



OTTAWA, September 20, 2013

4214-41
AD/1402

STATEMENT OF REASONS

Concerning the initiation of an investigation into the dumping of

**CERTAIN HOT-ROLLED CARBON STEEL PLATE AND HIGH-STRENGTH
LOW-ALLOY STEEL PLATE FROM THE FEDERATIVE REPUBLIC OF BRAZIL,
CHINESE TAIPEI, THE KINGDOM OF DENMARK, THE REPUBLIC OF
INDONESIA, THE ITALIAN REPUBLIC, JAPAN AND THE REPUBLIC OF KOREA**

DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the President of the Canada Border Services Agency initiated an investigation on September 5, 2013, respecting the alleged injurious dumping of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate originating in or exported from the Federative Republic of Brazil, Chinese Taipei, the Kingdom of Denmark, the Republic of Indonesia, the Italian Republic, Japan, and the Republic of Korea.

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

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SUMMARY

[1] On July 15, 2013, the Canada Border Services Agency (CBSA) received a written complaint from Essar Steel Algoma Inc., of Sault Ste. Marie, Ontario (the complainant) alleging that imports of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate originating in or exported from the Federative Republic of Brazil (Brazil), Chinese Taipei, the Kingdom of Denmark (Denmark), the Republic of Indonesia (Indonesia), the Italian Republic (Italy), Japan, and the Republic of Korea are being injuriously dumped. The complainant alleges that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[2] On August 6, 2013, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. The CBSA also notified the governments of Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea that a properly documented complaint had been received.

[3] The complainant provided evidence to support the allegations that certain hot-rolled carbon steel plate and high-strength low-alloy steel plate from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea has been dumped. The evidence also discloses a reasonable indication that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[4] On September 5, 2013, pursuant to subsection 31(1) of SIMA, the President of the CBSA (President) initiated an investigation respecting the dumping of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea.

BACKGROUND

[5] This is the seventh in a series of complaints which have been filed by the Canadian industry in respect of certain steel plate since 1992. In all of the cases the products are generally similar goods. Each of these complaints has resulted in the imposition of either anti-dumping duty or both anti-dumping and countervailing duties against goods imported from various countries. The measures resulting from three of the six investigations are still in force. Following is a brief history of the six previous plate investigations.

Plate I

[6] On May 6, 1993, in Inquiry No. NQ-92-007, the Canadian International Trade Tribunal (Tribunal) found that dumped imports from Belgium, Brazil, the Czech Republic, Denmark, Germany, Romania, the United Kingdom and the Former Yugoslav Republic of Macedonia were injuring the production of plate in Canada. On May 5, 1998, in Expiry Review No. RR-97-006, the Tribunal concluded that there was no likelihood of resumed dumping from the named countries and, therefore, rescinded its finding. Given this conclusion, it was not necessary for the Tribunal to consider the second fundamental question in a review regarding likelihood of injury.

Plate II

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

Plate III

[8] On October 27, 1997, in Inquiry No. NQ-97-001, the Tribunal found that dumped imports from Mexico, the People's Republic of China (China), the Republic of South Africa and the Russian Federation were threatening to cause material injury to the domestic industry. On January 10, 2003, in Expiry Review No. RR-2001-006, the Tribunal continued its finding against China, South Africa and the Russian Federation and rescinded its finding against Mexico. On January 9, 2008, in Expiry Review No. RR-2007-001, the Tribunal continued its order against China and rescinded its order against South Africa and the Russian Federation. On January 8, 2013, in Expiry Review No. RR-2012-001, the Tribunal continued its finding against China.

Plate IV

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

Plate V

[10] On January 9, 2004, in Inquiry No. NQ-2003-002, the Tribunal found that dumped imports from the Republic of Bulgaria, the Czech Republic and Romania had caused material injury to the domestic industry. On January 8, 2009, in Expiry Review No. RR-2008-002, the Tribunal continued its finding against the named countries. On April 24, 2013, the Tribunal initiated Expiry Review No. RR-2013-002 of its order made on January 8, 2009 and the review is currently underway.

Plate VI

[11] On February 2, 2010, in Inquiry No. NQ-2009-003, the Tribunal found that dumped imports from Ukraine did not cause injury to the domestic market but threatened to cause injury to the domestic industry.

[12] In summary, at this time there are three plate findings/orders being enforced by the CBSA; Plate III against subject goods from China; Plate V against subject goods from the Republic of Bulgaria, Czech Republic and Romania; and Plate VI against subject goods from Ukraine.

INTERESTED PARTIES

Complainant

[13] The complainant is a major producer of hot-rolled carbon steel plate and high-strength low-alloy steel plate in Canada. The complainant's goods are produced at a manufacturing facility located in Sault Ste. Marie, Ontario.

[14] The name and address of the complainant is:

Essar Steel Algoma Inc.
105 West Street
Sault Ste. Marie, Ontario P6A 7B4

[15] Essar Steel Algoma Inc., (Essar Algoma) produces plate on its 166" plate mill and its 106" wide strip mill. This includes carbon steel plate in widths of up to 152" (3,860 mm) and in thicknesses of up to 3.0" (76.2 mm) and other carbon and alloy steel plate and hot-rolled sheet. Essar Algoma also produces cold-rolled sheet at its facility.

[16] Algoma, the company name at the time, was incorporated on June 1, 1992 and on January 29, 2002 the company was reorganized under a Plan of Arrangement and Reorganization pursuant to the *Companies' Creditors Arrangement Act*. Algoma became a part of Essar Steel Holdings Limited as a wholly owned subsidiary of Algoma Holdings B.V. in June 2007. On May 8, 2008, the company changed its name to Essar Steel Algoma Inc.

