



OTTAWA, May 5, 2026

**RACK 2026 IN**

## **STATEMENT OF REASONS**

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

### **STEEL RACKS 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 April 20, 2026, respecting the alleged injurious dumping and subsidizing of steel racks 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 February 27, 2026, the Canada Border Services Agency (CBSA) received a written complaint from Arpac Storage Systems, Etalex Inc., Industries Cresswell Inc. (Cresswell), North American Steel Equipment Inc. (NASECO), and Econo-Rack (2015) Group Inc. (Konstant), (collectively, complainants ) alleging that imports of certain steel racks originating in or exported from the People’s Republic of China (China), are being injuriously dumped and subsidized.

[2] On March 20, 2026, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainants that the complaint was properly documented. On March 31, 2026, 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 complainants provided evidence to support the allegations that steel racks 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 April 20, 2026, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of steel racks from China.

## **INTERESTED PARTIES**

### **Complainants**

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

Arpac Storage Systems Corporation  
7663 Progress Way  
Delta, BC V4G 1A2

Etalex Inc.  
1299 Rue Marie-Victorin  
Saint-Bruno-de-Montarville, QC J3V 6B7

Industries Cresswell Inc.  
424 Rue St-Vallier  
Granby, QC J2G 7Y4

The Econo-Rack Group (2015) Inc.  
1303 North Service Road East  
Oakville, ON L6H 1A7

North American Steel Equipment Inc.  
300 Hopkins Street  
Whitby, ON L1N 2B9

### **Other Producers**

[6] The complainants identified three additional producers of steel racks in Canada that supported the complaint:<sup>1</sup>

Rayonnage Camrack Inc.  
3112, Bernard-Pilon Street  
Saint-Mathieu-de-Beloeil, QC J3G 4S5

Cosme Inc.  
8500 St-Patrick Street  
Montreal, QC H8N 1V1

M&P Tool Products Inc.  
43 Regan Road  
Brampton, ON L7A 1B2

[7] The complainants identified two other steel rack producers that have the capacity to produce like goods:<sup>2</sup>

Centennial Material Handling Ltd  
300 Bradwick Drive  
Concord, ON L4K 1K8

Fracan, Frazier industrial Canada  
163 N Murray St  
Trenton ON K8V 6R7

[8] The CBSA did its own supplementary research and could not identify any other producers in Canada.

### **Trade Union**

[9] Two of the five complainants stated that its employees involved in the production steel racks are represented by trade unions.

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<sup>1</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 1

<sup>2</sup> *Ibid.*, para. 104

[10] The employees of NAESCO are represented by the United Steelworkers (Local 2784-10 and Local 2784-24) for two of its three facilities in Whitby, ON and Colborne, ON.<sup>3</sup>

[11] The employees of Cresswell are represented by Métallos, an affiliate of the Québec Workers Federation.<sup>4</sup>

### **Exporters**

[12] The CBSA identified 76 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**

[13] The CBSA identified 110 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**

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

[15] 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.

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<sup>3</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 22

<sup>4</sup> *Ibid.*, para. 23

## **PRODUCT INFORMATION**

### **PRODUCT DEFINITION<sup>5</sup>**

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

*Certain components of steel storage systems of racks, assembled to any extent, or unassembled, being: posts or columns; bracing; beams; cantilever arms; beam connectors; base or foot plates; pallet safety or support bars; cross-aisle ties; row spacers; and wall ties, including parts thereof, with each component made of steel that is at least 1.0668 mm (0.042 inches) thick; each post or column having a width that is greater than 50.8mm (2.0 inches); and each beam having a height that is equal to or greater than 50.8mm (2.0 inches).*

*Including steel hardware (for example pins, anchors, nuts, bolts, washers and clips) and other components or accessories where the hardware, components or accessories are attached to, packaged with or shipped alongside the components listed in the first paragraph of this definition, but excluding, whether or not attached: rolled primary steel products not further worked; steel beams not further worked; stairs; conveyors; non-steel components or accessories; automated components or equipment; components of freestanding steel structures that are not for integration into a storage system; wheels, rollers and shuttles; shelving that sits on or fits into the horizontal supports to provide the horizontal storage surface of the steel racks, which may be referred to as “decks”; rack protection products, including end of aisle protectors, post protectors, guardrails and bollards; gates, fencing, netting and other security cages or enclosures; backstop panels and dividers; and signs.*

*Also excluding, assembled to any extent, or unassembled: heavy duty shelving, boltless shelving, wide-span shelving or light duty racking; wire shelving units; wall-mounted shelving and racks; ceiling-mounted shelving and racks; tubular racks such as garment racks and drying racks; and portable tier racks.*

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<sup>5</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 25

## ADDITIONAL PRODUCT INFORMATION<sup>6</sup>

[17] The subject goods include all components and parts thereof meeting the product definition, regardless of: other dimensions, weight, or load rating; vertical components or frame type (including structural, roll-form, or other); horizontal support or beam/brace type (including but not limited to structural, roll-form, slotted, unslotted, Z-beam, C-beam, L-beam, step beam, and cantilever beam); surface coating, if any (including but not limited to paint, epoxy, powder coating, zinc, or other metallic coatings); rack shape (including but not limited to rectangular, square, corner, and cantilever); the method by which the vertical and horizontal supports connect (including but not limited to locking tabs, hooks, prongs or slots, bolting, riveting, clamping, and welding); and whether or not for use in a storage system of steel racks that has moving components (including but not limited to rails, wheels, rollers, tracks, channels, carts, and conveyors).

