



OTTAWA, January 23, 2026

FGM 2026 IN

STATEMENT OF REASONS

Concerning the initiation of the investigations into the alleged dumping and subsidizing of

FORGED GRINDING MEDIA ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

DECISIONS

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated investigations on January 9, 2026, respecting the alleged injurious dumping and subsidizing of forged grinding media originating in or exported from the People's Republic of China.

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 November 20, 2025, the Canada Border Services Agency (CBSA) received a written complaint from Moly-Cop Canada (Kamloops, British Columbia) (hereinafter, “the complainant”) alleging that imports of certain forged or stamped grinding media (hereinafter, “FGM”) originating in or exported from the People’s Republic of China (“China” or “the subject country”), are being injuriously dumped and subsidized.

[2] On December 11, 2025, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. On December 19, 2025, the CBSA informed the Government of China that a properly documented complaint had been filed. At that time, the Government of China was provided with a non-confidential version of the subsidy complaint and was invited for consultations pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*, prior to the initiation of the subsidy investigation. The CBSA did not receive any request for consultations.

[3] The complainant provided evidence to support the allegations that certain FGM from China have been dumped and subsidized, as well as evidence that discloses a reasonable indication that the dumping and subsidizing have caused injury or are threatening to cause injury to the Canadian industry producing like goods.

[4] On January 9, 2026, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of FGM from China.

INTERESTED PARTIES

Complainant

[5] The name and address of the complainant is as follows:

Moly-Cop Canada
250 Andover Crescent
P.O. Box 3040
Kamloops, British Columbia
V2C 6B7

Other Producers

[6] The complainant stated that they are the only producer of FGM in Canada.¹ The CBSA did its own supplementary research and could not identify any other producers in Canada.

¹ Exhibit 2 - FGM Complaint (NC), paras. 9, 51

[7] The complainant argued that cast grinding media (CGM) are not like goods to FGM. The complainant alleged that CGM is a different product, classified under a different HS tariff item (7325.91.00.90), that is made using a different production process altogether. Generally, CGM is less dense than FGM and is used in different applications than FGM.²

[8] In *Certain Grinding Media* from India, which involves CGM from India, the question has been adjudicated by the Canadian International Trade Tribunal (CITT). In that case, the CITT examined whether FGM were like goods to CGM, the subject goods in that proceeding, and concluded that cast and forged grinding media are not like goods within the meaning of section 2.1(1)(b) of the SIMA.³ In light of the jurisprudence, the CBSA considered that CGM are not like goods, and that as such, Moly-Cop is indeed the only producer of like goods in Canada.

Trade Union

[9] Since 2006, the Complainant's employees involved in the production of FGM are represented by the United Steelworkers (Local 1-417) trade union.⁴

Exporters

[10] The CBSA identified 35 potential exporters and/or producers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI), Subsidy RFI and Section 20 RFI.

Importers

[11] The CBSA identified 20 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer RFI.

Government

[12] Upon initiation of the investigations, the Government of China was sent the CBSA's Government Subsidy RFI and the Government Section 20 RFI.

[13] For the purposes of these investigations, the Government of China refers to all levels of government, i.e., federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

² Exhibit 2 - FGM Complaint (NC); paras. 93-103

³ *Certain Grinding Media*, Canadian International Trade Tribunal, NQ-2021-001, Reasons issued September 13, 2021, para. 76

⁴ Exhibit 2 - FGM Complaint (NC); para. 56

PRODUCT INFORMATION

PRODUCT DEFINITION⁵

[14] For the purpose of these investigations, subject goods are defined as:

Forged or stamped forged grinding media in spherical or ovoid shape ("ball"), with a nominal diameter between 25 millimeters (1 inch) up to and including 160 millimeters (6.25 inches), produced through the forging or stamping method and originating in or exported from the People's Republic of China.

ADDITIONAL PRODUCT INFORMATION⁶

[15] The product definition above includes references to nominal sizes in both Metric and Imperial measurements as is the common practice when referring to grinding media dimensions. Sizes in the above definition are nominal as it is a common standard in the industry to accept up to 5% tolerance from nominal to actual diameter.

[16] For the purposes of the product definition, the term "spherical" includes any shape that is generally spherical in nature regardless of variations in measured diameters from different points.

[17] Subject goods also include stamped steel grinding balls and green balls. Stamped steel grinding balls are manufactured by stamping or pressing steel rods or bars into shape, often followed by heat treatment, and are generally less dense and durable than forged steel grinding balls. Stamped steel grinding balls are typically used in lighter-duty or fine grinding applications. Green balls are steel balls that have been forged or stamped or pressed into shape but require additional heat treatment to become finished forged or stamped steel grinding balls. The heat treatment alters the metallurgical properties of the green balls and is necessary to make them suitable for use in grinding mills. Without the heat treatment, green balls generally exhibit poor impact-resistant, poor grinding efficiency, are not suitable for use in grinding operations and are, therefore, generally considered an unfinished or semi-finished product.

[18] Subject goods do not include steel cast grinding media (CGM).⁷ CGM are made through a casting process typically followed by heat treatment to enhance their hardness and wear resistance. The process typically involves melting a high carbon, high-chromium alloy, pouring it into molds, and then subjecting the resulting balls to heat treatment.

⁵ Exhibit 2 - FGM Complaint (NC), para. 14

⁶ *Ibid.*, para. 15-16

⁷ *Ibid.*, para. 36

PRODUCT USE⁸

[19] Steel FGM balls and other grinding media are used in the copper, gold, iron ore and other mining industries to break-up ore extracted from the ground to help liberate the constituent minerals. Grinding media are also used in the production of cement.

[20] A ball mill is a type of grinding mill that is widely used in the mining industry for the extraction of ores and minerals. These mills are designed to grind and crush ore materials, releasing valuable minerals and metals. Ball mills rotate around a horizontal axis, partially filled with the material to be grounded and the grinding medium, with or without the addition of water (i.e., wet or dry mill conditions). The internal cascading effect caused by the rotation of the material to be grounded with the grinding media causes the material to be reduced to a powder or slurry. Ball mills are designed to operate continuously, fed at one end with the material to be grounded and the grinding media, and discharging the ground material at the other end.

[21] In the mining industry, dry grinding mills are primarily used when the downstream preparation process requires dry material, or in order to save water resources in dry environments. However, wet grinding is generally the norm in the Canadian mining industry. In fact, both types of mills depend on grinding media to perform the comminution process (i.e. the process of reducing the size of the ore). Small, medium, and Semi-Autogenous Grinding (“SAG”) balls are used in ball mills. The type, size, and hardness of the grinding balls vary depending on the ore and desired throughput.

PRODUCTION PROCESS⁹

[22] FGM production involves heating high-quality steel bars or billets, hammering or pressing them into spherical shapes to align grain structure for strength, followed by controlled cooling, and precise heat treatment (quenching & tempering) to achieve specific hardness, creating tough, wear-resistant balls ideal for milling.