[17] Another major producer of like goods is Evraz Inc. NA Canada (Evraz) of Regina Saskatchewan. Evraz produces hot-rolled plate, in addition to hot-rolled sheet and strip, oil country tubular goods, standard pipe and piling pipe. SSAB Central Inc., (SSAB) of Toronto, Ontario, is a service center that does not heat or roll plate in Canada. However, it operates plate-dedicated cut-to-length facilities that produces plate from coil and resells discrete plate that it purchases from other manufacturers. Evraz and SSAB have provided letters to the complainant indicating their respective support of the complaint.¹

[18] In addition there are a few domestic steel service centres that have the capability to cut plate from coil. In the recent expiry review, RR-2010-001, the Canadian International Trade Tribunal (Tribunal) included plate cut from hot-rolled coil as part of Canadian production and the complainant believes that the volume of domestic production by several Canadian service centres that have this capability is minimal.²

¹ Dumping Exhibit 2 (NC) - Attachment 4

² CITT Expiry Review No. RR-2010-001

Importers

[19] The CBSA has identified 46 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint.

Exporters

[20] The CBSA has identified 75 potential exporters of the subject goods from CBSA import documentation and from information submitted in the complaint.

PRODUCT INFORMATION

Definition

[21] For the purpose of this investigation, subject goods 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 thicknesses from 0.187 inches (+/- 4.75 mm) up to and including 3.0 inches (76.2 mm) (with all dimensions being plus or minus allowable tolerances contained in the applicable standards), but excluding plate for use in the manufacture of pipe and tube (also known as skelp); plate in coil form, plate having a rolled, raised figure at regular intervals on the surface (also known as floor plate), originating in or exported from the Federative Republic of Brazil, Chinese Taipei, the Kingdom of Denmark, the Republic of Indonesia, the Italian Republic, Japan, and the Republic of Korea.

Additional Product Information

[22] For greater certainty, the subject goods include steel plate which contains alloys greater than required by recognized industry standards provided that the steel does not meet recognized industry standards for an alloy-grade steel plate.

[23] Hot-rolled carbon steel plate is manufactured to meet certain Canadian Standards Association (CSA) and/or American Society for Testing & Materials (ASTM) specifications, or equivalent specifications. 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

[24] Carbon steel is, in effect, refined pig iron. Integrated producers make pig iron by combining iron ore, coke, limestone and oxygen and superheating the mixture in a blast furnace. The ensuing hot liquefied pig iron is combined with scrap metal and additional oxygen in a basic oxygen furnace. Mini-mills, on the other hand, produce molten carbon steel in electric arc furnaces (EAF's). The basic raw material used by mini-mills is scrap metal rather than virgin.

[25] In both integrated and mini-mill production, the molten carbon steel is poured from a ladle into the tundish of a continuous strand caster. From the tundish it flows into the caster's moulds to cool and to form a slab. The slab continues to move through the caster, cooling as it progresses, until it exits the caster, where it is cut to length with a torch. The slab is then either placed in inventory or immediately transferred to a reheat furnace where it is heated to a uniform rolling temperature. The plate is rolled to its final gauge in a series of rolling mills, leveled, identified and inspected for conformance to thickness tolerances and surface requirements. The plate is then either formed directly into rectangular shapes or coiled and later unwound and cut into lengths. The former is known as "discrete plate" and the latter as "plate from coil" or "cut to length plate".

[26] At Essar Algoma, slabs are charged into re-heating furnaces and are progressively brought forward and heated to approximately 2370 °F (1300 °C) before being discharged then descaled by high pressure water sprays. The first reduction of steel thickness occurs in the breakdown mill where the slab is reduced in gauge depending on the final plate thickness required.

[27] The heavier plates (i.e., 3/8" and thicker) go directly to Essar Algoma's 166" Plate Mill where they are reduced to their final thickness, are levelled and then sent to the plate finishing area where the plate is sized, side trimmed, cut to length (either sheared or flame cut), tested and shipped.

[28] For the lighter plate, Essar Algoma's 166" Plate Mill acts a breakdown mill and the extended slab proceeds to the 106" Wide Strip Mill where it is reduced to its final thickness through this 6-stand operation and then coiled. The coils are sent to the #1 finishing line, where they are uncoiled, levelled, cut-to-length, tested, bundled and shipped.

Classification of Imports

[29] Imports into Canada of the subject goods described above are normally, but not exclusively, classified under the following Harmonized System (HS) classification numbers for importations that occurred prior to January 1, 2012:

7208.51.10.00	7208.51.99.10	7208.52.19.00
7208.51.91.10	7208.51.99.91	7208.52.90.10
7208.51.91.91	7208.51.99.92	7208.52.90.91
7208.51.91.92	7208.51.99.93	7208.52.90.92
7208.51.91.93	7208.51.99.94	7208.52.90.93
7208.51.91.94	7208.51.99.95	7208.52.90.94
7208.51.91.95	7208.52.11.00	7208.52.90.95

[30] As a result of the amendments made to the 2012 Customs Tariff, imports into Canada of the subject goods on or after January 1, 2012 are normally, but not exclusively, classified under the following HS 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

[31] The listing of HS classification numbers is for convenience of reference only. Refer to the product definition for the authoritative details regarding the subject goods.

LIKE GOODS

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

[33] Certain steel plate produced by the domestic industry has the same physical characteristics and end uses as the subject goods imported from the named countries. The goods produced in Canada and the named countries are fully interchangeable when manufactured to industry standards and specifications. Subject goods from the named countries compete directly with like goods produced by the complainant. Therefore, the CBSA has concluded that certain steel plate produced by the Canadian industry constitute like goods to the subject goods.

[34] Like goods and the subject goods are made from the same primary input materials and in similar manufacturing processes. When chemical and dimensional specifications of either subject or like goods meet industry standards, the only differentiating factor is price. When sold, certain steel plate is sold in the same channels of distribution, whether subject or like goods, to the same types of customers and in many cases, to the same customers.

[35] The Tribunal has previously recognized plate as a single class of goods. In considering the issue of like goods, the Tribunal typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics and whether the domestic goods fulfill the same customer needs as the subject goods. In the most recent completed expiry review involving plate, the Tribunal quoted from its statement of reasons in the original inquiry³ that :

“In this regard, the Tribunal was presented with no evidence or argument that warrants a departure from its following finding in the original inquiry, which was maintained in Expiry Review Nos. RR-2001-006 and RR-2007-011:

“[...]carbon steel plate is produced to meet various specifications. The evidence in this inquiry indicates that, for each specification, carbon steel plate produced domestically competes with, has the same end uses as and can be substituted for the subject goods, as defined by the Deputy Minister. Therefore, the Tribunal is of the view that all domestically produced carbon steel plate...is “like goods” to the subject goods.”