[18] For greater certainty, where subject goods are assembled into a storage system of steel racks that incorporates excluded components, machinery, technology or equipment, including where attached to subject goods, the product definition covers only the subject goods.

[19] The types of storage systems explicitly excluded from the product definition are defined further as follows: wire shelving units are units made from wire that incorporate both a wire deck and wire horizontal supports (taking the place of the horizontal beams and braces) into a single piece with tubular collars that slide over the posts and onto plastic sleeves snapped on the posts to create a finished unit; wall-mounted shelving and racks are defined as shelving and racks that suspend all of the load from the wall, and do not stand on, or transfer load to, the floor; ceiling-mounted shelving and racks are defined as shelving and racks that suspend all of the load from the ceiling and do not stand on, or transfer load to, the floor; wall/ceiling mounted shelving and racks are shelving and racks that suspend the load from the ceiling and the wall and do not stand on, or transfer load to, the floor; portable tier racks, which may also be referred to portable stacking racks, are typically: freestanding, portable assemblies with a fully welded base and four freely inserted and easily removable corner posts; assembled without the use of bolts, braces, anchors, brackets, clips, attachments, or connectors; one assembly may be stacked on top of another without applying any additional load to the product being stored on each assembly; and the assemblies typically have no mechanism (e.g., a welded foot plate with bolt holes) for anchoring the assembly to the ground.

[20] Rack protection products, which are excluded from the product definition in this case, are available for upright columns and end-of-aisle locations to lessen the chances of forklift damage in higher traffic areas. Such products include end of aisle protectors, post protectors, guardrails and bollards. Rack protection products may be purchased along with the steel racking or separately from a different supplier. Rack protection products are commonly made of steel but may also be made from plastic.

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<sup>6</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 29-30

[21] Steel racks may or may not be forklift-loaded and are typically able to bear the weight of pallets, as opposed to exclusively hand-loaded storage systems, which may be referred to as “steel shelving.” Non-subject “steel shelving” is not strong enough to bear the weight of pallets and is not covered by the product definition in this case. Such products may be referred to as “heavy duty shelving”, “wide span shelving”, “light duty rack” or “baby rack” in the storage manufacturing industry.

[22] Whether a component is for use in a storage system can be forklift-loaded, or whether it is designed in whole or in part for hand loading, is not determinative of whether the product is included.

[23] In some cases, steel racks may be loaded or unloaded by hand. For example, this may be the case where the storage system incorporates a multi-level pick tower where forklifts do not access the upper level(s). In such cases elevators, conveyors, robotics or other automated systems may be used to bring items between levels.

[24] Products may also be stored in bins that rest on a pallet rack so that individual items can be unloaded or loaded by hand.

[25] If the components of the storage system otherwise meet the product definition, the use of accessories or automation of any kind do not exclude the product from the definition.

[26] Pallet racking may be of welded or bolted construction. The main difference between these two types of systems is that in the welded solution, the vertical and/or horizontal braces (which may also be referred to as struts) are welded to the posts/columns. For bolted racks, the frame is of bolted construction (i.e. the brace-to-post connections are bolted as opposed to welded).

[27] In a bolted solution, the vertical and horizontal braces are often formed from pre-galvanized steel. In a welded solution, the braces are most often formed from hot-rolled coil that has been pickled and oiled.

[28] Some applications or environments may have a preference for either bolted racks or welded racks, neither type can be considered superior in a general sense in terms of quality.

[29] Cantilever racking, which is often produced with structural steel, is produced with roll-formed steel as well. Cantilever racks are used to store lumber or other materials that are set out from the frame of the rack for accessibility in warehouses or storage facilities.

[30] Roll-formed components generally include less steel (i.e. they are lighter). Structural steel racking tends to be heavier and offers greater durability. In particular, customers may prefer structural steel components due to the thicker corners on the posts, which are more amenable to wear and tear in environments with frequent impacts from powered lift truck equipment. Structural steel racks are also often preferred for applications with harsh environmental elements, including outdoor and freezer or cold storage applications. Food storage applications may prefer structural racks as the open channel column design makes it difficult for food entrapment, and easier for the racks to be washed down.

