



OTTAWA, October 23, 2020

STATEMENT OF REASONS

Concerning the preliminary determination with respect to the dumping of

HEAVY PLATE

**FROM THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN
AND MATSU (CHINESE TAIPEI), GERMANY AND TURKEY**

**and regarding the termination of the investigation with respect to
the dumping of**

HEAVY PLATE

FROM MALAYSIA AND SOUTH KOREA

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act* (SIMA), the Canada Border Services Agency made a preliminary determination on October 9, 2020 respecting the dumping of certain hot-rolled carbon steel heavy plate and high-strength low-alloy heavy steel plate originating in or exported from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), Germany and Turkey.

On October 9, 2020, pursuant to paragraph 35(2)(a) of SIMA, the CBSA terminated the dumping investigation with respect to certain hot-rolled carbon steel heavy plate and high-strength low-alloy heavy steel plate originating in or exported from Malaysia and South Korea.

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

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SUMMARY OF EVENTS

[1] On April 6, 2020, the Canada Border Services Agency (CBSA) received a written complaint from Algoma Steel Inc. (Algoma) (hereinafter, “the complainant”), alleging that imports of certain hot-rolled carbon steel heavy plate and high-strength low-alloy heavy steel plate (heavy plate) from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), the Federal Republic of Germany (Germany), the Republic of Korea (South Korea), the Federation of Malaysia (Malaysia), and the Republic of Turkey (Turkey) (hereafter “the named sources”) are being dumped. The complainant alleged that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[2] On April 27, 2020, 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 Chinese Taipei, Germany, Malaysia, South Korea and Turkey that a properly documented complaint had been received.

[3] The complainant provided evidence to support the allegations that heavy plate from the named sources 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 May 27, 2020, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of heavy plate from Chinese Taipei, Germany, Malaysia, South Korea, and Turkey.

[5] Upon receiving notice of the initiation of the investigation, the Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the alleged dumping of the above-mentioned goods has caused injury or retardation or is threatening to cause injury to the Canadian industry producing the like goods.

[6] On July 27, 2020, pursuant to subsection 37.1(1) of SIMA, the CITT made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping of heavy plate from the named sources has caused injury or retardation or is threatening to cause injury to the domestic industry.

[7] On August 18, 2020 the CBSA notified interested parties that the preliminary stage of the investigation will be extended pursuant to subsection 39(1) of SIMA.

[8] On October 9, 2020, as a result of the CBSA’s preliminary investigation and pursuant to subsection 38(1) of SIMA, the CBSA made a preliminary determination of dumping of heavy plate from Chinese Taipei, Germany, and Turkey.

[9] On October 9, 2020, pursuant to paragraph 35(2)(a) of SIMA, the CBSA terminated the dumping investigation with respect to heavy plate originating in or exported from Malaysia and South Korea. The volume of subject goods imported during the period of investigation from Malaysia and South Korea were found to be negligible for the purposes of SIMA (i.e. less than 3% of volume of imported goods).

[10] On October 9, 2020, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped goods that are of the same description as any goods to which the preliminary determination applies, and that are released during the period commencing on the day the preliminary determination was made and ending on the earlier of the day on which the CBSA causes the investigation in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA.

PERIOD OF INVESTIGATION

[11] The Period of Investigation (POI) for this investigation is March 1, 2019 to February 29, 2020.

PROFITABILITY ANALYSIS PERIOD

[12] The Profitability Analysis Period (PAP) for this investigation is March 1, 2019 to February 29, 2020.

INTERESTED PARTIES

Complainant

[13] Algoma is a primary iron and steel producer located in Sault Ste. Marie, Ontario, and began producing steel in 1902.

