

CANADA BORDER SERVICES AGENCY

**The Dumping and Subsidizing of
Cold-Rolled Steel Sheet
Originating in or Exported From
the People's Republic of China, Republic of Korea and
the Socialist Republic of Vietnam**

**Public
Witness Statement of
William Butler**

April 5, 2018

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***This document contains confidential information, the disclosure of which would
cause commercial harm to ArcelorMittal Dofasco G.P.***

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I. Introduction

1. My name is William Butler. I have worked at ArcelorMittal Dofasco G.P. (“AMD”) for over 33 years, including over 29 years in various Commercial departments and multiple roles. In October 2017, I was appointed General Manager, Sales Development, responsible for new business development. In this role, I monitor market dynamics, including imports, and work closely with customers in developing sales opportunities. Prior to this, I was General Manager, Sales & Service, Distribution Industries. I have worked for over 10 years in Distribution sales where I was responsible for negotiating terms of sale, having frequent discussions with customers about pricing and import offers. I was also a leader of the AMD Distribution sales team and I was personally involved in sales planning and strategy, including gathering, analyzing and responding to commercial intelligence gathered from customers.
2. Reference in this Statement to “CRS” is a reference to imported or domestically produced goods meeting the product definition in the Complaint associated with this Statement, namely, non-automotive cold-rolled steel sheet and coil.
3. The presence of CRS imports from the Republic of China (“China”), the Republic of Korea (“Korea”), and the Socialist Republic of Vietnam (“Vietnam”) have injured AMD’s CRS business.

II. Canadian CRS Market

A. Demand

4. The Canadian cold-rolled sheet market is national in scope, and has four principal groups of customers: steel service centers, pipe and tube manufacturers, automotive end-users, and other end-users. “Other end-users” includes manufactures of furniture and other goods (i.e., general manufacturers).
5. The automotive segment differs from the other three segments. one of the most significant differences is that automotive customers generally purchase on a contractual basis. In

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contrast, the other three segments purchase on a “spot” basis. Competition from China, Korea and Vietnam tends to be focused on customers that purchase on the spot market. Service centres will re-sell CRS to a variety of users, including pipe and tube manufacturers and some automotive end-users such as automotive part producers. The Canadian market for CRS is a mature market, which means that there is a known customer base and that growth opportunities tend to be quite limited.

6. I would characterize current CRS market demand as stable or flat, and expect this situation to continue for the foreseeable future. In terms of AMD’s business, this means there is a smaller pie to be shared among the various participants in the market. It also means that pricing is under constant pressure.

B. CRS market – automotive versus non-automotive

7. The product definition excludes cold-rolled steel for use in automobiles and automobile parts, hereafter referred to as “automotive”. Automotive end users generally fall within three groups. The first are Original Equipment Manufacturers (“OEM”). OEMs include the likes of Ford and GM. The second are tier 1 parts producers. These companies manufacture and supply parts to the OEMs. Magna is an example of a tier 1 producer. It is not uncommon that OEMs will be directly involved in tier 1 producers’ purchase of cold-rolled steel. For example, OEMs may order steel from domestic steel mills and the steel is delivered to the tier 1 producer. Alternatively, the OEM may purchase steel from a steel mill and sell its purchased steel to the tier 1 producer. This is done to ensure that certain components produced by tier 1 producers meet quality requirements. For some applications, a tier 1 automotive producer will be permitted to source steel independently. In such cases, it may purchase steel from a steel service centre or directly from a mill. Tier 2 automotive producers supply parts to tier 1 producers. Tier 2 producers of parts will frequently purchase steel from service centres.
8. Our commercial intelligence indicates that OEM automotive manufacturers do not purchase cold-rolled steel from sources other than Canadian and the US steel mills. Tier 1 and tier 2 automotive parts producers will purchase cold-rolled steel for automotive part

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production from steel services centres as well as US and Canadian mills. Cold-rolled steel purchased by service centres may originate in Canada, the US or from another country.