The Tribunal therefore reaffirms that plate produced by the domestic producers, which is defined in the same manner as the subject goods, are “like goods” in relation to the subject goods. The Tribunal is also satisfied that hot-rolled carbon steel plate comprises a single class of goods⁴”

[36] There has been no change of circumstances with respect to the criteria identified by the Tribunal. Therefore, the CBSA is of the opinion that plate produced by the domestic industry forms a single class of like goods to the subject goods.

THE CANADIAN INDUSTRY

[37] As previously stated, the complainant accounts for a substantial percentage of known Canadian domestic production of like goods.

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

- the complaint is supported by domestic producers whose production represents more than fifty per cent of the total production of like goods by those domestic producers who express either support for or opposition to the complaint; and
- the production of the domestic producers who support the complaint represents twenty-five per cent or more of the total production of like goods by the domestic industry.

³ Inquiry No. NQ-97-001, concerning hot-rolled carbon steel plate originating in or exported from the People’s Republic of China (China), the Republic of South Africa (South Africa) and the Russian Federation (Russia) (subject goods)

⁴ CITT Expiry Review No. RR – 2012 - 001

[39] Based on an analysis of information provided in the complaint, the complainant and the other Canadian producer of like goods, Evraz and the plate dedicated cut-to-length processor SSAB together, account for almost all of known Canadian production of like goods. The CBSA is satisfied that the standing requirements of subsection 31(2) of SIMA have been met by the complainant. The remainder of the market is comprised of steel service centres in Canada that have the facility to cut plate from coil. On January 8, 2013, the Tribunal in Expiry Review No. RR-2012-001 regarding similar goods from China stated that these service centres account for a small volume of total domestic production.⁵

CANADIAN MARKET

[40] According to the complainant, the subject goods and the like goods are used in a number of applications, the most common of which are the production of rail cars, oil and gas storage tanks, heavy machinery, agricultural equipment, bridges, industrial buildings, high rise office towers, automobile and truck parts, ships and barges, and pressure vessels.

[41] Plate is a commodity product and the subject goods compete among themselves and with the like goods produced by the Canadian industry. Subject goods from all of the named countries have all of the same technical characteristics and meet the same technical specification. In previous cases, the Tribunal found that carbon steel plate, once in Canada, was fungible regardless of source and that it was appropriate to consider the goods cumulatively.⁶ The complainant submitted that in assessing injury it is appropriate to cumulatively assess the effects of imports of subject goods from all of the named countries.

[42] The complainant estimated the Canadian Plate Market based on its own Canadian sales, the estimated sales of other Canadian producers and service centres and on publicly available import data obtained from Statistics Canada for the relevant HS codes listed earlier in this document.

[43] The complainant noted that the total domestic mills production includes some portion of non-subject alloy plate and the total domestic sales of cut-to-length plate by service centres is likely less than estimated.

[44] The CBSA conducted its own analysis of imports of subject goods based on actual import data. The CBSA's import data demonstrated similar trends and volumes as the information provided by the complainant.

[45] Detailed information regarding domestic production and the volume of imports of subject goods cannot be divulged for confidentiality reasons. The CBSA has prepared the following table to show the estimated import share for subject goods in Canada.

⁵ CITT Expiry Review No. RR – 2012 – 001

⁶ CITT Inquiry NQ- 2003-002,

TABLE 1
CBSA'S ESTIMATES OF IMPORTS
(BASED ON METRIC TONNE VOLUME)

COUNTRY	2010	2011	2012	2012 and Q1-2013
Imports:				
Brazil	5.39%	0.69%	3.89%	3.17%
Chinese Taipei	0.00%	0.04%	0.28%	0.26%
Denmark	0.00%	0.71%	1.04%	1.18%
Indonesia	0.00%	2.22%	2.25%	1.83%
Italy	0.18%	2.98%	3.09%	2.56%
Japan	0.97%	1.57%	1.16%	1.18%
Republic of Korea	3.45%	5.97%	11.06%	10.41%
Total –Named Countries	10%	14%	23%	21%
Total – Other Countries	90%	86%	77%	79%
Total All Imports	100%	100%	100%	100%

[46] During the next phase of the investigation, import volumes will continue to be refined using information obtained from exporters and importers of the subject goods.

EVIDENCE OF DUMPING

[47] The complainant alleges that certain hot-rolled carbon steel plate and high-strength low-alloy steel plate from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea has been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

[48] Normal values are generally based on the domestic selling price of like goods in the country of export where competitive market conditions exist or on the full cost of the goods plus a reasonable amount for profits.

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

[50] Estimates of normal value and export price by both the complainant and the CBSA are discussed below.

Normal Value

[51] The complainant was able to obtain home market pricing for most of the named countries published by *MEPS International*⁷ (MEPS) or CRU⁸. The complainant estimated normal values as per the methodology presented in section 15 of SIMA for six of the seven named countries in the complaint. In several cases, the subject plate imported was known to be a higher grade or premium plate product and for a proper comparison, the complainant added an extra amount, based on its own pricing, to the published MEPS home market prices since MEPS prices only represent a base grade plate. To reflect standard lead times from order date to the delivery, the order for the import was assumed to have been made on an offer three months prior to delivery and referred to here as lagged by three months. In addition, in the case of Japan, there was domestic pricing published by both MEPS and CRU, and the complainant demonstrated that the CRU reported domestic selling prices for plate were more representative than the MEPS reported prices.

[52] Both MEPS and CRU are reputable independent firms which publish statistical data, market trends, activity forecasts and market research on world commodities. In addition, information from these sources is provided in sufficient detail to allow a proper product comparison with plate imported into Canada.

[53] In respect of Indonesia, the complainant had no information available regarding home market pricing and normal values were estimated as per the methodology presented in paragraph 19(b) of SIMA based on the aggregate of the cost of production of the goods, a reasonable amount for administrative and selling and all other costs and a reasonable amount for profits. The complainant cited that the materials and non-labour overhead and GS&A costs to produce plate are comparable in different jurisdictions and therefore used its own costs with a downward adjustment to account for the cost of labour in Indonesia. The amount for profit of 3.1% was taken from the published results of Krakatau Steel, an Indonesian plate producer.