[23] Steel billets or steel bars, often with specific alloying elements for performance, or high-carbon steel bars, ranging from 0.8%-1.0% carbon, are used in the production of FGM. The steel billets or bars are heated to high temperatures (around 1150°C) in furnaces or induction coils to make them malleable. Hot billets or bars are fed into heavy forging machinery. They are repeatedly struck by a hammer or pressed under immense force to deform them into rough ball shapes. This process refines the grain structure, eliminating internal voids and aligning the metal's flow for superior strength and toughness. The forged balls are gradually cooled in controlled air or water baths to prevent thermal stress cracks. A critical stage is where balls are quenched (rapidly cooled) and then tempered (heated to a lower temperature, e.g., 200-400°C) to achieve the target hardness (like 55-65 on the Rockwell Hardness C scale) and wear resistance without making them brittle. Balls are inspected for size, composition, and hardness using spectrometers and other sensors, ensuring they meet strict standards for performance in mills.

⁸ Exhibit 2 - FGM Complaint (NC), paras. 28-35

⁹ *Ibid.*, paras. 19-23

[24] According to the complainant, there are many types of high-carbon alloy steel bars used as raw materials in producing FGM, which can feature different dimensions (length and diameter), alloy, impurities (residual elements), reduction ratios etc. Most often, steel bars are made from billets that are in turn produced from scrap and alloys (in an electric arc furnace) or from iron ore pellets and alloys (in a basic oxygen furnace). The bars undergo special heat treatment and processing, the objective of which is to obtain optimum wear and impact resistance. Chemical elements (alloy), different residual elements (clean steel), segregation, reduction ratio are all key elements to creating a higher value product. Depending on the physical characteristics of the steel bar used to produce FGM, some may be considered as merchant bar quality ("MBQ") while others, especially those used in the production of SAG balls, are considered as special bar quality ("SBQ").

CLASSIFICATION OF IMPORTS

[25] The allegedly dumped and subsidized goods are normally imported under the following tariff classification number:

7326.11.00.00

[26] However, this tariff classification number also includes non-subject goods, and subject goods may also fall under additional tariff classification numbers.

LIKE GOODS AND CLASS OF GOODS¹⁰

[27] Subsection 2(1) of SIMA defines "like goods" in relation to any other goods as "... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any such goods..., goods the uses and other characteristics of which closely resemble those of the other goods." In considering the issue of like goods, the CITT 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.

[28] In addressing the issue of classes of goods, the CITT typically examines whether goods potentially included in separate classes of goods constitute "like goods" in relation to each other. If those goods are "like goods" in relation to each other, they will be regarded as comprising a single class of goods.

[29] The complainant argued that subject goods and the "like goods" produced by Moly-Cop in Canada form a single class of goods. Further, subject goods and Canadian-made like goods produced by Moly-Cop are virtually identical in their physical characteristics, dimensions, specifications, metallurgy and uses. Subject goods are sold to the same Canadian customers who purchase like goods from Moly-Cop. The Complainant submits that the FGM produced in Canada by the complainant are like goods to the subject goods.

¹⁰ Exhibit 2 - FGM Complaint (NC), paras. 87-92

[30] After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that subject goods and like goods constitute only one class of goods.

[31] The complainant also maintained that CGM are not like goods to FGM within the meaning of paragraph 2(1)(b) of SIMA, an issue that has already been adjudicated by the CITT in *Certain Grinding Media from India*.¹¹

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[32] Besides the complainant, there are no other known producers of subject FGM in Canada.

ESTIMATES OF DOMESTIC PRODUCTION

[33] The complaint includes the annual production of like goods for the complainant from January 1, 2022 to September 30, 2025.¹² As the complainant is the only producer in Canada, the complainant accounts for 100% of the production of subject FGM in Canada.

STANDING

[34] Pursuant to subsection 31(2) of SIMA, the following conditions must be met in order for an investigation to be initiated:

- (a) the complaint is supported by domestic producers whose production represents more than 50% of the total production of like goods by those domestic producers who express either support for or opposition to the complaint, and
- (b) the production of the domestic producers who support the complaint represents 25% or more of the total production of like goods by the domestic industry.

[35] Based on an analysis of information provided in the complaint, as well as the information gathered by the CBSA, the CBSA is satisfied that the standing requirements of subsection 31(2) of SIMA have been met.

¹¹ Exhibit 2 - FGM Complaint (NC), paras. 93-103

¹² *Ibid.*, paras. 82, 86

THE CANADIAN MARKET

[36] The complainant estimated the import volume and values of subject goods on the basis of aggregate internally-generated FIRM data provided by the CBSA prior to the submission of the complaint¹³, for imports under tariff sub-heading 7326.11.00.00, for the period of January 1, 2022 to September 30, 2025.¹⁴

[37] Prior to providing the data to the complainant, the CBSA had removed goods that are not believed to meet the product description and adjusted the quantities for some imports to provide a consistent unit of measurement for the volume. The CBSA reviewed import data from the CBSA's Facility Information Retrieval Management (FIRM) database and the CBSA Assessment and Revenue Management (CARM) system, as well as its Accelerated Commercial Release Operations Support System (ACROSS) and other data to correct any errors or inconsistent unit of measures, and to remove non-subject imports.

[38] The CBSA reviewed the complainant's data and compared it what it had provided the complainant originally. Considering that the CBSA had already adjusted the import data, the CBSA determined that the data was reasonable as provided, with minimal adjustments to reflect the source data.

[39] Detailed information regarding the sales from domestic production by the complainant as well as the volume of imports of subject goods cannot be divulged for confidentiality reasons. The CBSA, however, has prepared the following table to show the estimated import share of subject goods in Canada.

**Table 1:
CBSA's Estimate of FGM import volume (as % of total imports)**

Country	2022	2023	2024	2025 (Jan.1 to Sept. 30)	POI (Oct. 1, 2024 to Sept. 30, 2025)
China	32.7%	71.1%	55.4%	85.3%	82.5%
Other countries*	67.3%	28.9%	44.6%	14.7%	17.5%
Total imports	100.0%	100.0%	100.0%	100.0%	100.0%

* Imports from all other countries consist predominantly of imports from the United States.

[40] The table below summarizes the CBSA's estimate of the apparent Canadian market for FGM, in terms of market share, using data submitted by the complainant¹⁵ along with its own further refined import data:

¹³ The complainant requested assistance from the CBSA with respect to import statistics as it considered the Statistics Canada volume to not only be inclusive of non-subject goods but also skewed by inconsistent units of measurement for volume.

¹⁴ Exhibit 2 - FGM Complaint (NC), paras. 68-69, 73-74, 82

¹⁵ *Ibid.*, paras. 82-83

Table 2
CBSA's Estimates of Market Share of
Apparent Canadian Market (based on volume)

	2022	2023	2024	2025 (Jan.1 to Sept. 30)	POI (Oct. 1, 2024 to Sept. 30, 2025)
Domestic Industry (domestic sales)	89.6%	77.2%	71.1%	54.7%	59.6%
Imports from China	3.4%	16.2%	16.0%	38.6%	33.3%
Imports from other countries	7.0%	6.6%	12.9%	6.7%	7.1%
Total Imports	10.4%	22.8%	28.9%	45.3%	40.4%
Total Apparent Canadian Market	100%	100%	100%	100%	100%

[41] The CBSA will continue to gather and analyze information on the volume and value of imports during the Period of Investigation (POI) of October 1, 2024 to September 30, 2025 as part of the preliminary phase of the dumping and subsidy investigations and will refine these estimates.