9. Many cold-rolled steel products excluded from the product definition, such as stainless steel, perforated steel, silicon-electrical steel and tool steel, fall under distinct and separate HS Codes from those identified in the Complaint. However, cold-rolled steel falling within the Complaint and cold-rolled steel for automotive end uses both fall under the HS codes identified in the Complaint.

1. Imports

10. The market table attached to our Complaint reflects the apparent Canadian market for non-automotive CRS. However, as discussed below (see para. 11.c)ii)), the market table may include some volumes of automotive CRS (mainly in the US import data) because there are no specific codes under which automotive and non-automotive CRS are imported under. However, we believe the assumptions and methodology that were used to perform our import analysis (to determine which imports are automotive CRS versus non-automotive CRS) are reasonable and reflect, to the best of our ability and knowledge, the Canadian market for non-automotive CRS.
11. In order to estimate the proportion of “automotive” cold-rolled steel imports that enter Canada from various countries, we used the following methodology for creating the market table based on Statistics Canada import data for CRS.
 - a) First, we assume that all imports into provinces other than Ontario and Quebec would be for non-automotive uses. This is because automotive production in Canada is located in Ontario. Quebec has port access year-round (i.e. Port of Sorel) allowing steel to be offloaded and shipped into Ontario via truck and rail.
 - b) Second, we analyzed CRS imports into Ontario and Quebec on a monthly basis per 10-digit HS code to determine which shipments were for automotive uses. Our analysis determined estimates of CRS for automotive uses by comparing the reported Statistics Canada average import price with the reported CRU domestic spot price plus an automotive premium of C\$[]/MT. Any import price above

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this benchmark was considered an automotive application and anything below was considered to be a non-automotive application. We used the reported Chinese CRU lagged 3 months for pricing from offshore sources (China, Korea and Vietnam) and the reported USA Midwest CRU lagged 2 months for pricing from US imports. A 2-3 month CRU lag was used to account for the time required to export the steel to Canada. The volume and values associated with automotive end-use CRS shipments were removed from the market table.

- c) Third, we cross-referenced this information with our commercial intelligence. In particular, in December 2016 and then again in October 2017, I consulted with []. In particular, I consulted separately with []

[]. In almost every instance, automotive steel that is not sourced directly from a Canadian or US steel mill is purchased from a steel service centre. Further, steel service centres are the largest importers of non-North American cold-rolled steel. Consequently, [] have the best information about cold-rolled steel imports into Canada, as it is their business. I trust the information provided by [] as they are []

[]. As a result of discussions with these customers and other commercial intelligence, we made the following assumptions:

- i) For US imports, [].
- ii) [] are considered non-automotive. Note the US import price in our CRS market table appears high compared to pricing from other import sources. We believe this is due to (i) contractual supply agreements, (ii) unique grades not available in Canada,

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and (iii) the likelihood that some automotive CRS would be included in the HS codes that are deemed to be non-automotive for purposes of our import analysis. Automotive grades are not imported under specific HS codes and therefore some overlap would have occurred with HS codes that we designated as non-automotive CRS. Nonetheless, we believe our assumptions and methodology are reasonable and reflect the non-automotive CRS market in Canada.

- iii) For imports from China, Korea, and Vietnam (into Ontario and Quebec), [] of the imports are non-automotive.

12. The C\$[]/MT automotive premium for imports is based on our commercial intelligence. We received information from customers on import offers that included a breakdown of grade extras. Based on [] that included the breakdown for both automotive type grades and non-automotive type grades, the difference in total transaction price for these grades ranged from \$[]/MT to \$[]/MT. We therefore used an average of \$[]/MT spread between imports for automotive end-uses and non-automotive end-uses.