[31] Steel racking components and accessories that are covered by the product definition may be used to build single or multi-level work platforms integrated into the storage system and used to move products more efficiently through a storage facility. These platforms or structures may be described as rack-supported mezzanines, catwalk systems, pick modules or pick towers. While such work platforms may be described as “mezzanines”, that is a term that is also commonly used to describe free-standing steel structures within a facility that are not integrated into a steel racking system. Components for use in freestanding mezzanines are non-subject goods.

[32] The Canada Standards Association (“CSA”) Group published its “User guide for steel storage racks” in 2022 which provides additional details and information in line with the product definition and information provided above.

## **STANDARDS AND REGISTRATION**

[33] Pallet Racking is produced to CSA S16-2014 Annex N (design and construction of pallet racking)

[34] Note that there is a development of a new standalone standard CSA S345-2023 that will replace Annex N and is intended for reference in the 2025 National Building Code of Canada. However, CSA S16-2014 Annex N requires the fabricator of the pallet racking to meet the requirement of CSA W47.1 or CSA W55.3. The Canadian Welding Bureau (“CWB”) certifies companies to meet this requirement in Canada and abroad. The CWB certified directory is publicly available online. To be certified, companies must be audited twice a year and all welders must take tests every 2 years to renew their CWB cards. Further, the fabricator must use only CWB certified welding wire and gases. An office employee must be a “Welding supervisor” and must take classes and pass tests to act in this role.

[35] The Ontario Building Code (“OBC”), references the CSA S16-24 standard, updated in 2024, incorporating the latest research and safety requirements for steel structures. Additionally, a standalone standard CSA S345:2023 has been published to specifically address the design and construction of steel storage racks, replacing Annex N to CSA S16, effective January 1, 2025.

[36] The complainants indicate that the product definition does not reference any specific standards in order for the goods to be covered under the product definition.

## **PRODUCT USES<sup>7</sup>**

[37] The key technical attributes of steel racks are their stability, strength, and load-bearing capacity. These features allow them to bear heavy loads in rack formations. They are often used for the storage of heavy pallets of materials and products in warehouses, order fulfillment facilities, distribution centres, big-box retail stores, and manufacturing facilities.

## **MANUFACTURING Process<sup>8</sup>**

[38] Steel rack components may be produced from either hot-rolled channel and angle sections or hot-rolled or cold-rolled steel coils.

[39] Steel rack components produced from hot-rolled or cold-rolled coils are manufactured by slitting the steel coil into narrower widths suitable for producing the profiles of the beams, braces and columns. The slit blanks are punched with holes which will be later used to construct the racks and then cut to length according to the project requirements. The blanks are then fed through a series of roll-forming dies which progressively bend the steel into the desired final shapes, which are typically closed tubes for the beams, and open “C” shapes for the uprights.

[40] Rack components produced from hot rolled channel and angle sections are cut to length and punched before being assembled by welding the sections together where necessary.

[41] Finally, the components are painted, galvanized or otherwise coated, according to the customer’s requirements, and packaged for delivery.

## **CLASSIFICATION OF IMPORTS**

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

7326.90.90.90

9403.20.00.70

7308.90.00.60

7308.90.00.99

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

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<sup>7</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 55

<sup>8</sup> *Ibid.*, paras. 51-54

[44] It should be noted that the complainants indicate that imports of steel racks primarily enter under the following three tariff classification numbers: 7326.90.90.90, 9403.20.00.70, and 7308.90.00.60. Upon analyzing import data for the specific importers identified in the complaint, the CBSA found that tariff classification number 7308.90.00.99 is also likely used for steel rack imports. Accordingly, this additional tariff classification number has been included alongside the three tariff classification numbers originally identified by the complainants.

## **LIKE GOODS AND CLASS OF GOODS**

[45] 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 Canadian International Trade Tribunal (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.

[46] 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.

[47] The complainants claim that domestically produced goods meeting the product definition are not identical to the subject goods in all respects give the variations that can exist in terms of types of steel inputs, configurations, accessories, thickness of steel, and more.<sup>9</sup>

[48] The complainants argued that subject goods and the “like goods” produced by the complainants in Canada form a single class of goods. Further, subject goods and Canadian-made like goods produced by the complainants 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 the complainants.

[49] 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.

## **THE CANADIAN INDUSTRY**

### **DOMESTIC PRODUCERS**

[50] In addition to the complainants, there are five other known producers of steel racks in Canada that were identified by the complainants and the CBSA.

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<sup>9</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 95

## **ESTIMATES OF DOMESTIC PRODUCTION**

[51] The complaint includes the annual production of like goods for the complainants and supporting producers from January 1, 2022 to September 30, 2025. Based on these estimates and supplementary research by the CBSA, the complainants and the supporting producers account for a majority of the production of steel racks in Canada in 2025.

## **STANDING**

[52] 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.

[53] 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.