EVIDENCE OF DUMPING

[42] The complainant alleged that the subject goods from China have been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

[43] Normal values are generally based on the domestic selling price of like goods in the country of export where competitive market conditions exist or as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[44] The complainant made the allegations that the upstream long-product steel sector (i.e. steel bar and steel billet) and the downstream FGM market in China may not be operating under competitive market conditions and as such, the domestic market for FGM may not be relied upon for the purpose of determining normal values. Accordingly, the complainant submitted that normal values should be determined under section 20 of SIMA.¹⁶

[45] 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.

¹⁶ Exhibit 2 - FGM Complaint (NC), paras. 150-152

[46] Estimates of normal values and export prices by both the complainant and the CBSA are discussed below.

[47] The complainant and the CBSA estimated margins of dumping for the period of October 1, 2024 to September 30, 2025.

SECTION 20 ALLEGATIONS¹⁷

[48] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.¹⁸

[49] The CBSA initiates dumping investigations on the presumption that section 20 is not applicable to the sector under investigation unless there is information that suggests otherwise.

[50] A section 20 inquiry refers to the process whereby the CBSA collects information from various sources in order to form an opinion as to whether the conditions described under subsection 20(1) of SIMA exist with respect to the sector under investigation. Before initiating an inquiry under section 20, the CBSA must first analyze the information submitted in the complaint and the evidence it has gathered independently to determine if it is sufficient to warrant the initiation of an inquiry.

[51] The complainant alleges that the conditions described in section 20 of SIMA prevail in the upstream long-product steel sector (i.e. steel bar and steel billet) and in the FGM market in China. That is, the complainant alleges that this industry sector in China does not operate under competitive market conditions and consequently, the domestic prices of FGM established in China, would not be reliable for determining normal values.

[52] The information provided by the complainant suggests a level of government influence in the long-product steel sector (i.e. steel bar and steel billet) and the downstream FGM market. The complainant alleges that the market distortions and cost advantages provided to Chinese producers of long steel products translate directly into distortions to FGM prices in China.

[53] The CBSA has reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA believes that there is reasonable evidence to support an inquiry into the allegations that the measures taken by the Government of China substantially influence prices in the long-product steel sector (i.e. steel bar and steel billet) and the downstream FGM market in China, and that the prices are substantially different than they would be in a competitive market.

¹⁷ Exhibit 2 - FGM Complaint (NC), paras. 148-213

¹⁸ China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

[54] Consequently, on January 9, 2026, the CBSA included in its investigation, a section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the long-product steel sector (i.e. steel bar and steel billet) and the downstream FGM market in China.

[55] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of FGM in China, as well as to the Government of China, requesting detailed information related to the long-product steel sector (i.e. steel bar and steel billet) and the downstream FGM market in China.

[56] In cases where conditions of section 20 exist, pursuant to paragraph 20(1)(c), the normal value can be determined based on profitable selling prices or full costs of production and an amount for profit on goods sold domestically in a surrogate country, to which the conditions described in section 20 of SIMA are not applicable.

[57] For the purposes of obtaining information necessary to calculate normal values pursuant to subparagraph 20(1)(c) of SIMA, the CBSA requested information from producers in surrogate countries. As such, the CBSA has selected a number of Latin American countries, namely Brazil, Chile, Mexico and Peru, which produce comparable goods, are globally competitive, and are believed to operate under fair market conditions, as potential surrogate countries and has sent questionnaires to known producers of FGM in these countries.

[58] In the event that the CBSA does not receive sufficient information from producers and exporters of subject goods in the selected surrogate countries for the purposes of determining normal values pursuant to section 20, the CBSA may identify other surrogate countries at a later date.

[59] Importers were also requested to provide information on sales of like goods produced in surrogate countries, in the event that normal values must be determined under paragraph 20(1)(d) of SIMA.

[60] In the event that the CBSA forms an opinion that domestic prices of FGM in China are substantially determined by the government, and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be if they were determined in a competitive market, the normal values of the goods under investigation will be determined, pursuant to paragraph 20(1)(c) of SIMA, where such information is available, on the basis of the domestic selling prices or the aggregate of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits of like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or, pursuant to paragraph 20(1)(d) of SIMA, where such information is available, on the basis of the selling price in Canada of like goods produced and imported from any country designated by the CBSA and adjusted for price comparability.

NORMAL VALUE

Complainant's Estimates of Normal Value

[61] The complainant's allegations of dumping are based on a comparison of their estimated quarterly normal values for the allegedly dumped goods to their estimated quarterly weighted average export prices. The complainant's estimated margins of dumping are for the proposed POI of October 1, 2024 to September 30, 2025.

[62] Although the complainant argues that the conditions of section 20 prevails in the Chinese FGM sector, and that normal values should thus be determined pursuant to section 20 of SIMA, the complainant nevertheless estimated normal values using the methodology of paragraph 19(b) of SIMA (i.e based on the estimated costs in China) in addition to providing an estimate using the methodology of paragraph 20(1)(c) of SIMA (i.e. based on the estimated costs in Mexico as surrogate country).

Section 19(b)

[63] As Moly-Cop claimed that information on domestic prices of FGM in China was lacking, the complainant estimated normal values using the methodology of paragraph 19(b) of SIMA, based on the aggregate of the estimated costs of production in China, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. Normal values were estimated for each quarter of the POI.¹⁹

[64] For the purposes of estimating the cost of raw materials, the complainant relied on published pricing for merchant steel bar in China, as published by CRU Group Steel Price Indicator.²⁰ However, Moly-Cop maintained that to meet the quality requirements of FGM customers, the steel bars used to make FGM must be of a higher level of quality than typical "Merchant Bar" product for which there are available reported benchmarks. Specifically, steel bars used to make FGM are subject to additional production controls (such as vacuum degasification, higher reduction ratio and slower cooling processes) and they involve additional alloyed elements (such as carbon, chromium and manganese).²¹ According to the complainant, these additional features involve higher costs of production and, therefore higher prices, than the average "Merchant Bar" pricing reflected in the CRU benchmarks. Moly-Cop alleged that the appropriate steel bar specifications used in the production of FGM cost, on average, \$90 per metric tonne (MT) more than the CRU benchmark price.²² Accordingly, the complainant made an upward adjustment of \$90 per MT to the merchant bar benchmark price.