2. AMD's Financial Results for Non-Automotive CRS

13. We made adjustments to our CRS financial results to exclude sales for automotive uses.
14. First, we identified and removed its direct mill sales to the automotive sector from the financial results.
15. Some of AMD's sales to service centres are re-sold to automotive end-users (e.g., part producers). As these sales are not captured by the first assumption above, we made a second assumption to remove our CRS sales to service centres that are re-sold to automotive end-users from our financial results for CRS. To estimate the volume of CRS sold to service centres that is subsequently re-sold to automotive end-users, we []

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]

16. From this review, we determined that [

]. From our review, we determined that [] were sold to service centres for non-automotive uses. We also determined that []% of our [] to service centres were re-sold for automotive applications. These percentages were applied to each period (2015 to 2017) and were used to calculate the volume of CRS sold to service centres that is re-sold to automotive applications. Confidential Attachment 53 to the Complaint contains the calculations for these assumptions.¹ Based on this analysis I believe that AMD's cold-rolled steel sales to service centres in 2015 to 2017 were sold to automotive and non-automotive end-uses in the following proportions.

¹ Confidential Attachment 53 to the Complaint: Calculation of AMD sales to service centres that re-sold for automotive end uses.

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Table 1
AMD assumptions for service centre re-sales to automotive and non-automotive end-users
(volume)

	Auto	Non-auto
[
]

17. Third, to obtain the net selling price, we used the same methodology described above (review of invoice and order book database). From our review, we determined that CRS sold to service centres for automotive uses had a higher price than compared to CRS sold to service centres for non-automotive uses. The price spread calculation is available at Confidential Attachment 53 to the Complaint and is summarized below:

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[illegible]

	AMD non-automotive sales (i.e., Like goods) (Included in Attachment 16)	AMD automotive sales (i.e., not Like Goods) (Excluded from Attachment 16)
Assumption 1	C&P / Tube Construction	Automotive OEM / Tier 1
Assumptions 2 and 3	Service centres – non-automotive	Service centres – automotive

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C. The Dynamics of Pricing in the Canadian Market

1. CRS pricing (non-automotive)

20. The prices at which AMD sells CRS in Canada result from negotiations with our customers. Approximately [] of AMD's domestic non-automotive cold-rolled steel sales are made on a spot basis.
21. Depending on exchange rates and other market factors, Canadian CRS pricing may be slightly above or slightly below US pricing; however, over time Canadian pricing tends to track US pricing, all things being equal.
22. AMD CRS pricing begins with a "base price". This price is for commercial grade CRS, FOB mill. Over time AMD's base price has generally tracked fairly closely with CRU's US Midwest spot price. CRU's current US Midwest price is an indicator that reflects spot prices reported to CRU (i.e. it is an analysis of what is happening in the U.S. market). However, depending on competitive differences in the Canadian and US markets, there can be significant variations between AMD's base price and the CRU Midwest spot.
23. AMD adjusts its base price periodically according to market factors. On top of the base price, AMD charges for "extras" such as thickness and width, grade extras, and other processing. Extras may add \$20/MT to \$60/MT (or more) to the base price. AMD will also quote on delivery, if requested. Attached to this Statement is a copy of AMD's current CRS price extras.² AMD may also offer a rebate to customers for a variety of commercial reasons, volume based but generally to encourage that volume commitments are met.
24. A significant share of AMD's CRS sales are to steel service centres. In turn, service centres will sell CRS to pipe and tube, automotive, manufacturing and other CRS end-users. AMD sales to service centres, pipe and tube producers, and any other end-user occur at spot prices, although in some instances, delivery may be staggered over several months. For spot sales, the transaction price is determined by AMD's current base price, prevailing market conditions and the context for the specific negotiation for a defined delivery term.

² Confidential Attachment 33 to the Complaint: ArcelorMittal Dofasco price list for CRS extras.