## **THE CANADIAN MARKET**

[54] In order to estimate the import values, the complainants first estimated that the Canadian market for steel racks as roughly 10% of the size of the United States (US) and Canadian markets combined, in reference to an article published by a prominent dealer of steel racks in Canada. The complainants had this estimate corroborated through an independent market research firm, Data Intelo, which is claimed to arrive at the estimate of import volumes to Canada based on market contacts with manufacturers/exporters, distributors and service providers, logistics and trade intermediaries and end users. To determine the size of the US domestic production for steel racks, the complainants relied on state-by-state shipment statistics of steel racks. To estimate the total size of the US market, the complainants relied on import data from United States International Trade Commission under the Harmonized Tariff Schedule code of 9403.20.00.82. The complainants estimated the Canadian market values based on the percentage of the US market and then derived the Canadian imports by deducting the domestic production from the total Canadian market. The complainants estimated 37.5% as the percentage of subject imports from China based on their total imports from all sources to Canada estimate.

[55] The CBSA reviewed import data from the CBSA's Enhanced Facility Information Retrieval Management (E-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.

[56] The CBSA believes that the dollar values reported in E-FIRM are accurate for all goods imported under the tariff codes rather than volume. The tariff classification numbers involve a huge variety of goods and therefore the units of measurement across the four tariff codes vary, encompassing litres, metres, pieces, sets and in some cases no specified unit, in addition to the standard measurement kilogram. Given the nature of steel racks, with each component of steel racks may report its measurement based on its own unique dimensions, there is no reasonable methodology to convert that data available from E-FIRM to represent a meaningful amount in metric tonnes. The CBSA considers quantity-based volume to be an inappropriate assessment for steel rack imports. Accordingly, the CBSA has based its import analysis on value rather than volume. Accordingly, the CBSA has based its import analysis on value rather than volume and will rely on that data for purposes of negligibility as well as for purposes of considering import trends.

[57] Detailed information regarding the sales from domestic production by the complainants 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 Steel Rack Import Value (as % of Total Imports)**

	2022	2023	2024	2025
China	15.4%	11.3%	9.7%	15.1%
All other countries	84.6%	88.7%	90.3%	84.9%
Total Imports	100.0%	100.0%	100.0%	100.0%

[58] The table below summarizes the CBSA’s estimate of the apparent Canadian market for steel racks, in terms of market share, using data submitted by the complainants along with its own further refined import data:

**Table 2:  
CBSA’s Estimate of Market Share  
(Based on Value)**

	2022	2023	2024	2025
Domestic Industry (domestic sales)	72.8%	72.1%	63.3%	63.6%
Imports from China	4.2%	3.2%	3.6%	5.5%
Imports from other countries	23.0%	24.7%	33.1%	30.9%
<b>Total Imports</b>	<b>27.2%</b>	<b>27.9%</b>	<b>36.7%</b>	<b>36.4%</b>
<b>Total Apparent Canadian Market</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

[59] The CBSA will continue to gather and analyze information on the volume and value of imports during the Period of Investigation (POI) of January 1, 2025 to December 31, 2025 as part of the preliminary phase of the dumping and subsidy investigations and will refine these estimates.

## **EVIDENCE OF DUMPING**

[60] The complainants 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.

[61] 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.

[62] 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.

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

[64] The complainants estimated margins of dumping for the period of October 1, 2024 to September 30, 2025, whereas the CBSA's estimated margins of dumping for the period of January 1, 2025 to December 31, 2025

## **SECTION 20 ALLEGATIONS**

[65] 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.<sup>10</sup>

[66] 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.

[67] 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.

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<sup>10</sup> China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

[68] The complainants allege that the prices of steel storage systems are substantially determined by the Government of China indirectly, due to the fact that steel counts for a significant portion of the direct material cost to produce steel racks and the Government of China substantial controls over the steel industry.<sup>11</sup> The complainants state the Government of China's plans, policies and directives support and direct the expansion of China's warehousing and logistics infrastructure and the build-out of physical supply chains.<sup>12</sup> The complainants also point out that in multiple previous investigations involving Chinese steel products, the CBSA has made findings that there is sufficient evidence that the conditions listed in section 20 of SIMA exist to justify the initiation of the section 20 inquiry.<sup>13</sup>

[69] The CBSA has reviewed the information provided in the complaint and conducted its own research and believes that there is a reasonable indication to support an inquiry into the allegations that the measures taken by the Government of China may substantially influence prices of steel racks in China.

[70] Consequently, on April 20, 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 steel storage systems sector in China.

[71] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of steel racks in China, as well as to the Government of China, requesting detailed information related to the steel storage systems sector in China.

[72] 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.

[73] 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 India and Mexico, which has large domestic production of steel racks. Both countries are believed to operate under fair market conditions and is at a comparable level of economic development to China.

[74] 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.

[75] 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.

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<sup>11</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 127 (a)

<sup>12</sup> *Ibid.*, para. 127 (b)

<sup>13</sup> *Ibid.*, para. 142

[76] In the event that the CBSA forms the opinion that domestic price of steel racks 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

[77] 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.