[14] The contact information of the complainant is as follows:

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

[15] The other manufacturers of like goods in Canada are: Janco Steel Ltd. (Janco), SSAB Central Inc. (SSAB), Samuel, Son & Co., Ltd. (Samuel), Tidy Steel-Fab Ltd. (Tidy), and Varsteel Ltd. (Varsteel)¹. The complaint contained letters of support from Janco and SSAB.² Contact information for these manufacturers is as follows:

Company Name	Address
Janco Steel Ltd.	925 Arvin Avenue Stoney Creek, Ontario L8E 5N9
SSAB Central Inc.	1051 Tapscott Road Scarborough, Ontario M1X 1A1
Samuel, Son & Co.	410 Nash Road North Hamilton, Ontario L8H 7R9
Tidy Steel-Fab Ltd.	44313 Progress Way Chilliwack, British Columbia V2R 0L1
Varsteel Ltd.	220 4 Street South Lethbridge, Alberta T1J 4J7

Trade Union

[16] The complainant identified one trade union that represents persons employed in the production of heavy plate in Canada³:

United Steel Workers
234 Eglinton Avenue East, 8th floor
Toronto, Ontario M4P 1K7

Importers

[17] At the initiation of the investigation, the CBSA identified 34 potential importers of the subject goods based on both information provided by the complainant and CBSA import entry documentation. The CBSA sent an Importer RFI to all potential importers of the goods. The CBSA received 15 responses to the Importer RFI.

¹ Exhibit 2 (NC), Heavy Plate Complaint – Page 4.

² Exhibit 2 (NC) – Heavy Plate Complaint – Attachment 1.

³ Exhibit 2 (NC), Heavy Plate Complaint – Page 6.

Exporters

[18] At the initiation of the investigation, the CBSA identified 36 potential exporters/producers of the subject goods from information provided by the complainant and CBSA import entry documentation. All of the potential exporters were sent the CBSA's Dumping RFI.

[19] Eight companies provided substantially complete responses to the CBSA's Dumping RFI, including one from Chinese Taipei, one from Germany, one from Malaysia, four from South Korea and one from Turkey. These submissions and results have been summarized in the *Preliminary Results of the Dumping Investigation* section, found below.

Governments

[20] For the purposes of this investigation, Government of Turkey (GOT), 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.

[21] At the initiation of the investigation, the CBSA sent an RFI to the GOT to request information with respect to the CBSA's examination of whether a Particular Market Situation (PMS) exists in the heavy plate market in Turkey. The GOT provided a response to the RFI.

PRODUCT INFORMATION

Definition⁴

[22] For the purpose of this investigation, the 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 greater than 72 inches (+/- 1829 mm) to 152 inches (+/- 3,860 mm) inclusive, and thicknesses from 0.375 inches (+/- 9.525 mm) up to and including 4.5 inches (+/- 114.3 mm) (with all dimensions being plus or minus allowable tolerances contained in the applicable standards), but excluding:

- *plate in coil form,*

⁴ Exhibit 2 (NC), Heavy Plate Complaint – Pages 6-8.

- *plate having a rolled, raised figure at regular intervals on the surface (also known as floor plate), and*
- *plate originating in or exported from the Republic of Korea which is covered by the Tribunal's Finding in NQ-2013-005.*

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

Additional Product Information⁵

[23] Plate is produced to specific grades and standardizations. These grades and standardizations are used for specific end-uses. Common standardizations include American Society for Mechanical Engineers (ASME), and American Society for Testing and Materials (ASTM). For example, ASTM/ASME A36, A283, A573 or A709 may be used for structural plate, which is used in a variety of construction applications. Plate meeting A515 and A516M/A516, grade 70 is used for the construction of pressure vessels, which hold gasses or liquids at high pressure.

[24] Pressure vessel quality (PVQ) plate may be vacuum degassed to achieve desired characteristics, in particular low sulfur, low carbon, low gaseous levels (H₂, N₂, O₂), improved cleanliness and improved ferro alloy recovery. Such characteristics may be used in sour service applications and applications requiring hydrogen-induced cracking (HIC) resistance low temperature fracture toughness.

[25] Some of these gauges and specifications, as well as specific lengths and widths, command a price premium.

Production Process⁶

[26] While details may vary from mill to mill, the process by which carbon steel plate is produced is essentially the same for all producers world-wide and entails:

- heating slabs before rolling
- descaling
- rolling
- levelling
- cutting to size
- inspection and testing

⁵ Exhibit 2 (NC), Heavy Plate Complaint – Page 8.

⁶ Exhibit 2 (NC), Heavy Plate Complaint – Page 10.