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25. Offshore import offers have a significant impact on spot sales transactions. In situations where offshore import offers are made, they are generally made to several customers. For example, service centres are large volume purchasers of CRS with distribution networks across Canada. In situations where import offers are made to several service centres, the information about the available offshore product moves through the market quickly and becomes a major influence in price negotiations.
26. Our customers will tell us about the terms of import offers, including the country the offer is coming from and the pricing offered. In some situations, we are able to view and/or obtain written copies of these offers, but in most cases we are not. The reason for this is that our customers are reluctant to compromise their relationship with the traders, brokers and offshore mills.
27. Nevertheless, we are generally able to confirm the terms of the import offer. Generally, we are able to validate the information because the same offer will be made to more than one customer. In situations where we lose sales, we can also compare the information that was provided to us to the import data after the offshore material arrives in Canada.
28. In order to be attracted to offshore product, the import pricing needs to be lower than Canadian market pricing. The reason for this is that offshore imports are higher risk. Import purchases require longer lead times, which introduces risk for the purchaser in a volatile price environment. Further, offshore material usually arrives in one large shipment that the customer needs to take into inventory upon arrival, which can present logistical and financial challenges. In contrast, Canadian and US mills have shorter lead times and will deliver the customer's requirements over several months. In my experience, all things being equal, customers will generally accept to pay a higher price for domestic product compared to imported product because of the various risks involved with importing CRS. The amount may vary with market conditions. The magnitude of the discount can be affected by other circumstances internal and external to the client, such as price volatility, inventory requirements, and other market conditions. The difference between import and domestic pricing is sometimes referred to as a "domestic price premium", however, it is actually a discount from Canadian market pricing.

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29. Purchases of offshore imports and the presence of offshore import offers cause AMD to reduce its price and consequently, result in injury to AMD in the form of price depression, price suppression and/or market share erosion. Low-priced offshore offers have an impact on AMD even when customers do not accept them. Knowledge that low-priced CRS is available at prices that undercut AMD's base price results in downward pressure on our base price. Consequently, even if no customers purchase low-priced offshore material, AMD may be injured by offshore CRS offers as we have to lower our price in order to remain competitive. In cases where the offshore price is deeply discounted and we cannot match the low pricing, we will generally lose the order to the offshore product.

III. CRS Imports

A. Logistics of Import Purchases

30. In most cases, a purchaser of CRS will agree to an order for a specific volume of CRS and then the steel mill will produce the CRS. This is true for domestic producers, like AMD, and foreign producers in the subject countries. Because of this sales and production model, there is generally a three-to-six-month time-period between the placement of a CRS order for goods from China, Korea or Vietnam and delivery of those goods to a Canadian purchaser. In a minority of cases, CRS that has already been produced and imported into Canada will be sold "off the dock". It follows that the value-for-duty reported to the Canadian Border Services Agency upon importation generally reflects pricing from at least three-months prior.
31. I estimate that the cost of shipping CRS from China, Korea or Vietnam to Canada is \$89-92/MT. Current ocean freight rates are very low. In October 2017, AMD received a quote of US\$40/MT (C\$50/MT) to ship steel from China and Vietnam to the Port of Montreal and of US\$38/MT (C\$47/MT) to ship from Korea.³ The cost associated with stevedoring, wharfage, truck loading, throughput and other fees is approximately \$21/MT at the Port of

³ Public Attachment 208 to the Complaint: Email from Frederick Gjetnes to Henry Wegiel and Others, containing various freight rates, dated October 19, 2017. Bank of Canada exchange rate of 1.2548.

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Montreal.⁴ My \$89-92/MT estimate assumes that the cost to load the boat is the same as to unload the boat. This estimate does not include other logistics costs and fees that may be associated with shipping, including any inland freight in China, Korea or Vietnam. I believe a conservative inland freight rate would be \$10/MT. I also estimate that the broker's margin would be approximately 5%.