[78] The complainants state that they were unable to locate exporter specific home market pricing for steel racks. They indicate that there is no published third-party pricing of steel racks and that section 15 normal values cannot be estimated.<sup>14</sup>

[79] Although the complainants argue that the conditions of section 20 prevails in the Chinese steel storage systems sector, and that normal values should thus be determined pursuant to section 20 of SIMA, the complainants 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 India as surrogate country).

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<sup>14</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 122

*Section 19(b)*

[80] As the complainants claimed that information on domestic prices of steel racks in China was lacking, the complainants 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.<sup>15</sup>

[81] For the purposes of estimating the cost of raw materials, the complainants relied on published pricing for hot-rolled coil in China, as published by CRU Group. The complainants claim that although the imported subject goods to Canada are roll-formed from hot-rolled coil, bracing of pre-galvanized steel is more expensive than hot-rolled coil because it is further processed. As such, the complainants claim that the use of hot-rolled coil cost only is conservative in their estimate. The complainants converted CRU hot-rolled coil pricing USD to CAD using Bank of Canada exchange rates. The complainants made an adjustment to the direct material cost as they relied on pickled and oiling costs published by a producer of roll-formed steel racks and claim that roll-formed steel racks typically use pickled and oiled hot-rolled steel as it performs best in the roll-forming machines. Additional adjustments were made to reflect the yield loss and cost from the coil slitting process derived from Canadian producer processing and yield ratios. Other direct material costs in the production of steel racks were estimated as a percentage of steel costs based on producer financial data. The complainants' estimate of other direct material costs is represented as a weighted average ratio of steel costs.<sup>16</sup>

[82] With respect to labour costs, the complainants adjusted their own labour costs by using a wage ratio derived from average manufacturing sector wages for the workforce in China, published by Trading Economics and the National Bureau of Statistic China.<sup>17</sup>

[83] In estimating factory overhead costs the complainants used their own cost for domestic sales on a per metric tonne (MT) of output basis.<sup>18</sup> For financial expenses and general, selling and administrative expenses, the complainants derived ratios from 2024 and 9M 2025 financial statement data from Guangdong Haili, a Chinese producer of roll-formed steel racks.<sup>19</sup> The complainants have provided supporting financial statements from Japanese and Malaysian producer of steel racks as supplementary information should the Chinese producer information not be considered.<sup>20</sup>

[84] The complainants estimated a reasonable amount for profit on the basis of the 2024 financial statement of the aforementioned Chinese producer of roll-formed steel racks.

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<sup>15</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 123-125

<sup>16</sup> *Ibid.*, para. 125

<sup>17</sup> *Ibid.*, para. 125 and Public Attachment 30

<sup>18</sup> *Ibid.*, para. 125

<sup>19</sup> *Ibid.*, para. 125 and Public Attachment 31

<sup>20</sup> *Ibid.*, para. 125 and Public Attachment 33

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

### *Section 20*

[86] 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 India would be an appropriate surrogate country. To support this assertion, the complainants suggested that China and India are the first and third largest economies in Asia, respectively and are top five economies by size in the world. Both are middle income countries on OECD's list of countries eligible to receive official development assistance, with India listed as a lower-middle income country and China as upper-middle income. India is also the second largest steel producer in the world, being second only to China.

[87] As such, the complainants 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 India.

[88] For the purposes of estimating the cost of raw materials, the complainants relied on published pricing for hot-rolled coil pricing published by CRU for the Indian market, adjusted to reflect the yield loss experienced by the complainants and the costs of the slitting process.

[89] The complainants made an adjustment to the direct material cost as they relied on pickled and oiling costs published by a producer of roll-formed steel racks and claim that roll-formed steel racks typically use pickled and oiled hot-rolled steel as it performs best in the roll-forming machines. Additional adjustments were made to reflect the yield loss and cost from the coil slitting process derived from Canadian producer processing and yield ratios. Other direct material costs in the production of steel racks were estimated as a percentage of steel costs based on producer financial data. The complainant's estimate is represented as a weighted average ratio of other direct material costs to steel costs.

[90] With respect to labour costs, the complainants consolidated direct labour costs for the production of steel racks, adjusted using the latest available 2024 wage data for India's manufacturing sector, sourced from the Ministry of Statistics and Programme Implementation (MOSPI) and Trading Economics. A wage ratio of 7.4% was derived by comparing average annual salaries in India to those in Canada, and this ratio was applied to scale Canadian labour inputs.

[91] In estimating factory overhead costs the complainants used its own cost for domestic sales on a per MT of output basis. The complainants were not able to furnish and have no reason to believe that overhead costs for the production of steel racks in India would differ materially from those incurred by steel racks manufacturers in Canada.