- shipping

[27] At 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 slab thickness occurs in the breakdown mill where the slab is reduced in gauge depending on the final plate thickness required.

[28] Heavier plate (i.e. 3/8 inches and thicker) goes directly to the 166" plate mill where it is reduced to its final thickness, levelled and then sent to the plate finishing area where it is sized, sides are trimmed, cut to length (either sheared or flame cut), tested and shipped.

[29] For lighter plate, the 166" plate mill acts as 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.

[30] Separately, certain service centres operate cut-to-length lines which cut plate from coil.

Product Use⁷

[31] 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, ships and barges, and pressure vessels.

Classification of Imports

[32] Subject goods are normally classified under the following tariff classification numbers:

7208.51.00.10	7208.52.00.10
7208.51.00.93	7208.52.00.93
7208.51.00.94	7208.52.00.96
7208.51.00.95	

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

⁷ Exhibit 2 (NC), Heavy Plate Complaint – Page 11.

LIKE GOODS AND CLASS OF GOODS

[34] 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 any identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[35] 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.

[36] After considering questions of use, physical characteristics and all other relevant factors, the CBSA initiated its investigation under the premise that domestically produced heavy plate is like goods to the subject goods. Further, the CBSA was of the opinion that subject goods and like goods constitute only one class of goods.

[37] In its preliminary injury inquiry for this investigation, the CITT further reviewed the matter of like goods and classes of goods. On August 11, 2020, the CITT issued its preliminary inquiry *Statement of Reasons* for this investigation, indicating that it would “[...] *conduct its analysis on the basis that domestically produced heavy plate that is of the same description as the subject goods are “like goods” in relation to the subject goods*” and additionally, “[...] *that there is a single class of goods.*”⁸

THE CANADIAN INDUSTRY

[38] The complainant, combined with the other supporting producers, account for the vast majority of the domestic production of like goods.

IMPORTS INTO CANADA

[39] During the preliminary phase of the investigation, the CBSA refined the estimated volume and value of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[40] The following table presents the CBSA’s analysis of imports of heavy plate for the purposes of the preliminary determination:

⁸ Canadian International Trade Tribunal; Heavy Plate Dumping Determination and Reasons (August 11, 2020), PI-2020-001, paragraph 45.

Imports of Heavy Plate
(% of Volume)

Origin or Source	POI (March 1, 2019 to February 29, 2020)
Chinese Taipei	4.6%
Germany	16.0%
Malaysia	1.3%
South Korea	2.7%
Turkey	4.6%
All Other Countries	70.8%
Total Imports	100.0%

TERMINATION OF THE DUMPING INVESTIGATION WITH RESPECT TO HEAVY PLATE FROM MALAYSIA AND SOUTH KOREA

Malaysia

[41] Imports of subject goods from Malaysia totaled approximately 3,831 MT, representing 1.3% of heavy plate imported into Canada during the POI.

South Korea

[42] Imports of subject goods from South Korea totaled approximately 7,950 MT, representing 2.7% of heavy plate imported into Canada during the POI.

Negligibility

[43] Pursuant to paragraph 35(2)(a) 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 CBSA is required to terminate the investigation with respect to those goods. Pursuant to subsection 2(1) of SIMA, the volume of goods of a country 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 goods.

[44] Accordingly, given that imports of subject goods during the POI from Malaysia and South Korea were negligible, the CBSA terminated the dumping investigation with respect to certain heavy plate originating in or exported from Malaysia and South Korea.

REPRESENTATIONS

[45] During the preliminary phase of the investigation, counsel for the complainant made representations concerning the complainant's allegations of a particular market situation in Turkey.⁹ Representations were also made with respect to various exhibits on the administrative record, including certain RFI responses. These representations concern the completeness of information provided, government involvement with certain companies and sectors, the relationships between certain parties, identity of the exporter, and the alleged particular market situation in Turkey. Counsel for the complainant also addressed the accuracy and completeness of the reported cost of production information, certain reported discounts, and other missing or unclear information provided in the RFI responses.

[46] The CBSA has noted the arguments and evidence submitted in the representations and will take them into consideration in the course of verifying and analyzing information for the purposes of a final decision.