¹⁹ Exhibit 2 - FGM Complaint (NC), paras. 105-142

²⁰ *Ibid.*, para. 119, and Exhibit 20 (PRO)

²¹ *Ibid.*, paras. 119-120

²² *Ibid.*, paras. 120-121

[65] The complainant substantiated this upward adjustment to the published price on the basis of a comparison between the benchmark prices and the prices for purchases of merchant bar for FGM production from an affiliate.²³ The complainant determined the average adjusted cost of merchant bar on a quarterly basis, using the published cost in one quarter to estimate the normal value of goods exported to Canada in the next quarter, since FGM prices are allegedly typically quoted in the quarter preceding the sale.²⁴

[66] With respect to labour costs, Moly-Cop adjusted its own labour costs first by a factor that accounts for the lower labour costs in China and second, by a factor that accounts for the lower productivity of the workforce in China.²⁵ The estimate was supported by data published by the International Labour Organization (ILO) on wages in the manufacturing sector in China and Canada²⁶, as well as the estimated output per employee of a number of Chinese FGM producers based on publicly available information²⁷. Based on the available ILO data, the complainant applied an adjustment factor of 0.2 to its own wage cost per MT²⁸. Then, to account for the lower productivity in China, the complainant applied a productivity adjustment factor of 2x to the estimated cost of labour in China.²⁹ To validate this adjustment, Moly-Cop compared its own production in MT per employee to comparable data that Moly-Cop located from public domain sources for five significant producers of FGM in China³⁰. The complainant noted that applying ILO data on the differences in productivity between China and Canada would dictate a significantly higher adjustment, but acknowledged that Canadian productivity advantage data per the ILO is economy-wide, and not specifically reflective of manufacturing.

[67] For energy cost, Moly-Cop estimated Chinese energy costs based on its own energy costs on a quarterly basis. The complainant believes that energy costs should be comparable in both country, with Canadian industrial energy costs generally lower than those in China. Support was provided, suggesting that industrial electricity in Canada is lower than in China.³¹ Thus, it believes it to be conservative and reasonable.

[68] In estimating overhead and general, selling and administrative expenses, the complainant used its own cost on a per MT of output basis.³² Moly-Cop explained that it invested heavily in its Kamloops plant, which is a modern, technologically-advanced facility that produces FGM efficiently and competitively, and that it has a lean work force that leverages available technology to operate at the lowest possible cost.³³ Thus, it believes that using its own costs is conservative and reasonable.

²³ Exhibit 2 - FGM Complaint (NC), para. 121, and exhibit 19.1 (PRO)

²⁴ *Ibid.*, para. 116

²⁵ *Ibid.*; paras. 123-134

²⁶ *Ibid.*; Exhibit 21

²⁷ *Ibid.*; Exhibit 25 (a)-(e)

²⁸ *Ibid.*; para. 125

²⁹ *Ibid.*; para. 129

³⁰ *Ibid.*; paras. 132-134, Exhibit 25 (a)-(e)

³¹ *Ibid.*; para. 135

³² *Ibid.*; para. 136-139, Exhibit 27-28

³³ *Ibid.*; paras. 136 and 138

[69] The complainant estimated a reasonable amount for profit on the basis of the Annual Financial Report of ME Elecmetal, which is one of the world's largest producers and sellers of FGM which includes operations in China.³⁴ Most importantly, the complainant believes that ME Electmetal, including its Chinese joint venture/subsidiaries ME Long Teng Grinding Media (MELT) and Changshu Longte Grinding Ball Co. Ltd, is the largest exporter to Canada.³⁵ The gross profit margin reported by ME Electmetal in its last annual report was 27.46%. Moly-Cop used this amount for profit for the purposes of estimating the normal values for China. Moly-Cop also provided evidence that this amount for profit was comparable to other FGM producers.³⁶

[70] On the basis of the above methodology, Moly-Cop estimated normal values for each quarter of the POI, from the last quarter of 2024 to the third quarter of 2025, inclusively.

Section 20

[71] In light of the section 20 allegations, the complainants also provided normal value calculations for subject goods based on a surrogate methodology. The complainants submitted that Mexico would be an appropriate surrogate country. To support this assertion, the complainants noted that Mexico is at a comparable level of development as China, and that it has a developed industry for the production of FGM.³⁷ The complainant maintains that the Mexican market is established, and FGM produced in Mexico competes globally under fair market conditions, and that Mexico is a reasonable indicator for what FGM prices should be, but for market distortions stemming from the Government of China.³⁸ It was also pointed that Latin America's geographic distance from China minimizes potential distortions caused by suppressed Chinese steel prices³⁹.

[72] As such, the complainant estimated section 20 normal values, using the methodology of subparagraph 20(1)(c)(ii), on the basis of the aggregate of the estimated costs of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits, in Mexico.

[73] For this purpose, the complainant used data from Molycop México S.A. de C.V (Molycop Mexico), a related producer of FGM in Mexico. For this purpose, it determined the actual average cost of material from Molycop Mexico, the company's other direct manufacturing costs, namely labour and energy, the company's selling, general and administrative costs, and a reasonable amount for profit, all determined on the basis of Molycop Mexico's financial data.

³⁴ Exhibit 2 - FGM Complaint (NC); para. 140 and Exhibit 29

³⁵ *Ibid.*; paras. 46-47

³⁶ *Ibid.*; para. 141. Exhibit 30, 31

³⁷ *Ibid.*; para. 201

³⁸ *Ibid.*

³⁹ *Ibid.*; para. 202

[74] For the cost of raw materials, the complainant provided a listing of the average monthly cost of raw materials per Molycop Mexico's financial system⁴⁰. The prices were converted to Canadian dollars, and an average unit price was determined for each quarter of the POI. Again, Moly-Cop used the costs of a given quarter to apply to the normal values of the following quarter. Similarly, the complainant used Molycop Mexico's conversion costs, GS&A and gross profit for each months, converted to Canadian dollars and calculated a quarterly value, to apply to the normal values of the following quarter.

CBSA's Estimate of Normal Value

[75] For the purposes of initiation, the CBSA estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA, calculated based on the aggregate of estimates of the cost of production of the subject goods, a reasonable amount for administrative selling and other costs and a reasonable amount for profits. The CBSA reviewed the complainant's methodology to determine how normal values were estimated under this methodology, and found that the approach was reasonable; although the CBSA revised the complainant's calculation on the basis of the information provided. Normal values were estimated for each quarter of the POI.

[76] The CBSA acknowledges that there is reasonable indication that the conditions of section 20 may exist in the long-product steel sector (i.e. steel bar and steel billet) and in the downstream FGM market in China; however, the CBSA finds the methodology of section 19 to be a conservative and reasonable basis for estimating the margin of dumping at this stage. The CBSA will endeavor to gather additional information from exporters, government, and other relevant sources in order to enable the CBSA to form an opinion as to whether the conditions of section 20 exist in the relevant market sector in China.

EXPORT PRICE

Complainant's Estimates of Export Price

[77] The export price of goods sold to an importer in Canada is generally determined in accordance with section 24 of SIMA as 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, as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[78] The complainant estimated the export price on the basis of the monthly weighted average value for duty of all imports of subject goods released during the POI, on the basis of import data provided by the CBSA prior to filing the complaint.⁴¹ The information was generated from FIRM, and refined on the basis of ACROSS and other information available in order to remove non-subject goods and correct errors.