[54] Based on the foregoing, the CBSA found the complainant's normal value estimates to be reasonable and representative with the exception of the normal value for Indonesia. Krakatau Steel registered a net loss in 2012 and in order to estimate an amount for profits for the cost-plus methodology, the complainant averaged the 2012 loss with a net profit in 2011 to arrive at the annualized 2012 estimated normal value. The CBSA considers that the complainant's estimate was not reflective of 2012 and the normal value possibly overstated. Furthermore, the complainant's constructed cost-plus normal value was annualized and did not reflect the dynamics of the Period of Investigation (POI)⁹ where the available reported home market plate selling prices for six of the seven named countries generally decreased over the period.

⁷ Dumping Exhibit 2 (NC) - Attachment 9

⁸ Dumping Exhibit 2 (NC) – Attachment 13

⁹ Period of Investigation is January 1, 2012 to March 31, 2013.

[55] The CBSA estimated normal values based on the complainant's methodology as explained above for six of the seven countries. The CBSA estimated normal values according to section 15 of SIMA based on domestic selling prices for Brazil, Chinese Taipei, Denmark, Italy, and the Republic of Korea based on the respective home market selling prices as reported by MEPS and lagged by three months to match up with the estimated time of sale for the goods shipped to Canada. In respect of Japan, the section 15 normal values were based on the home market selling prices as reported by CRU, also lagged by three months to reflect the estimated time of sale of the goods shipped to Canada.

[56] In respect of Indonesia, neither MEPS nor CRU reports home market selling prices. As stated earlier, the normal values estimated by the complainant may have been overstated as Krakatau Steel was in a loss position in 2012 and this may have also impacted their cost of manufacturing. As such the CBSA estimated normal values using a surrogate country's selling prices in place of using the complainant's cost-plus methodology. The CBSA used MEPS reported prices for Chinese Taipei as a suitable proxy for Indonesian home market plate prices, also lagged by three months to reflect the estimated time of sale of the goods shipped to Canada, to arrive at estimated normal values for Indonesia.

[57] The CBSA is satisfied that pricing data from MEPS and CRU is an appropriate basis to be used in its analysis. The CBSA did not make any further adjustments to the estimated normal values for differences in plate quality or premium plate as was done by the complainant for several of the normal value estimates. As a result, the CBSA considers its estimated normal values to be more conservative than those provided by the complainant.

Export Price

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

[59] For each of the named countries where the complainant had specific information on sales or imports to Canada of subject goods importations based on actual price quotations and/or selling prices of subject goods for delivery to Canada during the POI, the complainant estimated the export price for the sale. The complainant used the quoted prices as the basis for estimating export price. Starting with the quoted price the complainant deducted inland freight in the country of origin, ocean freight, and port charges in Canada.

[60] In addition, the complainant estimated export price, for comparison purposes, based on the declared value for duty (VFD) of subject goods imported into Canada during the POI as reported by Statistics Canada.¹⁰ The complainant noted that the VFD amount does not reflect any deductions for inland freight in the country of origin and the resulting margin of dumping is understated and conservative as a result.

¹⁰ Dumping Exhibit 2 (NC) - Exhibit 18.

[61] In its own estimation of export price, the CBSA relied on actual import data from commercial and customs documentation. No deductions to the VFD were made and the CBSA therefore considers its estimates to be more comprehensive and conservative than those provided by the complainant.

Estimated Margins of Dumping

[62] The CBSA compared the estimated normal values with the estimated export prices for the subject imports. The estimated margins of dumping were then calculated by deducting the estimated total export price from the estimated total normal value and expressing the result as a percentage of the estimated total export price of the subject goods by country.

[63] Based on this analysis, it is estimated that the subject goods from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea were dumped. The estimated margins of dumping for each country are shown in the table below.

TABLE 2
CBSA’S ESTIMATES OF MARGINS OF DUMPING
(expressed as a percentage of export price)

Country	Margin of Dumping
Brazil	19.65%
Chinese Taipei	4.29%
Denmark	2.82%
Indonesia	6.85%
Italy	2.70%
Japan	6.59%
Republic of Korea	3.01%

MARGIN OF DUMPING AND VOLUME OF DUMPED GOODS

[64] Under section 35 of SIMA, if, at any time before the President makes a preliminary determination the President is satisfied that the margin of dumping of the goods of a country is insignificant or the actual and potential volume of dumped goods of a country is negligible, the President must terminate the investigation with respect to that country.

[65] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price is defined as insignificant and a volume of dumped goods is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the dumped goods, except that where the total volume of dumped goods of three or more countries, each of whose exports of dumped goods into Canada is less than 3% of the total volume of goods, is more than 7% of the total volume of goods, the volume of dumped goods of any of those countries is not negligible.

[66] The results provided in **Table 3** below indicate that the volumes for Brazil and the Republic of Korea are greater than 3% and are not negligible. The volumes of imports for Chinese Taipei, Denmark, Indonesia, Italy and Japan are less than 3% each. However, the total volume of imports from Chinese Taipei, Denmark, Indonesia, Italy and Japan is 7.01%. Based on the exception presented above, the volume of imports for each of the countries, Chinese Taipei, Denmark, Indonesia, Italy and Japan, is not negligible.

[67] On the basis of the estimated margins of dumping and the estimated volumes of dumped imports for the period of January 1, 2012 to March 31, 2013, summarized in the following table, the estimated margins of dumping and the estimated volumes of dumped goods are greater than the thresholds outlined above.

TABLE 3
ESTIMATED MARGIN OF DUMPING AND VOLUME OF DUMPED GOODS
January 1, 2012 to March 31, 2013

Country	Estimated Share of Total Imports by Volume	Estimated Dumped Goods as % of Total Import Volumes	Estimated Margin of Dumping as % of Export Price
Brazil	3.17%	3.17%	19.65%
Chinese Taipei	0.26%	0.26%	4.29%
Denmark	1.18%	1.18%	2.82%
Indonesia	1.83%	1.83%	6.85%
Italy	2.56%	2.56%	2.70%
Japan	1.18%	1.18%	6.59%
Republic of Korea	10.41%	10.41%	3.01%
Total Named Countries	21%	-	-
Other Countries	79%	-	-
Total Imports (All Countries)	100%	-	-

EVIDENCE OF INJURY

[68] The complainant alleges that the subject goods have been dumped and that such dumping has caused or is threatening to cause material injury to the plate industry in Canada.