INVESTIGATION PROCESS

[47] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of heavy plate released into Canada during the POI.

[48] The governments and the exporters/producers were notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits may result in the margins of dumping and the assessment of anti-dumping duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favorable to them than if complete, verifiable information was made available.¹⁰

[49] Several parties requested an extension to respond to their respective RFIs. The CBSA reviewed all requests and all exporters and governments that requested an extension were granted an extension that still provided CBSA adequate time to review their responses for purposes of the preliminary determination of the investigations.

[50] After reviewing the RFI responses, supplemental RFIs (SRFIs) were sent to several responding parties to clarify information provided in the responses and request additional information, where necessary.

⁹ EXH 160 (PRO) & 161 (NC) - Comments submitted by counsel for Algoma Steel Inc.

¹⁰ Exhibits 14 (NC), 15 (NC), 17 (NC), 20 (NC) – Requests for Information and initiation letters.

[51] The preliminary determination is based on the information available to the CBSA at the time of the preliminary determination. During the final phase of the investigation, additional information may be obtained and selected responding parties may be verified, the results of which will be incorporated into the CBSA's final decision, which must be made by January 7, 2021.

DUMPING INVESTIGATION

[52] The following presents the preliminary results of the investigation into the dumping of heavy plate originating in or exported from Chinese Taipei, Germany, and Turkey.

Normal Value

[53] Normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with the methodology of paragraph 19(b) of SIMA.

Export Price

[54] The export price of goods sold to importers in Canada is generally estimated in accordance with the methodology of section 24 of SIMA based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[55] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is estimated based on the importer's resale price of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

Margin of Dumping

[56] The estimated margin of dumping by exporter is equal to the amount by which the total estimated normal value exceeds the total estimated export price of the goods, expressed as a percentage of the total estimated export price. All subject goods imported into Canada during the POI are included in the estimation of the margins of dumping of the goods. Where the total estimated normal value of the goods does not exceed the total estimated export price of the goods, the margin of dumping is zero.

[57] Further information regarding each exporter is detailed below.

PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION

[58] The following presents the preliminary results of the investigation into the dumping of heavy plate originating in or exported from the sources in respect of which the dumping investigation has not been terminated (i.e., Chinese Taipei, Germany and Turkey).

[59] The governments and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during verification may result in the margin of dumping and the assessment of anti-dumping duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favorable to their firm than if complete, verifiable information was made available.

Chinese Taipei

[60] The CBSA received a substantially complete response to the Dumping RFI from one exporter in Chinese Taipei, China Steel Corporation.¹¹

China Steel Corporation

[61] China Steel Corporation (CSC) is a manufacturer and exporter of subject goods located in Chinese Taipei. CSC is a publicly traded manufacturer of various steel products. The company has one production facility located in Kaohsiung. All of the subject goods shipped to Canada were produced at this facility. The company headquarters is also located in Kaohsiung.

¹¹ Exhibits 83 (PRO) and 84 (NC) – Response to Dumping RFI – China Steel Corporation.

[62] CSC provided a substantially complete response to the CBSA's Dumping RFI, including a database of domestic sales of heavy plate during the PAP. Where there were sufficient profitable sales of like goods, normal values were estimated in accordance with the methodology of section 15 of SIMA, using the exporter's domestic prices of heavy plate in Chinese Taipei market.

[63] Where there were insufficient profitable domestic sales of like goods, or where there were no domestic sales of like goods, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based on 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.

[64] The cost of production was estimated in accordance with paragraph 11(1)(a) of the Special Import Measures Regulations (SIMR), based on CSC's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on CSC's sales of heavy plate in their domestic market, during the profitability analysis period (PAP), of the same general category as the subject goods sold to Canada.

[65] For subject goods exported to Canada by CSC during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[66] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 9.4% for CSC, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from CSC during the final phase of the investigation.

All Other Exporters – Chinese Taipei

[67] For exporters of subject goods originating in or exported from Chinese Taipei that did not provide a response to the Dumping RFI or did not furnish sufficient information, the margin of dumping was estimated on the basis of facts available.