⁴⁰ Exhibit 2 - FGM Complaint (NC); para. 208 and Exhibit 47

⁴¹ *Ibid.*; para 143

[79] The complainant calculated a quarterly weighted average declared value per unit on the basis of the monthly FIRM data and deducted therefrom an amount for estimated export-related charges that would be incurred by the seller, to estimate the Chinese Ex Works price. To support its amount of deduction, the complainant provided publicly available information, providing details on several of the typical export charges, and providing ranges of costs to expect when shipping goods from China to North America.

CBSA's Estimates of Export Price

[80] In order to estimate the export price for the subject goods imported into Canada, the CBSA used information available through FIRM, CARM and ACROSS for the period of October 1, 2024 to September 30, 2025.

[81] The CBSA estimated the export price on the basis of weighted average monthly value for duty per unit. The CBSA notes that the value for duty is usually on an FOB basis, implying that some domestic freight, export declaration and loading and unloading fees in China may need to be deducted under the methodology of section 24 of SIMA. On the basis of a review of the information provided in the complaint, the CBSA applied a deduction of 1% of the value for duty to account for the estimated origin charges.

ESTIMATED MARGINS OF DUMPING

[82] For the purposes of the initiation of the dumping investigation, as previously mentioned, the CBSA has estimated a margin of dumping using normal values based on the methodology of section 19 of SIMA.

[83] Based on the normal values estimated under section 19, the CBSA estimated the margin of dumping for the subject goods by comparing the total estimated normal values with the total estimated export prices for the period of October 1, 2024 to September 30, 2025. The CBSA estimates that subject goods from China were dumped by 5.1%, expressed as a percentage of the export price.

EVIDENCE OF SUBSIDY

[84] In accordance with section 2 of SIMA, a subsidy exists where there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade, 1994, being part of Annex 1A to the World Trade Organization (WTO) Agreement that confers a benefit.

[85] Pursuant to subsection 2(1.6) of SIMA, a financial contribution exists where:

- a. practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- b. amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- c. the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- d. the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) above where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[86] A state-owned enterprise (“SOE”) may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with, governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or 4) some combination thereof.

[87] If a subsidy is found to exist, it may be subject to countervailing measures if it is specific. A subsidy is considered to be specific when it is limited, in law or in fact, to a particular enterprise or is a prohibited subsidy. An “enterprise” is defined under SIMA as also including a “group of enterprises, an industry and a group of industries”. Any subsidy which is contingent, in whole or in part, on export performance or on the use of goods that are produced or that originate in the country of export is considered to be a prohibited subsidy and is, therefore, specific according to subsection 2(7.2) of SIMA for the purposes of a subsidy investigation.

[88] In accordance with subsection 2(7.3) of SIMA, notwithstanding that a subsidy is not specific in law, a subsidy may also be considered specific in fact, having regard as to whether:

- there is exclusive use of the subsidy by a limited number of enterprises;
- there is predominant use of the subsidy by a particular enterprise;
- disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and
- the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[89] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy”, meaning that it is countervailable.

SUBSIDY PROGRAMS IN CHINA

[90] In alleging that actionable subsidies were applicable to the subject goods imported from China, the complainant relied on previous CBSA subsidy investigation findings and other investigative authorities' investigations, particularly with respect to steel products. The complainant also relied on publications issued by the World Trade Organization (WTO), studies issued by the Organisation for Economic Co-operation and Development (OECD), academic studies, and other publications.

[91] In particular, while referencing an OECD study and Government of China policies, the complainant alleged that the Government of China heavily subsidizes its steel industry, such as the production of long-products steel, including through below-market borrowing, subsidized energy prices, direct grants and preferential tax treatment, and that those subsidies support downstream producers, including FGM producers, who benefit from artificially reduced prices for key input.⁴²

[92] The complainant argued that the CBSA's numerous recent findings that Chinese steel products were subsidized provided strong evidence that FGM producers also benefited from such subsidies. The complainant listed 14 final determinations of subsidizing regarding steel products since 2008, in addition to an additional one still under investigation.⁴³

[93] The complainant identified numerous potential subsidy programs that producers and exporters of FGM in China may have benefitted from. The complainant listed several export assistance and international market development programs, research and development assistance programs, technology and industrial advancement assistance programs, brand and trademark awards, sustainability and environmental assistance program, preferential loans and guarantee programs, preferential tax program, relief from duties and taxes, grants related to preferential economic development zones, and other types of programs.⁴⁴ The most common support provided by the complainant consist of information from past CBSA findings. The complainant also relied on publications issued by the WTO, OECD studies, academic studies, and other publications.⁴⁵

[94] The complainant alleged that these subsidy programs are "specific and therefore actionable. The complainant also claimed that the programs are either used by or are available for use by producers and exporters of FGM in China. The complainant also alleged, with support, that there is an overwhelming propensity of FGM manufacturers to be located within preferential economic development zones, giving them access to numerous subsidy programs and preferential treatment.⁴⁶

⁴² Exhibit 2 - FGM Complaint (NC); paras. 225-231

⁴³ *Ibid.*; paras. 232-233

⁴⁴ *Ibid.*; paras. 241-261

⁴⁵ *Ibid.*; paras. 221-264

⁴⁶ *Ibid.*; paras. 256-261

[95] As a result, based on the information available, the CBSA identified 37 potentially actionable subsidy programs that may have benefited Chinese producers/exporters of FGM. Many of these are programs the CBSA has already countervailed in respect of previous subsidy investigations concerning goods from China. These programs have been grouped into the following five categories:

1. Grants and Grant Equivalent;
2. Preferential Tax Programs;
3. Relief from Duties and Taxes;
4. Provision of Goods or Services at Less Than Adequate Remuneration
5. Preferential Loans and Loan Guarantees

[96] The CBSA's analysis revealed that the alleged subsidy programs constitute potential financial contributions by the Government of China that may have conferred benefits to producers/exporters of FGM. In addition, the programs were further examined and were considered to be potentially specific either in law or in fact within the meaning of subsections 2(7.2) and 2(7.3) of SIMA.

[97] The descriptions of the identified programs to be investigated are found in the Subsidy RFI.

[98] If more information becomes available during the investigation process that indicates that some exporters/producers of subject goods may have benefited from any other programs during the POI, the CBSA will request complete information from the Government of China and exporters/producers of subject goods to pursue the investigation of these programs.

CBSA'S CONCLUSION

[99] Sufficient evidence is available to support the allegations that FGM originating in or exported from China have been subsidized. In investigating these programs, the CBSA has requested information from the Government of China, exporters and producers to determine whether exporters/producers of subject goods received benefits under these programs and whether these programs, or any other programs, are actionable subsidies and, therefore, countervailable under SIMA.

ESTIMATED AMOUNT OF SUBSIDY

[100] The complainant was unable to estimate the amounts of subsidy on a program basis for the subject goods imported from China.