[69] SIMA refers to material injury caused to the domestic producers of like goods in Canada. The CBSA considers that the plate produced by the complainant are like goods to those imported from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea.

[70] In support of its allegations, the complainant provided evidence of: price undercutting, erosion and suppression; lost sales and market share; negative financial results; reduced production and capacity utilization; impact on capital investments and employment uncertainty.

PRICE UNDERCUTTING, EROSION AND SUPPRESSION

TABLE 4
SELLING PRICES OF PLATE IMPORTS INTO CANADA

Selling Prices (SP)	2010 (\$Cdn/MT)	2011 (\$Cdn/MT)	2012 (\$Cdn/MT)	Q1-2013 (\$Cdn/MT)
Named Countries Imports SP	\$701	\$883	\$792	\$790
US Imports SP	\$815	\$1024	\$968	\$951
Other Imports SP	\$916	\$1025	\$1024	\$993

*Source: Complaint- Statistics Canada ¹¹

[71] The table shows that subject goods have been the lowest priced product in the Canadian market over the entire period. The prices for subject good have been significantly lower than Canadian producer prices and also are substantially lower than plate prices from other non-named countries.

[72] From 2011 to 2012, Essar Algoma's average domestic selling price declined, while at the same time, its cost of goods sold increased. Essar Algoma was unable to pass along its production cost increases and was forced to substantially reduce its prices in order to compete with the dumped imports from the named countries. The price suppression and price erosion caused by the subject goods resulted in a significant loss on its domestic sales of plate in 2012¹²

[73] Essar Algoma has been facing increasing price pressures in the Canadian market from imports of subject goods. Essar Algoma provided evidence of price suppression in the Canadian market in the form of specific low-priced offers of subject plate from the named countries during the POI.¹³ There were numerous examples where Essar Algoma would have to reduce its selling price to compete with the low-priced subject goods offer. Essar Algoma cites that whether or not the purchase is made, these price offers of subject goods have a negative downward effect on pricing in the Canadian market.

Brazil

[74] In respect of an April 2012 purchase of plate from Brazil, Essar Algoma estimated that it would need to significantly reduce its selling prices for grade SAE 1045, or grade A36/44w in order to be competitive with this offer. This resulted in lost business for Essar Algoma.¹⁴

¹¹ Dumping Exhibit 2 (NC) – Attachment 16

¹² Dumping Exhibit 2 (NC) – Complaint narrative pages 40 to 42 and Attachment 24

¹³ Dumping Exhibit 2 (NC) – Complaint narrative pages 40 to 46 and Attachment 25

¹⁴ Dumping Exhibit 2 (NC) – Attachment 25

Chinese Taipei

[75] In April 2012, an offer for plate from the Republic of Korea or Chinese Taipei for June 2012 arrival with delivery to Edmonton was offered at a price whereby Essar Algoma would have had to significantly reduce its selling price to be competitive with this offer and Essar Algoma lost the sale to the low-priced import offer.¹⁵

Denmark

[76] A December 2012 purchase of North European plate for February/March 2013 arrival with delivery to New Richmond, B.C. was offered at a price significantly below Essar Algoma's then current price. Essar Algoma lost this sale to the low-priced import.¹⁶

Indonesia

[77] In respect of Indonesia, a November 2012 offer of Indonesian plate for arrival in January 2012 was offered at a delivered price to Edmonton that was significantly below Essar Algoma's then current plate price.¹⁷

Italy

[78] In another instance, Italian plate was offered in November 2012, at a landed Hamilton price that was lower than Essar Algoma's then current price.¹⁸

Japan

[79] In respect of Japan, a December 2012 offer for Japanese plate for February/March 2013 delivery was offered at a price significantly below Essar Algoma's then current price. Essar Algoma was forced to reduce its prices and it was still unable to place orders.¹⁹

Republic of Korea

[80] An October 2012 Korean plate offer for delivery December 2012/January 2013 FOB²⁰ Vancouver, was lower than Essar Algoma's price at the time.²¹

[81] These imports have caused Essar Algoma lost sales and forced it to reduce its pricing, both of which have caused it material injury.

¹⁵ Dumping Exhibit 2 (NC) – Attachment 25

¹⁶ Dumping Exhibit 2 (NC) – Attachment 25

¹⁷ Dumping Exhibit 2 (NC) – Attachment 25

¹⁸ Dumping Exhibit 2 (NC) – Attachment 25

¹⁹ Dumping Exhibit 2 (NC) – Attachment 25

²⁰ FOB – Free On Board

²¹ Dumping Exhibit 2 (NC) – Attachment 25

[82] The CBSA finds that the complainant's claims of price undercutting, erosion and price suppression are supported and sufficiently linked to the imports of the allegedly dumped goods.

LOST SALES & LOST MARKET SHARE

[83] The complainant's estimate of imports of subject goods into the Canadian market based on Statistics Canada data²² indicates that the import volumes of subject goods grew from an estimated 10% of imports in 2010 to more than 20% in 2012. In percentage terms of the Canadian market between 2010 and 2012, the plate market increased by almost 40%, while the total domestic industry's sales increased by less than 8% and the market supplied by the subject goods increased from 7% to 16%.²³

[84] Essar Algoma maintains that it lost significant sales volume and market share as a result of the presence of low-priced dumped plate imports from the named countries and it was only able to maintain its sales volume due to its reduction of prices in order to compete with the dumped plate imports.

[85] Based on the evidence the CBSA finds that the complainant's claims of lost sales and lost market share are well supported and sufficiently linked to the imports of the allegedly dumped goods.