32. The following section describes head-to-head competition that AMD has encountered with imports from China, Korea and Vietnam. These examples demonstrate that, on a case-by-case basis, CRS from these countries is undercutting AMD, resulting in lost sales and/or price depression.
33. We have also begun to see import offers from China, Korea and Vietnam at low prices for arrival at the open of navigation 2018. These offers are putting downward pressure on our prices.

B. Price Undercutting, Depression and Lost Sales: Chinese Imports

1. Lost sales

34. In [] 2015, [] steel purchased [] MT of Chinese CRS at a price that was over \$[]/MT below AMD's price at that time. This resulted in lost revenue of over \$[].⁵
35. In [] 2015, [] received an offer for [] MT of CRS from China. It purchased [] MT from AMD (at a revised lower priced, as discussed below at para. 44) and purchased [] MT of the Chinese CRS. The [] MT purchase of Chinese CRS resulted in a lost sale to AMD of \$[].⁶ This low-priced Chinese offer resulted in total lost revenues of \$[] (\$[] for the lost sale and \$[] for the price reduction, discussed below).

⁴ Confidential Attachment 209 to the Complaint: Email from Sean Doherty to Henry Wegiel, dated October 23, 2017.

⁵ Confidential Attachment 34 to the Complaint: AMD commercial intelligence (ICRCR20160122).

⁶ Confidential Attachment 35 to the Complaint: AMD commercial intelligence (ICRCR20160311).

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36. In [] 2016, AMD learned that a boat with [] MT of CRS coming from China and destined to arrive in [] 2016. The average base price, including delivery, undercut AMD's price by \$[]/MT.⁷ AMD was not given an opportunity to bid against the import offer. Assuming that []% of the total volume was CRS, this resulted in a loss of revenue of \$[].
37. In [] 2016, an offer for Chinese CRS at a base price of \$[]/MT (\$[]/cwt) delivered for arrival in November 2016 was circulated to Canadian CRS producers.⁸ Various domestic CRS customers placed orders for the Chinese CRS, which totalled [] MT. AMD was not given the opportunity to quote or compete for these offers. At the time, AMD's base price was \$[]/MT or \$[]/MT delivered. The loss of these sales resulted in a loss of \$[].
38. In [] 2016, [] placed an order for [] MT of CRS from China at a price of \$[]/MT delivered. At the time, AMD's price was \$[]/MT delivered, a difference of \$[]/MT. This resulted in a loss revenue to AMD of almost \$[].⁹
39. In [] 2016, several construction and manufacturing customers advised AMD that a boat containing CRS was destined to arrive in [] 2016.¹⁰ One of AMD's customers purchased [] MT of Chinese CRS at a price of \$[]/cwt or \$[]/MT, or \$[]/MT delivered. In comparison, AMD's price to this customer was \$[]/MT FOB mill or \$[]/MT delivered. The loss of these sales totalled \$[] in lost revenue.
40. In January 2017, an offer was made to AMD's customer [] for [] MT of Chinese CRS that was \$[]/MT or []% lower than AMD's price.¹¹ AMD lowered its price by

⁷ Confidential Attachment 36 to the Complaint: AMD commercial intelligence (ICRCR20160819-4).

⁸ Confidential Attachment 37 to the Complaint: AMD commercial intelligence (ICRCR20160819-6).

⁹ Confidential Attachment 38 to the Complaint: AMD commercial intelligence (ICRCR20160627).

¹⁰ Confidential Attachment 135 to the Complaint: AMD commercial intelligence (ICRCR20160819-5).

¹¹ Confidential Attachment 39 to the Complaint: AMD commercial intelligence (ICRCR20170120-3).

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[]%, but was still unable to secure the entire order. As discussed below (para. 47), the customer agreed to purchase [] MT from AMD and [] MT of imports from China. The price depression resulted in a loss of \$[] and the lost sale resulted in a loss sale valued at \$[], for a total loss revenue of \$[].