[101] The complainant also maintained that the methodology used to estimate the amount of subsidy for the purposes of initiation of other investigations, namely the comparison of the estimated Chinese cost of production and sale with the export prices, would not be a reliable method in this case.⁴⁷

⁴⁷ Exhibit 2 - FGM Complaint (NC); para. 263

[102] Instead, the complainant estimated the amount of subsidy as equal to 29.8%, on the basis of the average amount of subsidy of the last four subsidy investigations for steel goods from China (i.e. Wind Towers, Container Chassis, Cold-rolled Steel and Sucker Rods), completed prior to the submission of this complaint.⁴⁸ The complainant claims that these recent subsidy findings are indicative of the subsidies that exist in the Chinese steel market and that are applicable to producers of a downstream steel product such as FGM.

[103] The CBSA acknowledges that a comparison of the estimated Chinese cost of production with the estimated export prices may not provide an adequate estimate of the amount of subsidy in this case. The reasoning behind the use of such methodology is that subsidies have the effect of lowering the full cost of the goods, including the cost of production and the amount for selling, administrative and all other costs, which allows exporters to pass-through the subsidy benefits in reducing the selling price of those goods to Canada. Therefore, the idea is that the exporter's ability to sell subject goods to Canada at prices substantially below their estimated full costs supports the complainants' allegations that subsidies are being conferred on the exported goods.

[104] Given that the estimated cost of merchant steel bar used to estimate the cost of production of FGM in China is based on published domestic prices for merchant steel bar in China, the cost of production is already reflective of the substantially low and allegedly subsidized prices of steel bar, as demonstrated in the complaint. Thus, comparing the estimated costs of production and sale to the export price will not provide an indication of the subsidy. Comparing the Chinese domestic prices of steel bar with the prices in a competitive benchmark would provide a better indication of the amount of subsidy if it was believed that the difference was entirely or mostly attributable to subsidies. However, as discussed by the complainant in the section on the analysis of the section 20 conditions in China, prices in China are not equivalent to what they would be in a competitive market for a number of reasons, including excessive production capacity.

[105] The CBSA considers that the complainant's proposal of looking at the amount of subsidies determined by the CBSA in past investigations involving steel products has merit, as the subsidy programs allegedly available to steel bar and FGM producers are essentially the same as the programs investigated in these investigations. However, the CBSA believes that this methodology is only reasonable if it strictly considers the subsidy determined for cooperative exporters on the basis of the information submitted in the course of these investigations.

[106] As such, the CBSA estimated the amount for subsidy on the basis of the amount of subsidy found for the seven cooperative exporters in the same past four countervailing investigations involving steel products, according to the respective Final Determination's *Statement of Reasons*.

[107] The CBSA's analysis of the information indicates that subject goods imported into Canada during the POI were subsidized and that the estimated amount of subsidy is 9.2% of the export price.

⁴⁸ Exhibit 2 - FGM Complaint (NC); para. 264

EVIDENCE OF INJURY⁴⁹

[108] The complainant alleges that the subject goods have been dumped and subsidized and that such dumping and subsidizing have caused and are threatening to cause material injury to the FGM industry in Canada.

[109] SIMA refers to material injury caused to the domestic producers of like goods in Canada. The CBSA has concluded that FGM produced by the domestic industry are like goods to the subject goods from China.

[110] Given concerns with respect to the confidentiality of the information of the domestic producer, the CBSA is limited in its ability to discuss certain information contained in the complaint.

[111] In support of their allegations, the complainant provided evidence of:

- Increased volume of imports of subject goods;
- Lost sales and lost of market share;
- Price undercutting
- Price depression and price suppression;
- Reduced profitability;
- Adverse impact on production and capacity utilization;
- Adverse impact on employment; and
- Adverse impact on investments.

INCREASED VOLUME OF IMPORTS OF SUBJECT GOODS, LOST SALES AND LOST OF MARKET SHARE

[112] The complainant stated that the volume of subject good imports has increased significantly in recent years, directly contributing to lost sales and lost market share. To support their allegations, the complainant provided their estimates of imports from 2022 to September 2025, inclusive⁵⁰ and their sales from Canadian production for the domestic market over the same period.⁵¹

[113] On the basis of the CBSA's analysis of its adjusted import data, the volume of subject goods increased by 365% percent between 2022 and 2024, and by an additional 120% in the first nine month of 2025, when compared to the volume over the same period from the previous year. Overall, the volume of subject goods imports over the 12-month POI is 740% higher than the volume in 2022. The CBSA is unable to publish the exact figures because doing so would result in disclosing confidential data.

⁴⁹ Exhibit 2 - FGM Complaint (NC); paras. 265-316 for evidence of injury and 317-357 for threat of injury

⁵⁰ *Ibid.*; para. 68 and exhibit 16

⁵¹ *Ibid.*; para. 82

[114] For the purposes of the initiation of the dumping and subsidy investigations, according to the adjusted CBSA's FIRM data, the share of imports held by China and other countries, and the market share data are summarized in Table 1 and Table 2 above. Import volumes have been allocated by country of origin.

[115] The results of the CBSA's analysis of imports correspond to the complainant's estimate, in terms of the import volume and relative share of imports in comparison to other countries, and in terms of market share. The analysis also supports the complainant's claims that imports of subject goods from China are taking over a third of the Canadian market during the POI, while they only represented 3.4% in 2022.

[116] As mentioned, the volume of Chinese annual imports increased by 740% between 2022 and the 12-month POI. In terms of market share, the Chinese captured an additional 29.9% of market share over that period, totally at the expense of Canadian production.

[117] The complainant further noted that the volume of subject good imports increased relative to their own domestic production levels. With respect to losses of market share, the complainant noted that as the levels of subject goods imports increased significantly, the market share of the domestic producer fell drastically. The complaint shows that imports of subject goods gained large amounts of market share during recent years, increasing from 3.4% in 2022 to 38.6% of the apparent Canadian market in 2025 and 33.3% during the POI. Over the same period, the Canadian domestic producers' market share fell by almost 35%, from 89.6% in 2022 to 71.1% in 2024 and 54.7% in 2025 (first nine month). The complainant tied their loss of market share to increased levels of subject goods imports. As discussed above, the import data supports this allegation. The complainant also pointed out that the loss of market share represent a very significant financial loss.

[118] With respect to lost sales, the complainant submit that the information in the complaint demonstrates that the domestic producers lost a significant volumes of sales as the level of subject goods imports increased. In its complaint, Moly-Cop provided information on specific accounts where it experienced lost volumes because of dumped and subsidized Chinese competition. The complainant provided evidence of lost sales to seven domestic mines due to Chinese low-priced imports, totaling significant losses in sales volume and value.

[119] The CBSA finds that the injury factors of increased volume of subject goods, lost sales and lost market share are sufficiently supported and linked to the allegedly dumped and subsidized goods. The CBSA further finds that the complainant' details of specific lost sales, when paired with its own analysis of import data, are extensive and sufficiently linked to the presence of imports of subject goods.