NEGATIVE FINANCIAL RESULTS

[86] Essar Algoma provided information that demonstrates the company's declining sales revenue for the domestic like goods. In 2012, the company had significant losses on its domestic sales of plate and this loss was the direct result of low-priced imports of subject goods from the named countries. Over the 2011 to 2012 period, Essar Algoma's average price on domestic sales of plate declined and the cost of goods sold increased.²⁴

[87] In Q1-2013, the situation has deteriorated further and Essar Algoma's selling price for the plate was significantly lower than in April 2012.²⁵ Similarly, the CRU Midwest U.S plate price in April 2012 also decreased in Q1 2013.²⁶ Essar Algoma alleges that its net loss on domestic sales of plate in 2012 was the direct result of low-priced imports of subject goods from the named countries.

[88] The CBSA's review of these statements and the supporting documentation indicates that the complainant's declining financial performance is likely due to price undercutting, price erosion and price suppression resulting from imports of allegedly dumped goods.

²² Dumping Exhibit 2 (NC) – Attachment 16

²³ Dumping Exhibit 2 (NC) – Attachment 8

²⁴ Dumping Exhibit 2 (NC) – Attachment 24

²⁵ Dumping Exhibit 2 (NC) – Attachment 6 para.34

²⁶ Dumping Exhibit 2 (NC) – Attachment 6

REDUCED PRODUCTION AND CAPACITY UTILIZATION

[89] Over the 2010 to Q1-2013 period, Essar Algoma's capacity utilization rate declined significantly.²⁷ Significant capacity underutilization has a negative impact on the company's operating performance as fixed costs are allocated over a smaller volume of production and resulting in higher costs of production per MT. Essar Algoma alleges that given the significant increase in the Canadian market for plate over 2010 to 2012 period it would have improved its capacity utilization rate, if not for the large increase of low-priced imports of subject plate. While the Canadian plate market increased over the 2010 to 2012 period, Essar Algoma's plant capacity utilization decreased due to the increased volumes of the allegedly dumped imports of subject plate.

[90] The total estimated production capacity for plate mills in the named countries is substantial and this includes the mills' capacity to make hot-rolled coil. If only reversing mills/steckel²⁸ are considered, the named countries have the plate capacity to produce 40 times the size of the Canadian market.²⁹

[91] The CBSA finds that the declining capacity utilization experienced by the complainant can be reasonably linked to the increased volume of the allegedly dumped imports.

IMPACT ON CAPITAL INVESTMENTS

[92] Based on the recent results, Essar Algoma states that it will not be able to maintain sufficient investment in its equipment and like goods production. Between 2009 and 2012, Essar Algoma made significant capital investments in its production of like goods. For 2013, Essar Algoma had previously planned to make further capital investments.³⁰ Given the recent downturn in results, Essar Algoma will be unable to make further capital investments.

[93] The CBSA finds that the impact on Essar Algoma's capital investments are supported and sufficiently linked to the imports of the allegedly dumped goods.

ANTI-DUMPING MEASURES BY CANADA & OTHER COUNTRIES IN RESPECT OF GOODS OF THE SAME DESCRIPTION OR IN RESPECT OF SIMILAR GOODS

[94] The complainant provided a list of findings by Canada against Brazil, Chinese Taipei and the Republic of Korea as evidence that certain producers have a propensity to dump in Canada. As explained earlier in this document, there are three findings in force against plate products that are currently enforced by the CBSA.

²⁷ Dumping Exhibit 2 (NC) – Attachment 26

²⁸ Steckel – known as a reversible finishing mill, is similar to a reversing rolling mill except two coilers are used to feed the material through the mill.

²⁹ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of the Future Threat of Injury – E

³⁰ Dumping Exhibit 2 (NC) – Attachment 6

[95] In respect of trade remedies by other countries, the Republic of Korea, Chinese Taipei, Indonesia, Japan, and Italy have trade remedies/or decisions pending on various flat steel products including plate products against numerous countries, including Brazil and Chinese Taipei. The complainant maintains that the presence of these trade remedies further increases the likelihood that these producers would continue to export significant volumes of dumped plate into Canada, in the absence of a finding.³¹

THREAT OF INJURY

[96] The complaint contains reasonable evidence regarding the threat of injury due to increasing import volumes of subject goods from the named countries. The increasing volumes of imports of subject goods, at prices that substantially undercut domestic producer pricing will continue to depress/or suppress domestic prices and take market share from the Canadian producers. The adverse volume and price effects of increasing dumped imports will cause domestic producers to suffer further declines in production, capacity utilization, employment, market share, prices, operating income and return on investment.³²

[97] Without protection, the complainant believes that the domestic industry will be threatened by imports of subject goods from the named countries for the reasons summarized as follows.

GLOBAL MARKET CONDITIONS

[98] The threat of injury is linked to the global context upon which plate sales are made. There are two global developments and each of these situations will make the domestic industry susceptible to injury from dumped imports from the named countries. Firstly, the global economic outlook is weak and the market for plate is still recovering from the global economic crisis. The complainant has provided supporting information which includes economic assessments by the CRU, TD Quarterly, International Monetary Fund, Steel Business Briefing, and Moody's Investors Service, and the OECD Steel Committee.³³ In the recent expiry review concerning plate from China, the Tribunal also commented on the bleak outlook for the steel industry, and plate in particular.³⁴

[99] Secondly, global steelmaking capacity continues to expand beyond demand and the future outlook for steel demand, raising concerns about supply and demand imbalances. This is primarily driven by China. The OECD has stated that there is significant excess capacity in the steel industry which has outpaced demand.³⁵ Furthermore, this is particularly the situation in plate, where CRU forecasts that plate utilization rates will be low over the next five years, and this will negatively impact plate prices.³⁶

³¹ Dumping Exhibit 2 (NC) Complaint – Part IV – Evidence of the Future Threat of Injury – G

³² Dumping Exhibit 2 (NC) Complaint – Part IV – Evidence of Threat of Injury

³³ Organization for Economic Co-operation and Development.