[68] In establishing the methodology for estimating the margin of dumping, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation and information submitted by exporters of heavy plate from the named sources.

[69] The CBSA decided that the normal values estimated for the exporters whose submissions were substantially complete for the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating the margin of dumping since it reflects exporters' actual trading practices during the POI. The CBSA first considered whether the information from the exporter of heavy plate from Chinese Taipei, CSC, who provided substantially complete information was appropriate to use as the basis for estimating the margin of dumping for all other exporters in Chinese Taipei.

[70] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of CSC, and considered that the highest amount (expressed as a percentage of the export price) was an appropriate basis for estimating the margin of dumping. This methodology relies on information related to goods that originated in Chinese Taipei and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[71] As a result, based on the facts available, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, the margin of dumping of subject goods originating in or exported from Chinese Taipei was estimated based on the highest amount by which an estimated normal value exceeded the estimated export price, on an individual transaction for CSC during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors.

[72] Using the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters in Chinese Taipei is 97.0%, expressed as a percentage of the export price.

Germany

[73] The CBSA received a substantially complete response to the Dumping RFI from one exporter in Germany, Aktien-Gesellschaft der Dillinger Hüttenwerke.¹²

Aktien-Gesellschaft der Dillinger Hüttenwerke

[74] Aktien-Gesellschaft der Dillinger Hüttenwerke (Dillinger) is a manufacturer and exporter of subject goods located in Germany. Dillinger is a privately owned manufacturer of heavy plate products. The company has one production facility located in Dillingen, Germany. All of the subject goods shipped to Canada were produced at this facility. The company headquarters is also located in Dillingen.

¹² Exhibits 112 (PRO) and 113 (NC) – Response to Dumping RFI – Aktiengesellschaft der Dillinger Hüttenwerke.

[75] Dillinger provided a substantially complete response to the CBSA's Dumping RFI, including a database of domestic sales of heavy plate during the PAP. Where there were sufficient profitable sales of like goods, normal values were estimated in accordance with the methodology of section 15 of SIMA, using the exporter's domestic prices of heavy plate in the German market.

[76] Where there were insufficient profitable domestic sales of like goods, or where there were no domestic sales of like goods, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based on 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.

[77] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Dillinger's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Dillinger's sales of heavy plate in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[78] For subject goods exported to Canada by Dillinger during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[79] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 4.8% for Dillinger, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Dillinger during the final phase of the investigation.

All Other Exporters – Germany

[80] For exporters of subject goods originating in or exported Germany that did not provide a response to the Dumping RFI or did not furnish sufficient information, the margin of dumping was estimated on the basis of facts available.

[81] In establishing the methodology for estimating the margin of dumping, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation and information submitted by exporters of heavy plate from the named sources.

[82] The CBSA decided that the normal values estimated for the exporters whose submissions were substantially complete for the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating the margin of dumping since it reflects exporters' actual trading practices during the POI. The CBSA first considered whether the information from the exporter of heavy plate from Germany, Dillinger, who provided substantially complete information was appropriate to use as the basis for estimating the margin of dumping for all other exporters in Germany.

[83] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of Dillinger, and considered that the highest amount (expressed as a percentage of the export price) was an appropriate basis for estimating the margin of dumping. This methodology relies on information related to goods that originated in Germany and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[84] As a result, based on the facts available, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, the margin of dumping of subject goods originating in or exported from Germany was estimated based on the highest amount by which an estimated normal value exceeded the estimated export price, on an individual transaction for Dillinger during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors.

[85] Using the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters in Germany is 63.8%, expressed as a percentage of the export price.

Turkey

[86] The CBSA received a substantially complete response to the Dumping RFI from one exporter in Turkey, Eregli Demir Ve Celik Fabrikalari T.A.S..¹³ In addition, the GOT provided a response to the PMS RFI¹⁴.

Particular Market Situation

[87] Paragraph 16(2)(c) is a provision of SIMA that may be applied when the President is of the opinion that domestic sales of like goods in the country of export do not permit a proper comparison with the sales of the goods to the importer in Canada because a PMS prevails.