[92] The complainants estimated a reasonable amount for general, selling and administrative expenses using Skipper Limited as a proxy, which is a publicly listed Indian manufacturer specializing in fabricated steel structures such as transmission towers and tubular products. Skipper Limited's 2024 audited financial statement was used for deriving financial ratios and applied as a percentage of costs.<sup>21</sup>

[93] The complainants estimated a reasonable amount for profit on the basis of the 2024 financial statement of the aforementioned Indian producer of fabricated steel structures.

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

#### CBSA's Estimate of Normal Value

[95] 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.

[96] The CBSA reviewed the complainant's methodology to determine how normal values were estimated and found that approach reasonable, but made the following estimates and adjustments:

- The CBSA estimated Q4 2025 using the best available information from the complaint and its own sources, including raw material steel costs based on Fastmarkets data for hot-rolled coil in China, converted into Canadian dollars using updated quarterly average Bank of Canada exchange rates.
- Adjustments were made for the period of Q1 2025 to Q4 2025 using updated quarterly average exchange rates from Bank of Canada.
- For Q4 2025, the CBSA estimated weighted averages for direct labour, factory overhead, and yield loss from raw material processing using historical cost information from the complainants.
- Using information presented in the complaint, adjusted as described, the CBSA has estimated normal values on a quarterly basis for comparison to quarterly export prices.

[97] Although the complainants have provided an estimate for section 20 margin of dumping, for purposes of the initiation, the CBSA is not estimating normal values using a section 20 methodology. 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 domestic market for steel storage systems sector in China.

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<sup>21</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 148 and Public Attachment 39

## **EXPORT PRICE**

### Complainant's Estimates of Export Price

[98] The export price of goods sold to importers in Canada is generally determined in accordance with 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.

[99] The complainants claim that export prices could not be calculated based on Statistics Canada import data and that the most reliable basis to estimate export prices should be based on the commercial evidence of marketed or sold subject goods in the Canadian market during the period of investigation.

[100] For Q4 2024, the complainants estimated export prices based on the average of two quotes, dated September 2024, that were offered to a Canadian customer from Chinese producers of roll-formed steel racks.<sup>22</sup> For Q1 2025, the complainants calculated a percentage margin for price undercutting and applied this margin to their own quarterly average selling prices to determine a range of projects across the domestic industry given the fluctuations in per unit pricing per project.

[101] On the basis of this methodology, the complainants determined average quarterly export prices for the POI, from the last quarter of 2024 to the third quarter of 2025, inclusively.

### CBSA's Estimates of Export Price

[102] In order to estimate export prices, volume and value of imports of subject goods into Canada from China, the CBSA relied on information available through E-FIRM and ACROSS.

[103] The CBSA used the adjusted import data to estimate export prices on a quarterly basis for subject goods shipped from China between January 1, 2025, and December 31, 2025.

## **ESTIMATED MARGINS OF DUMPING**

[104] For the purposes of the initiation of the dumping investigation, the CBSA has estimated a weighted average margin of dumping using normal values based on the methodology of section 19 of SIMA.

[105] Based on the normal values estimated under section 19, the CBSA estimated the margin of dumping for subject goods from China by comparing the estimated weighted average normal value with the estimated weighted average export price for the period of January 1, 2025, to December 31, 2025. The CBSA estimates the margin of dumping to be 6.4%, expressed as a percentage of the export price.

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<sup>22</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 151

## **EVIDENCE OF SUBSIDY**

[106] 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.

[107] 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.

[108] 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.

[109] 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.

[110] 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.

[111] 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**

[112] In alleging that actionable subsidies were applicable to the subject goods imported from China, the complainants relied on previous CBSA subsidy investigation findings and other investigative authorities’ investigations, particularly with respect to steel products. The complainants also relied on publications issued by the World Trade Organization (WTO) and other publications.

[113] In particular, the complainants alleged that the Government of China provides substantial subsidies to its steel industry, such as cash grants, land-use rights, discounted inputs, preferential loans and directed credit, special tax rebates, and VAT and tariff exemptions.<sup>23</sup>

[114] The complainants argued that the CBSA’s numerous recent findings that Chinese steel products were subsidized provided strong evidence that steel producers also benefited from such subsidies. The complainants listed nine final determinations of subsidizing regarding steel products.<sup>24</sup>

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<sup>23</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 161

<sup>24</sup> *Ibid.*, paras. 173-182

[115] The complainants identified numerous potential subsidy programs that producers and exporters of steel racks in China may have benefitted from. The complainants listed several export assistance programs, research and development assistance programs, technology and industrial advancement assistance programs, brand and trademark awards, sustainability and environmental assistance programs, preferential loan and guarantee programs, preferential tax programs, relief from duties and taxes, grants related to preferential economic development zones and other types of programs.<sup>25</sup> The most common support provided by the complainants consists of information from past CBSA findings. The complainants also relied on the United States Department of Commerce's (USDOC) final results of their steel racks expedited sunset review, China's most recent notification of active subsidy programs to the WTO in 2023, and the United States Trade Representative's January 2025 Report to Congress on China's WTO Compliance.<sup>26</sup>

