup>78</sup> Given the challenging economic conditions facing the EU, the largest steel export market of Ukraine, Ukrainian steel producers may have to seek alternative export markets in order to maintain their capacity utilization rates.

[96] As noted earlier in the report, steel plate is a commodity product whose market is highly price sensitive. The Canadian market is marked by increasing competition from several foreign sources. The information on the record<sup>79</sup> indicates that certain hot-rolled steel plate was imported into Canada at prices consistently below the average price of the domestic producers during the POR. As price is a major factor for commodity products such as plate, Ukrainian exporters will likely have to compete against these low-priced imports in Canada to regain their volumes and market shares achieved when they were selling at dumped prices.

[97] In addition to the Canadian anti-dumping measure against Ukraine on certain hot-rolled steel plate and certain hot-rolled steel sheet and strip, other jurisdictions, including Brazil, Mexico and the United States, also have anti-dumping measures in place against imports of steel plate from Ukraine. Moreover, there are anti-dumping measures in place concerning other steel products from Ukraine in Argentina, the EU, Mexico, Russia, Thailand and the US.<sup>80</sup> The numerous anti-dumping measures in place with respect to steel products from Ukraine demonstrate the propensity of Ukrainian steel producers to dump.

### **President's Determination**

[98] Based on evidence on the record in respect of: the commodity nature of hot-rolled steel plate and capital intensive nature of steel production; the continuing pressure to export in order to keep capacity utilization rates high; the dependence on export; the inability to compete in Canada at non-dumped prices; the weak economic outlook for Ukraine and its key steel export markets; the presence in Canada of low-priced imports of plate from other countries with which Ukrainian exporters will likely have to compete to secure sales in Canada; and the anti-dumping measures put in place by other countries against Ukraine, the President determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods into Canada.

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<sup>77</sup> Exhibit 22 (NC) – Article #8, EUROFER Steel market outlook 2013 – 2014.

<sup>78</sup> Exhibit 22 (NC) – Article #5, EU apparent steel demand shrinking further in 2013.

<sup>79</sup> Exhibit 53 (PRO) – Final import, market and enforcement statistics.

<sup>80</sup> Exhibit 24 (NC) – WTO semi-annual reports.

## **CONCLUSION**

[99] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors contained in subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of the information on the record, the President determined that the expiry of the finding made by the Canadian International Trade Tribunal on February 2, 2010, in Inquiry No. NQ-2009-003, concerning the dumping of certain hot-rolled steel plate originating in or exported from Ukraine is likely to result in the continuation or resumption of dumping of the goods into Canada.

## **FUTURE ACTION**

[100] On September 19, 2014, the Tribunal commenced its inquiry to determine whether the expiry of its finding concerning the dumping of certain hot-rolled steel plate from Ukraine is likely to result in injury or retardation to the Canadian industry. The Tribunal has announced that it will issue its decision by January 30, 2015.

[101] If the Tribunal determines that the expiry of the finding with respect to goods from Ukraine is likely to result in injury or retardation, the finding will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping duty on dumped importations of certain hot-rolled steel plate originating in or exported from Ukraine.

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

## INFORMATION

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

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for Brent McRoberts  
Director General  
Trade and Anti-dumping Programs Directorate