[88] Pursuant to subsection 16(2.1), the President may form the opinion that PMS can exist in respect of any goods of a particular exporter or of a particular country.

¹³ Exhibits 118 (PRO) and 119 (NC) - Responses to Dumping RFI – Eregli Demir Ve Celik Fabrikalari T.A.S.

¹⁴ Exhibits 74 (PRO) and 75 (NC) – Response to RFI from the Government of Turkey

[89] In such cases, the CBSA would not estimate normal values using the methodology of section 15 of SIMA, which relies on domestic prices. Accordingly, and where such information is available, the CBSA would look to use one of the methodologies of section 19 to determine normal values.

[90] Where the methodology of paragraph 19(b) has been applied and the President is of the opinion that a PMS also distorts the cost of inputs that are material in the production of the goods, the President will use information in accordance with subsection 11.2(2) of SIMR, that best represents the actual cost of the input to permit a proper comparison.

[91] The CBSA is investigating allegations that a PMS exists with respect to Turkey's heavy plate market. A PMS may be found to exist where factors such as government regulations, significant macroeconomic volatility, distorted input costs or any other circumstances in which normal market conditions or patterns of supply and demand do not prevail have had a significant impact on the domestic sales of like goods in the country of export. The complainant made the allegation that a PMS may exist in Turkey's plate market due to the combined effect of a multitude of factors.

[92] At the initiation of the investigation, the CBSA considered evidence supplied in the complaint and from its own research to be sufficient to examine whether a PMS exists in Turkey. Consequently, the CBSA sent RFIs pertaining to PMS to the GOT and producers and exporters of heavy plate in Turkey.

[93] A substantially complete response to the PMS RFI was received from the GOT during the preliminary phase of the investigation. A substantially complete response to the dumping RFI containing PMS questions was also received from Erdemir, the only discrete heavy plate producer in Turkey.

[94] The CBSA has considered the evidence and comments provided by the complainant, the responding exporter and the GOT, as well as all of the other information on the administrative record. For the purposes of the preliminary determination, the CBSA has not formed the opinion that a particular market situation exists in the heavy plate market in Turkey that affects the domestic sales such that they do not permit a proper comparison with the sales to the importers in Canada.

[95] In the final phase of the investigation, the CBSA will continue to review and analyze the information available and will seek to gather additional information necessary in order to form an opinion as to whether a PMS, pursuant to paragraph 16(2)(c) of SIMA, exists with respect to the heavy plate market in Turkey.

Eregli Demir Ve Celik Fabrikalari T.A.S.

[96] Erdemir, a publicly-traded joint stock corporation, is the main company of the OYAK Mining Metallurgy group. It was established in 1960 and commenced operation in 1965. As a fully integrated steel manufacturer, Erdemir consists of 7 subsidiaries including Erdemir steel works and Isdemir steel work.

[97] Erdemir provided a substantially complete response to the dumping RFI, including a database of domestic sales of heavy plate. However, there were insufficient profitable sales of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[98] Normal values were estimated based on a methodology similar to the methodology described in paragraph 19(b) of SIMA, 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. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Erdemir's cost data associated with the subject goods shipped to Canada. The amount for profits was estimated based on sales of goods of the same general category in Chinese Taipei and Germany as the subject goods sold to Canada. This resulted in an overall profit of 14.7% of the full cost of production for the PAP.

[99] For subject goods exported to Canada by Erdemir during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[100] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 2.9% for Erdemir, expressed as a percentage of the export price based on unverified sales and cost data submitted by the exporter.

All Other Exporters – Turkey

[101] For exporters of subject goods originating in or exported from Turkey that did not provide a response to the Dumping RFI, the margin of dumping was estimated on the basis of facts available.

[102] In establishing the methodology for estimating the margin of dumping, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation and information submitted by exporters of heavy plate from the named sources.

[103] The CBSA decided that the normal values estimated for the exporters whose submissions were substantially complete for the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating the margin of dumping for all other exporters since it reflects exporters' actual trading practices during the POI. The CBSA first considered whether the information from the exporter of heavy plate from Erdemir, who provided substantially complete information was appropriate to use as the basis for estimating the margin of dumping for all other exporters in Turkey.