[116] The complainants alleged that these subsidy programs are actionable and/or countervailable and that the subsidies are neither negligible nor insignificant. The complainants also claimed that the programs are either used by or are available for use by producers and exporters of steel racks in China. The complainants also alleged, with support, that there are various Chinese producers and exporters of steel racks that operate in special economic zones, giving them access to numerous subsidy programs and preferential treatment.<sup>27</sup>

[117] As a result, based on the information available, the CBSA identified 37 potentially actionable subsidy programs that may have benefitted Chinese producers/exporters of steel racks. 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 Equivalents;
2. Preferential Tax Programs;
3. Relief from Duties and Taxes;
4. Good/Services Provided by the Government; and
5. Preferential Loans and Loan Guarantees

[118] 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 steel racks. 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.

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

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<sup>25</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 504-628

<sup>26</sup> *Ibid.*, para. 159

<sup>27</sup> *Ibid.*, paras. 505-577

[120] 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**

[121] Sufficient evidence is available to support the allegations that steel racks 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**

[122] The complainants were unable to estimate the amounts of subsidy on a program basis for the subject goods imported from China. Instead, the complainants estimated the amount of subsidy as being equal to the difference between the estimated total cost of production plus a reasonable amount for profit and the export price for steel racks sold into Canada from October 1, 2024 to September 30, 2025. The total cost of production and export price were estimated using the same methodology presented in the dumping section.<sup>28</sup>

[123] It is the CBSA's understanding 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 CBSA is satisfied 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 imported goods.

[124] The CBSA's analysis of the available information indicates that subject goods imported into Canada during the period from January 1, 2025 to December 31, 2025 were subsidized and that the estimated amount of subsidy is 7.0% of the export price.

### **EVIDENCE OF INJURY**

[125] The complainants alleged 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 steel racks industry in Canada.

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

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<sup>28</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 183-185

[127] 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.

[128] In support of their allegations, the complainants provided evidence of:

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

### **INCREASED SUBJECT IMPORTS, LOSS OF MARKET SHARE, LOST SALES**

[129] The complainants alleged that imports of subject goods from China have increased significantly over the recent years and that this growth has directly caused lost sales and lost market share for the domestic industry. To support these allegations, the complainants provided estimates of import values from 2022 through the POI, drawn from the Data Intelo import analysis and statements of evidence filed by representatives of the complainants.<sup>29</sup> The complainants also provided domestic sales data and a Canadian market table setting out total market size, domestic industry sales and import shares by country of origin for each year from 2022 to 2025.<sup>30</sup>

[130] The CBSA conducted its own analysis of import data, focusing on import value as the primary indicator of subject import presence and trend given the product characteristics of the subject goods.

[131] With respect to lost sales, the complainants provided account specific evidence of sales lost to Chinese subject goods across the complainants, spanning the period from June 2023 through April 2025.<sup>31</sup> The complainants submit that the instances documented represent a sample of cases where information was available regarding direct competition with subject goods and that actual lost volumes and revenues attributable to dumped imports are substantially higher. The CBSA finds that the account specific lost sales evidence, taken together with the import value data, is sufficient to establish a reasonable indication that the domestic industry lost sales as a result of the presence of subject goods in the Canadian market. The CBSA finds that the injury factors of increased value of subject goods imported, lost sales and lost market share are sufficiently supported and linked to the allegedly dumped and subsidized goods from China.

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<sup>29</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 213-229

<sup>30</sup> *Ibid.*, para. 200

<sup>31</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 230-265

## PRICE UNDERCUTTING

[132] The complainants alleged that subject imports have undercut the pricing of the domestic producers by a significant margin. In support of this allegation, the complainants provided account specific examples of price undercutting at individual customers, supported by the statements of evidence filed by representatives of the complainants.<sup>32</sup> The domestic producers estimated unit pricing of imports based on evidence of price undercutting at specific accounts in the market, as available import statistics do not allow visibility to import volume.<sup>33</sup>

[133] The CBSA has examined the complainants' allegations of price undercutting by reviewing the account specific evidence provided in the complaint alongside the CBSA's own analysis of import data. The CBSA finds the claim of price undercutting to be well supported and sufficiently linked to the allegedly dumped and subsidized goods from China.

## PRICE DEPRESSION AND PRICE SUPPRESSION

[134] Price depression or erosion occurs when selling prices of the local product are reduced to meet or compete with dumped import prices. Price suppression refers to the prevention of price increases which would have otherwise occurred, if not for the dumped imports. The complainants submit that the price undercutting discussed above has resulted in both price depression and price suppression in the Canadian market.

[135] With respect to price depression, the complainants alleged that their average selling prices declined from 2023 to the first nine months of 2025.<sup>34</sup> The complainants attribute this decline to the competitive pressure exerted by the allegedly dumped subject goods and provided account specific examples of circumstances in which they reduced their quoted prices in response to competition from Chinese imports.