PRICE UNDERCUTTING

[120] The complainant stated that the allegedly dumped goods captured market share at the expense of the domestic industry by undercutting the prices of the domestic producers. The complainant alleged that in some instances, pricing from China is even below its own costs of production.⁵²

[121] Moly-Cop alleged that the instances of lost sales discussed in the complaint were due to its prices being undercut in bidding processes.⁵³ Generally, Moly-Cop supplies FGM to its customers under long term sales agreement, usually with two to three year terms.⁵⁴ Mines typically select their FGM suppliers by carrying out impartial competitive Request for Proposals bidding processes. Generally speaking, such processes typically involves public advertisement of opportunities, a formal bid submission, and an evaluation based on predefined technical and financial criteria. Moly-Cop explained that while some customers may be willing to pay a small premium for a domestic supplier, price remains the key deciding factor in selecting a vendor, once technical specification is met.⁵⁵ In the *Grinding Media from India* injury Inquiry, the CITT did find a considerable degree of price sensitivity among purchasers of grinding media, where a price differential of 1% to 10% would cause price to become the primary factor in purchasing decisions, once baseline quality and specifications are met.⁵⁶

[122] The complainant also provided quotation from Chinese exporters for export sales, and a comparison with average domestic prices in several countries where the Molycop Group operates, in order to pinpoint the extent by which China tends to undercut competitors in all markets.⁵⁷

[123] The CBSA notes that the gap between the weighted average export price of subject goods and the weighted average domestic prices has increased significantly between 2022 and the first nine month of 2025, providing further evidence of price undercutting and suggesting a correlation between the increasing volume of imports and the decreasing unit prices of Chinese imports.⁵⁸

⁵² Exhibit 2 - FGM Complaint (NC); para. 299

⁵³ *Ibid.*; paras. 278-300

⁵⁴ *Ibid.*, paras. 61-64

⁵⁵ *Ibid.* para. 62

⁵⁶ Certain Grinding Media, Canadian International Trade Tribunal, NQ-2021-001, Reasons issued September 13, 2021; paras 103-104

⁵⁷ Exhibit 2 - FGM Complaint (NC); paras. 191, 300

⁵⁸ *Ibid.*; based on the data in tables at paras. 68-69 and 82.

[124] The complaint explains that price is an important factor for customers' FGM purchasing decisions. While customers may be willing to pay a modest premium for domestic supply, this preference is quite limited as pricing will remain the key purchasing criteria according to the complainant.⁵⁹ Furthermore, Moly-Cop alleged that some Chinese suppliers are global suppliers to the mining industry, which can offer a wide range of steel products to the mining customers. Thus, according to Moly-Cop, such suppliers could offer FGM at unprofitable prices if that means getting order to other more profitable sales.⁶⁰

[125] Based on the CBSA's analysis of the information contained in the complaint and of its own import data, the CBSA finds the claim of price undercutting to be supported and sufficiently linked to the allegedly dumped and subsidized goods.

PRICE DEPRESSION AND PRICE SUPPRESSION

[126] Price depression or erosion occurs when selling prices of the local product are reduced to meet dumped import price. Price suppression refers to the prevention of price increases, which would have otherwise occurred, if not for the dumped imports.

[127] The complainant argued that the weighted average domestic prices dropped by over 18% between 2022 and 2025, while the Industrial Price Index increased by about 7.7% while the Consumer Price Index increased by 11.9% during the same period.⁶¹ Moly-Cop alleged that this provides evidence of both the price depression and price suppression caused by Chinese imports. The CBSA also notes that the weighted average export prices for subject goods were more than 27% lower in 2025 than in 2022.⁶²

[128] Taken out of context, these values appear to support the allegations that the Chinese imports of FGM resulted in price depression and suppression. However, information in the complaint also suggests that the prices of merchant bar, the principle raw material in the production of FGM, also dropped significantly during that period of time.⁶³

[129] Accordingly, evidence suggests that the reduction in the domestic prices of FGM between 2022 and 2025 is likely largely attributable to the downward movement in the cost of merchant bar during the same period.

⁵⁹ Exhibit 2 - FGM Complaint (NC); paras. 62-63

⁶⁰ *Ibid.*; para 63.

⁶¹ *Ibid.*; para. 273

⁶² *Ibid.*; para. based on data in tables at paras. 68-69 and 82.

⁶³ *Ibid.*; Exhibit 20

[130] On the basis its analysis, the CBSA does not agree that there is evidence of a causal link between the imports of allegedly dumped and subsidized FGM and the downward trend in the domestic market FGM prices. Furthermore, considering that merchant bar accounts for a significant proportion of the cost of production of FGM, and considering the extent of the decrease in the cost of merchant bar between 2022 and 2025, the CBSA does not believe that prices of FGM would have increased at the rate of inflation during this period, if not for the imports of subject goods. As such, the CBSA does not agree that there is evidence of price depression nor price suppression. Rather, it appears that Moly-Cop has been losing significant sales volumes due to the undercutting, and has not yet resorted to a strategy of lowering its prices in response to undercutting to attempt to preserve sales volume.

REDUCED PROFITABILITY

[131] The complainant argued that the market share lost to subject goods, the account-specific lost sales, the relentless price competition from dumped and subsidized FGM from China have all directly contributed to the declining financial performance of Moly-Cop⁶⁴. The complaint included financial data from fiscal years ending June 30, 2023 to fiscal year ending June 30, 2025.⁶⁵

[132] Overall, the information contained in the complaint generally establishes a trend of a worsening financial performance between 2023 and 2025, thereby supporting the complainant's allegations of a decline in profitability causing an adverse impact on financial results. As such, the CBSA finds that the injury factor of decline in profitability is sufficiently supported and reasonably linked to the alleged dumped goods.

ADVERSE IMPACT ON PRODUCTION AND CAPACITY UTILIZATION

[133] The complaint includes data with respect to the capacity utilization and production volumes of the domestic producer of FGM, suggesting a significant decline in both production and production capacity utilization since 2022. Moly-cop argues that the data shows that the entire decline is attributable to Chinese imports.⁶⁶

[134] The complainant argued that if not for the increased presence of large volume of dumped Chinese FGM, it would be able to increase its sales, its production and capacity utilization, which would have a significant impact on its marginal costs and net profit.

[135] As discussed earlier, the entirety of the market share lost by Moly-Cop between 2022 and 2025 appears to be attributable to the increased volume from China. As such, the CBSA agrees that there is evidence of a decline in capacity utilization due to the rapidly increasing volume of allegedly dumped goods from China.

⁶⁴ Exhibit 2 - FGM Complaint (NC); para. 305

⁶⁵ *Ibid.*; Exhibit 64 (PRO), including revision further to CBSA request for missing 2025 data.

⁶⁶ *Ibid.*; Table 32 at para. 310

ADVERSE IMPACT ON EMPLOYMENT

[136] The complainant claims that per its experience, each additional 25,000 MT in volume of production requires 12 new employees, including operators, trade and indirect support staff such as supervisors. As such, if the volume Moly-Cop has lost to China in recent years was being supplied by Moly-Cop, the company estimates that it would be running at higher capacity utilization rates and could have added ten or more full time employees to its payroll.⁶⁷

[137] As discussed earlier, the CBSA believes that there is evidence that the reduction in Moly-Cop's production volume is tied to the surge of imports from China and that as such, the adverse impact on the employment level is reasonably attributable to the allegedly dumped imports.