[104] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of Erdemir, and considered that the highest amount (expressed as a percentage of the export price) was an appropriate basis for estimating the margin of dumping for all other exporters. This methodology relies on information related to goods that originated in Turkey and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[105] As a result, based on the facts available, for exporters that did not provide a response to the Dumping RFI, the margin of dumping was estimated based on the highest amount by which an estimated normal value exceeded the estimated export price, on an individual transaction for Erdemir during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors.

[106] Using the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters in Turkey is 25.8%, expressed as a percentage of the export price.

Summary of Preliminary Results

[107] A summary of the preliminary results of the dumping investigation respecting all subject goods released into Canada during the POI are as follows:

Summary of Preliminary Results
 Period of Investigation (March 1, 2019 – February 29, 2020)

Origin or Source	Estimated Margin of Dumping (as % of Export Price)	Estimated Volume of Subject Goods (as % of Total Imports)
Chinese Taipei		4.6%
Chinese Steel Corporation	9.4%	
All Other Exporters	97.0%	
Germany		16.0%
Dillinger	4.8%	
All Other Exporters	63.8%	
Malaysia	N/A	1.3%
South Korea	N/A	2.7%
Turkey		4.6%
Erdemir	2.9%	
All Other Exporters	25.8%	

[108] Under section 35 of SIMA, if at any time before making a preliminary determination the CBSA is satisfied that the actual and potential volume of goods of a country is negligible, the CBSA is required to terminate the investigation with respect to goods of that country.

[109] Pursuant to subsection 2(1) of SIMA, the volume of goods of a country 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 goods.

[110] As noted previously in the *Termination of the Dumping Investigation with respect to Heavy Plate from Malaysia and South Korea* section, the goods from Malaysia and South Korea are considered negligible, and as a result, the CBSA terminated the dumping investigation with respect to certain heavy plate originating in or exported from Malaysia and South Korea on October 9, 2020, pursuant to paragraph 35(2)(a) of SIMA.

[111] On the other hand, the volumes of subject goods from Chinese Taipei, Germany and Turkey are each above 3% of the total volume of goods released into Canada from all sources. Based on the definition above, the volumes of subject goods from these sources are therefore not negligible.

[112] If, in making a preliminary determination, the CBSA determines that the margin of dumping of the goods of a particular exporter is insignificant pursuant to section 38 of SIMA, the investigation will continue in respect of those goods but provisional duties will not be imposed on goods of the same description imported during the provisional period.

[113] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant. The margins of dumping, estimated for exporters in Chinese Taipei, Germany and Turkey, are greater than the threshold of 2% and are therefore not considered insignificant.

[114] A summary of the estimated margins of dumping and provisional duties by exporter are presented in **Appendix 1**.

DECISION

[115] On October 9, 2020, pursuant to paragraph 35(2)(a) of SIMA, the CBSA terminated the dumping investigation respecting heavy plate originating in or exported from Malaysia and South Korea.

[116] On the same day, pursuant to subsection 38(1) of SIMA, the CBSA made a preliminary determination of dumping respecting heavy plate originating in or exported from Chinese Taipei, Germany and Turkey.

PROVISIONAL DUTY

[117] Subsection 8(1) of SIMA provides that where a preliminary determination has been made and where the CBSA considers that the imposition of provisional duty is necessary to prevent injury, retardation or threat of injury, the importer in Canada of dumped goods shall pay, or post security for, provisional duty. If, in making the preliminary determination, a determination is made that the estimated margin of dumping on the goods of an exporter is insignificant, subsection 8(1.3) provides that provisional anti-dumping duties will not be imposed on importations of the goods from that particular exporter.

[118] Pursuant to subsection 8(1) of SIMA, provisional duty payable by the importer in Canada will be applied to dumped imports of heavy plate that are released from the CBSA during the period commencing on the day the preliminary determination is made and ending on the earlier of the day on which the CBSA causes the investigation in respect of any goods to be terminated, in accordance with subsection 41(1), or the day on which the CITT makes an order or finding. The CBSA considers that the imposition of provisional duty is needed to prevent injury. As noted in the CITT's preliminary determination, there is evidence that discloses a reasonable indication that the dumping of heavy plate has caused injury or is threatening to cause injury to the domestic industry.