[136] With respect to price suppression, the complainants referred to the relationship between their selling prices and their costs over the period of analysis, submitting that the competitive pressure from low priced subject imports has constrained their ability to raise prices to levels sufficient to recover costs. NASECO specifically referred to the suppression of prices across the entire market as a result of Chinese import competition.<sup>35</sup> The complainants' financial performance data submitted in the complaint provides additional support for this claim.

[137] The CBSA notes that the evidence specific to price depression and price suppression is less extensive than the evidence of price undercutting. However, the complainants' allegations are consistent with the evidence of price undercutting discussed above and the account specific examples demonstrate that the domestic producers have been required to reduce their quoted prices in response to competition from subject imports. The evidence is adequate to meet the reasonable indication threshold at this stage.

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<sup>32</sup> *Ibid.*, 230-265

<sup>33</sup> *Ibid.*, para. 237

<sup>34</sup> *Ibid.*, paras. 275-277 and Table 14

<sup>35</sup> Exhibit 2 - Steel Racks Complaint (NC); para. 236

[138] Based on the information contained in the complaint, the CBSA finds that the claims of price depression and price suppression to be adequately supported and reasonably linked to the allegedly dumped and subsidized goods.

#### **ADVERSE IMPACT ON FINANCIAL PERFORMANCE**

[139] The complainants provided consolidated financial data covering 2022 through 9M 2025. The CBSA has reviewed this information and finds that it generally establishes a trend of worsening financial performance, consistent with the price effects as discussed above.

[140] The record shows that domestic selling prices have been on a downward trajectory since 2023, a trend that corresponds with the increasing volume of subject goods entering the Canadian market at prices that consistently undercut those of the complainants.

[141] The CBSA is satisfied that the information contained in the complaint generally established a trend of worsening financial performance and that this injury factor is sufficiently supported and reasonably linked to the allegedly dumped and subsidized goods.

#### **ADVERSE IMPACT ON PRODUCTION AND CAPACITY UTILIZATION**

[142] The complaint includes production volume and capacity utilization data covering 2022 through 9M 2025.

[143] The complainants submit that the decline in production and capacity utilization is attributable to the loss of sales to subject goods. The production decline coincides with the period in which subject goods expanded their share of the Canadian market, and the evidence of account specific lost sales indicates that the displacement is occurring at the customer level. The growth in excess capacity over the injury analysis period is consistent with the displacement of domestic production by subject imports which is supported by the market share and lost sales evidence in this analysis. The CBSA is of the opinion that this injury factor is sufficiently supported and reasonably linked to the allegedly dumped and subsidized goods.

#### **ADVERSE IMPACT ON EMPLOYMENT**

[144] The complainants submit that the loss of sales and production volume to subject imports has had a direct adverse effect on domestic employment. In support of this allegation, the complainants provided data on number of employees and total hours worked from 2022 through 9M 2025.<sup>36</sup>

[145] The CBSA finds that there is evidence that the reduction in the complainants' production volume is tied to the increasing volume of imports from China and that as such, the reduction in the employment level is reasonably attributable to the allegedly dumped and subsidized imports.

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<sup>36</sup> Exhibit 2 - Steel Racks Complaint (NC); paras. 287 - 288

## **CBSA’S CONCLUSION: INJURY**

[146] 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 steel racks industry in Canada in the form of:

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

## **THREAT OF INJURY**

[147] The complainants alleged that the dumped and subsidized goods threaten to cause further material injury to the domestic producers of steel racks and provided evidence for each of the following factors to support its allegations:

- Excess capacity and declining demand in China;
- The rate of increase of the volume of subject goods exports to Canada;
- Current trade restrictions and treat of diversion;
- Continuation of price undercutting;
- Threat to anticipated future bidding processes; and
- Negative impact on investments, production and profitability.

[148] 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**

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

[150] 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 January 1, 2025 to December 31, 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 steel storage system sector in China.

[151] 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 January 1, 2025 to December 31, 2025 were subsidized. The information requested will be used to determine the amounts of subsidy, if any.

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

### **FUTURE ACTION**

[153] 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 60<sup>th</sup> 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.

[154] 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 July 20, 2026. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigations.

[155] 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.

[156] 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.

[157] 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.

[158] 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.

[159] 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.

[160] 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**

[161] 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.

[162] 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.

[163] 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**

[164] 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.

[165] 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.

[166] 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.

[167] 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**

[168] 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**

[169] 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.

[170] To be given consideration in these investigations, all information should be received by the CBSA by July 13, 2026, at noon.

[171] 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.

[172] 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.

[173] 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.

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

**Email:** [trade\\_remedies\\_registry-registre\\_recours\\_commerciaux@cbsa-asfc.gc.ca](mailto:trade_remedies_registry-registre_recours_commerciaux@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 Programs Directorate