ADVERSE IMPACT ON INVESTMENTS

[138] Moly-Cop claimed that in 2015, it made a major investment of approximately \$65,000,000 into its Kamloops Plant to double its manufacturing capacity and enable the production of its SAG ball series in addition to small and medium-sized grinding media. It added that the company has plans to make substantial additional capital investments in the Kamloops Plant, which will further solidify its commitment to this facility. However, unfairly dumped and subsidized subject Goods in Canada make it impossible for Moly-Cop to plan significant additional future investments at this time.⁶⁸

[139] The complainant listed projects that are additional and extraordinary, outside the usual capital expenditure investments in a normal cycle (e.g. related to Health, Safety and Environment, investments to sustain/grow profits etc.). The company claims that due to the value and impact to the business, these projects are subject to an assessment of the mid-long term viability of production in Kamloops. It added that without the protection of anti-dumping and countervailing duties, it is not likely Moly-Cop will be able to justify these investments."⁶⁹

[140] Per the CBSA's review of these allegations, it is unclear that Moly-Cop had clear investment plans which were cancelled or delayed due to the alleged dumping. The CBSA considers these allegations rather as part of the threat of injury.

⁶⁷ Exhibit 2 - FGM Complaint (NC); para. 312

⁶⁸ *Ibid.*; paras. 11 and 313

⁶⁹ *Ibid.*; para. 314

CBSA'S CONCLUSION: INJURY

[141] Overall, based on the evidence provided in the complaint, and supplementary data available to the CBSA through its own research and customs documentation, the CBSA finds that the evidence discloses a reasonable indication that the dumping and subsidizing of the subject goods from China, have caused injury to the FGM industry in Canada in the form of:

- Increased volume of imports of subject goods, resulting in lost sales and lost of market share;
- price undercutting;
- reduced profitability;
- adverse impact on production and capacity utilization; and
- adverse impact on employment.

THREAT OF INJURY

[142] The complainant alleges that the dumping and subsidizing of FGM are threatening to cause injury to its production and provided evidence for each of the following factors to support its allegations:

- The nature of the subsidies and the likely effect on trade;
- the free capacity and substantial increase in capacity;
- the rate of increase of the volume of subject goods exports to Canada;
- the growing pricing differential;
- the current protectionist trade environment and treat of diversion;
- the threat to anticipated future bidding processes; and
- the negative impact on investments.

[143] In light of the CBSA's finding that there is a reasonable indication that the dumping and subsidizing of the subject goods has caused injury, the CBSA will exercise administrative efficiency and not address whether there is a reasonable indication that the dumping and subsidizing of the subject goods is threatening to cause injury.

SCOPE OF THE INVESTIGATIONS

[144] The CBSA is conducting investigations to determine whether the subject goods have been dumped and/or subsidized.

[145] The CBSA has requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the POI of October 1, 2024 to September 30, 2025 were dumped and/or subsidized. The information requested will be used to determine the normal values, export prices, margins of dumping, if any. The CBSA also requested information from the Government of China with respect to the possibility that the conditions of section 20 of SIMA exist in the long-product steel sector (i.e. steel bar and steel billet) and the downstream FGM market in China.

[146] The CBSA has also requested information from the Government of China and all potential producers/exporters to determine whether or not subject goods imported into Canada during the POI of October 1, 2024 to September 30, 2025 were subsidized. The information requested will be used to determine the amounts of subsidy, if any.

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

FUTURE ACTION

[148] The CITT will conduct a preliminary inquiry to determine whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of the goods has caused or is threatening to cause injury to the Canadian industry. The CITT must make its decision on or before the 60th day after the date of the initiation of the investigations. If the CITT concludes that the evidence does not disclose a reasonable indication of injury to the Canadian industry, the investigations will be terminated.

[149] If the CITT 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 and/or subsidized, the CBSA will make a preliminary determination of dumping and/or subsidizing within 90 days after the date of the initiation of the investigations, by April 9, 2026. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigations.

[150] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the volume of goods of a country is negligible, the investigations will be terminated with respect to goods of that country.

[151] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping and/or subsidizing, other than goods of the same description as goods in respect of which a determination was made that the margin of dumping of, or the amount of subsidy on, the goods is insignificant, may be subject to provisional duty in an amount not greater than the estimated margin of dumping and/or the estimated amount of subsidy on the imported goods.

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

[153] After the preliminary determination, if, in respect of goods of a particular exporter, the CBSA's investigations reveals that imports of the subject goods from that exporter have not been dumped or subsidized, or that the margin of dumping or amount of subsidy is insignificant, the investigation(s) will be terminated in respect of those goods.

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

[155] In the event of an injury finding by the CITT, 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 and countervailing duty equal to the amount of subsidy on the imported goods. Should both anti-dumping and countervailing duties be applicable to subject goods, the amount of any anti-dumping duty may be reduced by the amount that is attributable to an export subsidy.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

[157] Should the CITT issue such a finding, anti-dumping and countervailing duties may be imposed retroactively on subject goods imported into Canada and released by the CBSA during the period of 90 days preceding the day of the CBSA making preliminary determinations of dumping and/or subsidizing.

[158] In respect of importations of subsidized goods that have caused injury, however, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy, as explained in the previous "Evidence of subsidizing" section. In such a case, the amount of countervailing duty applied on a retroactive basis will be equal to the amount of subsidy on the goods that is a prohibited subsidy.

UNDERTAKINGS

[159] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, 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.

[160] Similarly, after the CBSA has rendered a preliminary determination of subsidizing, a foreign government may submit a written undertaking to eliminate the subsidy on the goods exported or to eliminate the injurious effect of the subsidy, by limiting the amount of the subsidy or the quantity of goods exported to Canada. Alternatively, exporters with the written consent of their government may undertake to revise their selling prices so that the amount of the subsidy or the injurious effect of the subsidy is eliminated.

[161] An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped or subsidized goods. 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 number, mailing address and email address to the email address identified in the Contact us section of this document.

[162] If undertakings were to be accepted, the investigations and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA's investigations be completed and that the CITT complete its injury inquiry.

PUBLICATION

[163] Notice of the initiation of these investigations is being published in the Canada Gazette pursuant to subparagraph 34(1)(a)(ii) of SIMA.

CONTACT US

[164] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping. Written submissions must be filed through CBSA's ACE web application.

[165] To be given consideration in these investigations, all information should be received by the CBSA by May 18, 2026, at noon.

[166] Any information submitted to the CBSA by interested parties concerning these investigations 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.

[167] Confidential information submitted to the CBSA 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 CITT, any court in Canada, or a WTO or Canada-United States-Mexico Agreement (CUSMA) dispute settlement panel. Additional information respecting the CBSA's policy on the disclosure of information under SIMA may be obtained by contacting the CBSA at the email address identified below.

[168] The schedule of the investigations and a complete listing of all exhibits and information are available. The exhibit listing will be updated as new exhibits and information are made available.

[169] For further information, please contact the CBSA at:

Email: simaregistry-depotlmsi@cbsa-asfc.gc.ca

A handwritten signature in black ink, appearing to read 'S. Borg', with a stylized flourish at the end.

Sean Borg
a/Executive Director
Trade and Anti-dumping Programs Directorate