[119] Imports of heavy plate from Chinese Taipei, Germany, and Turkey released by the CBSA on or after October 9, 2020, will be subject to provisional duties equal to the estimated margin of dumping, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping and the rates of provisional duty.

[120] Importers are required to pay provisional duty in cash or by certified cheque. Alternatively, they may post security equal to the amount payable. Importers should contact their CBSA regional office if they require further information on the payment of provisional duty or the posting of security. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the import documents, an administrative monetary penalty could be imposed. The imported goods are also subject to the *Customs Act*. As a result, failure to pay duties within the specified time will result in the application of the provisions of the *Customs Act* regarding interest.

FUTURE ACTION

The Canada Border Services Agency

[121] The CBSA will continue its investigation and will make a final decision by January 7, 2021.

[122] If the margins of dumping are found to be insignificant, the CBSA will terminate the investigation in respect of those goods and any provisional duty paid or security posted will be refunded to importers, as appropriate. If the CBSA is satisfied that the goods were dumped, a final determination will be made.

The Canadian International Trade Tribunal

[123] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by February 5, 2021.

[124] If the CITT finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional anti-dumping duty collected or security posted will be refunded.

[125] If the CITT makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of heavy plate that are of the same description as goods described in the CITT's finding.

[126] For purposes of the preliminary determination of dumping, the CBSA has responsibility for determining whether the actual and potential volume of goods is negligible. After a preliminary determination of dumping, the CITT assumes this responsibility. In accordance with subsection 42(4.1) of SIMA, the CITT is required to terminate its inquiry in respect of any goods if the CITT determines that the volume of dumped goods from a country is negligible.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[127] Under certain circumstances, anti-dumping duty can be imposed retroactively on subject goods imported into Canada. When the CITT conducts its inquiry on material injury to the Canadian industry, it may consider if dumped goods that were imported close to or after the initiation of the investigation constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the CITT issue a finding that there were recent massive importations of dumped goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determination could be subject to anti-dumping duty.

UNDERTAKINGS

[128] 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.

[129] In view of the time needed for consideration of undertakings, written undertaking proposals should be made as early as possible, and no later than 60 days after the preliminary determination of dumping. Further details regarding undertakings can be found in the CBSA's Memorandum D14-1-9, available online at:
www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-9-eng.html.

[130] 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.

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

PUBLICATION

[132] A notice of this preliminary determination of dumping will be published in the *Canada Gazette* pursuant to paragraph 38(3)(a) of SIMA.

INFORMATION

[133] This *Statement of Reasons* is posted on the CBSA's website at the address below. For further information, please contact the officers identified as follows:

Mail: SIMA Registry and Disclosure Unit
Trade and Anti-dumping Programs Directorate
Canada Border Services Agency
100 Metcalfe Street, 11th floor
Ottawa, Ontario K1A 0L8
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Telephone: Serena Major 613-948-8581
Wayne Tian 613-946-2574

E-mail: simaregistry@cbsa-asfc.gc.ca

Web site: www.cbsa-asfc.gc.ca/sima-lmsi

Doug Band
Director General
Trade and Anti-dumping Programs Directorate

ATTACHMENT

Appendix 1: Summary of Estimated Margins of Dumping and Provisional Duties Payable

**APPENDIX 1 – SUMMARY OF ESTIMATED MARGINS OF DUMPING AND
PROVISIONAL DUTIES PAYABLE**

The following table lists the estimated margins of dumping and the provisional duty by exporter as a result of the decision mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after October 9, 2020, will be subject to provisional duties at the rates specified below.

Origin or Source	Estimated Margin of Dumping*	Total Provisional Duty Payable*
Chinese Taipei		
China Steel Corporation	9.4%	9.4%
All Other Exporters	97.0%	97.0%
Germany		
Dillinger	4.8%	4.8%
All Other Exporters	63.8%	63.8%
Turkey		
Erdemir	2.9%	2.9%
All Other Exporters	25.8%	25.8%

* As a percentage of export price.