³⁴ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of Threat of Injury

³⁵ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of Injury

³⁶ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of Injury – Table 4

INFLUENCE OF CHINA

[100] While plate from China is currently covered by an anti-dumping order, the impact of plate production overcapacity in China threatens to indirectly injure the Canadian industry. Chinese plate producers, finding soft demand for plate and experiencing reported financial losses, will be increasingly aggressive in marketing and exporting plate to the Asian markets. This situation will impact steel producers in the Far East who previously exported steel into the immediate Far East markets, including China. Displaced by aggressively priced Chinese imports, these Far East exporters which include Chinese Taipei, Japan and the Republic of Korea will be forced to seek new alternate markets, particularly North America, where some limited but expected growth is forecast, making it an attractive market.³⁷

SOFT EUROPEAN DEMAND

[101] European demand for steel is soft and is expected to contract slightly in 2013. Imports of finished steel in the European Union (EU), particularly flat products, decreased substantially in 2012 and demand is not expected to improve in respect of plate markets. This situation means that steel producers in Europe, including Italy and Denmark and producers from elsewhere who shipped plate into other EU countries are seeking new plate markets to maintain production levels.³⁸

SUBJECT COUNTRY MARKET CONDITIONS

Brazil

[102] Growth in plate demand in Brazil is forecast to be minimal; however, new plate production capacity is expected to be added in 2013 to 2015. CRU forecasts that Brazil's output will outpace domestic demand and as a result, net exports of plate from Brazil are expected to increase significantly. Brazil's reported plate prices are the highest of the MEPS reporting countries. Plate domestic prices for Canada, the U.S. and the Republic of Korea are the next level of pricing. Brazilian plate producers will be interested in export markets which have the next best plate prices, including Canada³⁹. At the Tribunal's public hearings in 2010, the Brazilian steel producers' propensity to sell hot-rolled products in the Canadian market at prices below the Brazilian prices was confirmed by one of the Brazilian steel producers, Usiminas. Without protection, this could likely occur again.

³⁷ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – A3

³⁸ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – A4 – Soft European Demand

³⁹ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B1 – Brazil

Chinese Taipei

[103] Chinese Taipei has excess plate production capacity and its reported utilization rate is moderate. It is forecast that Far East producers of plate will be soon undercut by Chinese exports, and Far East producers will need to find new markets, especially in places like Canada which has a relatively more stable demand compared to Europe's predicted soft demand. With a low production utilization rate, there is a threat that Chinese Taipei producers will increase production and exports in an attempt to spread their fixed costs across a greater number of units.⁴⁰

Denmark

[104] The Danish steel industry faces depressed export prices and a weak domestic economy, which means a weak demand for plate. In face of this situation, Danish plate producers are looking to export greater volumes of plate to other markets, like Canada with its relatively more stable demand.⁴¹

Indonesia

[105] Indonesia's Krakatau Steel's new plate production facility is expected to come online in late 2014/early 2015 and Indonesia's plate production is expected to double. It is forecasted that Indonesia's plate market demand will drop in 2013 and afterwards, demand will increase minimally over 2014 to 2016. As explained earlier, Far East Asian producers of plate (China, Japan, and the Republic of Korea) will also be seeking new markets. The U.S. has a finding against cut-to-length plate from Indonesia so Canada is a likely market for dumped plate from Indonesia.

[106] In addition, with the new planned increased plate production capacity of Krakatau, Indonesian plate producers, including Krakatau will be interested in establishing a larger market share in Canada. In order to convince potential customers to leave their current supplier, substantial sales incentives in the form of low-priced offers are necessary.⁴²

Italy

[107] Given the weak demand in Italy and the EU for steel, it is reported that Italy has moved from being a net importer of flat products to a net exporter. Italian steel producers will focus on Canada as an attractive market, which is presently predicted to have limited but more stable demand than the EU and the Far East. Italy currently faces anti-dumping measures in the U.S. so Canada is a likely destination. Usually, in order to convince potential customers to leave their current supplier, substantial sales incentives in the form of low-priced offers are necessary.⁴³

⁴⁰ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B2 – Chinese Taipei

⁴¹ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B3 – Denmark

⁴² Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B4 – Indonesia

⁴³ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B5 – Italy

Japan

[108] Forecasts for Japan indicate a decline in plate demand in 2013, and the yen will remain weak. With weak domestic demand, current exports of Japanese flat steel products have increased significantly. With the impact of low priced plate from China into Japan's primary export markets, Japan steel producers will look toward other export markets with little or no competition from China, such as Canada. The EU is not an attractive market for the next while and there is an anti-dumping finding in place against certain cut-to-length carbon-quality steel plate from Japan by the U.S. Any excess production that Japan may intend to dump in export markets could be destined for Canada.⁴⁴

Republic of Korea

[109] Forecasts are that plate production in the Republic of Korea will increase in 2013 but domestic demand will continue to fall. The Republic of Korea's ship-building orders have dropped. With traditional export markets like Japan expected to be impacted by Chinese steel plate imports and with lower plate prices in the Far East primary markets, the Republic of Korea's plate producers will have to seek new export markets. With EU's demand for plate at depressed levels, North America is a stable market in terms of limited demand/growth forecast for the next while. The U.S. has an anti-dumping finding in place against shipments of cut-to-length carbon quality steel plate from the Republic of Korea, so dumped exports destined for North American will likely end up in Canada, while Korean plate to be sold at or above or close to Korea's normal values, will be sold to the U.S.⁴⁵

OTHER INJURY INDICATORS

[110] The forecasts are for a weakening Canadian economy over the 2013/14 period. Furthermore, investment in non-residential construction in Canada is expected to be subdued after healthier levels of investment in 2011 and 2012.⁴⁶ Essar Algoma perceives this to be the case for plate demand and pricing. As steel plate is a commodity product and price is the primary factor in purchasing decisions, the future pricing pressures on plate in the Canadian market will be intense.

[111] Other factors considered in determining whether or not the domestic industry faces a threat of injury from the importation of dumped goods include the potential for product shifting. Essar Algoma can make both plate and hot-rolled coiled sheet and this is the case for many producers of flat hot-rolled products. Canada has trade remedies against hot-rolled sheet products from Brazil and Chinese Taipei. This situation compels flat-rolled steel producers of subject plate in the named countries to shift production to plate and focus on markets, like Canada, which are free of trade restrictions for their plate products.⁴⁷

⁴⁴ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B6 – Japan

⁴⁵ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – B7

⁴⁶ Dumping Exhibit 2 (NC) Complaint Part IV – Threat of Injury – C – Domestic Market Conditions – Canadian Demand

⁴⁷ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of the Future Threat of Injury – D

[112] As explained earlier, Canada is predicted to have some limited but stable market demand for plate for the next while. Essar Algoma expects that producers of the subject goods in the named countries will continue to export significant volumes of dumped goods to Canada and these dumped imports will cause injury to the domestic industry.⁴⁸ The complainant cites that exporters are drawn to compete with each other in attractive markets which lead to significant volumes of imports flooding into that market.⁴⁹

[113] The CBSA's own research regarding trade actions in respect of plate by other countries found that on July 19, 2013, Australia made a preliminary determination of dumping and subsidy (China only) against imports of plate from China, Indonesia, Japan and the Republic of Korea. This situation would make North America an even more attractive future target for potential sales of subject goods from the named countries in the near term. The complainant submits that producers of subject goods from the named countries, who are planning to dump plate, will seek markets free of anti-dumping measures, like Canada and this threatens to cause injury to domestic producers.⁵⁰

[114] The importations of subject goods into the domestic market at prices that are likely to have a significant depressing or suppressing effect on the price of like goods and are likely to increase demand for further imports of the goods, is another factor within the threat of future injury analysis. In 2012 and Q1-2013, the prices of subject plate from the named countries were below prices from other import sources. Essar Algoma provided several examples of price offers of subject goods imported into the Canadian market for Q2 and Q3 2013 delivery that forced Essar Algoma to further reduce its current prices.⁵¹

[115] Essar Algoma employs nearly 3,000 people, most of these located in Sault Ste. Marie.⁵² In 2012 Essar Algoma paid substantial amounts in wages, pensions and benefits as well as made substantial payments to local suppliers. With the sustained injury to date as explained above, the uncertainty caused by this situation is significant for both the company and community.

[116] Essar Algoma stated that if it cannot maintain a sustainable carbon plate business, the repercussions would be significant for the company and the community.

⁴⁸ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of the Future Threat of Injury – F

⁴⁹ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of the Future Threat of Injury – F

⁵⁰ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of the Future Threat of Injury – H

⁵¹ Dumping Exhibit 2 (NC) Complaint Part IV – Evidence of the Future Threat of Injury – H

⁵² Dumping Exhibit 2 (NC) – Attachment 6

CAUSAL LINK – DUMPING AND INJURY

[117] The CBSA finds that the complainant has sufficiently linked the injury it has suffered to the alleged dumping of subject goods imported into Canada. The injury which includes price undercutting, erosion and suppression; lost sales and market share; negative financial results; reduced production and capacity utilization ; impact on capital investments and employment instability, is related directly to the price advantage the apparent dumping has produced between the subject imports and the Canadian-produced goods. Evidence has been provided to establish this link in the form of price quotes, production figures and financial statements. The complainant has indicated that the continued alleged dumping in relation to subject goods would cause further injury in the future. In summary, the information provided in the complaint has established a reasonable indication that the apparent dumping has caused injury and is threatening to cause injury.

[118] As explained earlier in this document in the Background section, there have been six other inquiries concerning similar plate products, each resulting in the imposition of either anti-dumping duties or both anti-dumping and countervailing duties against imports from various countries. The commodity nature of plate is such that the goods compete amongst themselves regardless of origin and share the same channels of distribution and the same potential customers. This characteristic means that plate must compete in a market that is extremely price sensitive, where price is one of the primary factors affecting purchasing decisions from customers.

[119] 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. Given the commodity nature of the subject goods, when trade remedies are in place for one country, other sources of certain hot-rolled steel plate emerge. Furthermore, several producers/exporters exhibit a repeat pattern. This is the case here with plate producers/exporters in Brazil, Denmark and the Republic of Korea, whereby there have been measures in place previously for imports of plate. Plate from Brazil and Denmark was subject to a finding made by the Tribunal in 1993 (Plate I) which was subsequently rescinded in 1998. Plate from the Republic of Korea was subject to a finding by the Tribunal in 1994 which was rescinded in 2004 (Plate II). Also plate from Brazil and Indonesia were subject to a finding made by the Tribunal in 2000 which was rescinded in 2005 (Plate IV).

CONCLUSION

[120] Based on information provided in the complaint, other available information, and the CBSA's internal data on imports, the President is of the opinion that there is evidence that certain hot-rolled carbon steel plate and high-strength low-alloy steel plate originating in or exported from Brazil, Chinese Taipei, Denmark, Indonesia, Italy, Japan and the Republic of Korea has been dumped and there is a reasonable indication that such dumping has caused and is threatening to cause injury to the Canadian industry. As a result, based on the CBSA's examination of the evidence and its own analysis, a dumping investigation was initiated on September 5, 2013.

SCOPE OF THE INVESTIGATION

[121] The CBSA will conduct an investigation to determine whether the subject goods have been dumped.

[122] The CBSA requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the period of investigation of January 1, 2012 to March 31, 2013, were dumped. The information requested will be used to determine the normal values, export prices and margins of dumping.

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

FUTURE ACTION

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

[125] If the Tribunal finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped, the CBSA will make a preliminary determination of dumping within 90 days after the date of the initiation of the investigation, by December 4, 2013. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigation.

[126] If, in respect of the subject goods of any country, the CBSA investigation reveals that imports of the subject goods have not been dumped, that the margin of dumping is insignificant or that the actual and potential volume of dumped goods is negligible, the investigation will be terminated.

[127] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping may be subject to provisional duty in an amount not greater than the estimated margin of dumping on the imported goods.

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

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

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

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

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

UNDERTAKINGS

[133] After a preliminary determination of dumping by the CBSA, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods.

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

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

PUBLICATION

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

INFORMATION

[137] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping. Written submissions should be forwarded to the attention of one of the officers identified below.

[138] To be given consideration in this phase of this investigation, all information should be received by the CBSA by October 11, 2013.

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

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

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

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

Mail: SIMA Registry and Disclosure Unit
Anti-dumping and Countervailing Directorate
Canada Border Services Agency
100 Metcalfe Street, 11th floor
Ottawa, Ontario K1A 0L8
Canada

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Caterina Ardito-Toffolo
A/Director General
Anti-dumping and Countervailing Directorate