41. In February 2017, AMD's customer [] received an offer for Chinese CRS for arrival in June 2017 at a price of \$[]/MT delivered duty paid Hamilton.¹² AMD was negotiating with []. The original discussion with [] was for [] MT, but [] suggested they needed a \$[]/MT base to close the deal. AMD was not willing to go that low, and eventually settled on a reduced base price of []. The expectation was that []

[]. In short, AMD suffered price depression when it was forced to reduce its price to be competitive with the Chinese CRS (on the [] purchased) and it also suffered a lost sale of [] MT when this customer cancelled the rest of the order and purchased Chinese material. This resulted in total lost revenues of over \$[] (\$[] for the lost sale and \$[] for the price reduction).

42. In June 2017, AMD began negotiating for [], but lost a sale of [] MT to low-priced Chinese CRS.¹³ [] purchased the Chinese CRS at \$[]/MT FOB port of Hamilton for arrival in November/December 2017. AMD's target price to this customer for June was \$[]/MT. However, it because of the low-priced Chinese offer, AMD was forced to offer a reduced base price of []. The Chinese price was []

[]. As a result of the low-priced Chinese

¹² Confidential Attachment 210 to the Complaint: AMD commercial intelligence (ICRCR20170717).

¹³ Confidential Attachment 88 to the Complaint: AMD commercial intelligence (ICRCR20170711).

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offer, AMD lost this customer's entire H1 2018 business. Note that this price is [

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43. In June/July 2017, several Quebec service centres and construction end-users received an offer for Chinese CRS at a price of \$[]/MT loaded truck Sorel/Hamilton (or approximately \$[]/MT delivered to Sorel) for arrival in September 2017.¹⁴ This was \$[] or []% below AMD's then current price of \$[]/MT delivered. The offer included other products, but AMD was able to confirm that at least [] MT of Chinese CRS were purchased by its customers. These lost sales resulted in lost revenues of \$[].

2. Price depression

44. In [] 2015, [] received an offer for [] MT at \$[]/MT of CRS from China. As noted above (see para 35), it purchased [] MT of Chinese CRS. [] did purchase [] MT from AMD, but only after AMD dropped its price by \$[]/MT from \$[]/MT to \$[]/MT delivered. This low-priced Chinese offer resulted in total lost revenues of \$[] (\$[] for the lost sale and \$[] for the price reduction.¹⁵
45. In the [] quarter of 2016, [] received an offer for Chinese CRS at a price of \$[]/MT delivered duty paid loaded truck Hamilton. AMD's price at the time was \$[]/MT FOB mill. AMD dropped its price to \$[]/MT to secure a sale of [] MT. This price reduction resulted in a revenue loss of \$[].¹⁶
46. In the [] quarter of 2016, [] received an offer for Chinese CRS at a price of \$[]/MT. AMD's price at the time was \$[]/MT and the discussion was for []

¹⁴ Confidential Attachment 89 to the Complaint: AMD commercial intelligence (ICRCR20170911).

¹⁵ Confidential Attachment 35 to the Complaint: AMD commercial intelligence (ICRSR20160311).

¹⁶ Confidential Attachment 44 to the Complaint: AMD commercial intelligence (ICRSR20160928).

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MT of CRS. AMD was forced to drop its price to \$[]/MT to secure a sale of [] MT, far less than that originally sought. The Chinese offer resulted in total lost revenues of \$[] (\$[] for the lost sale of [] MT and \$[] for the price reduction).¹⁷

47. In January 2017, an offer was made to AMD's customer [] for [] MT of Chinese CRS at a price of \$[]/MT delivered for arrival in May 2017.¹⁸ This was \$[]/MT or []% lower than AMD's price of \$[]/MT delivered. AMD lowered its price by []% to \$[]/MT delivered, but was still unable to secure the entire order. As discussed above (see para. 40), the customer agreed to purchase [] MT from AMD and [] MT of imports from China. The price depression resulted in a loss of \$[] and the lost sale resulted in a loss sale valued at \$[], for a total loss revenue of \$[].
48. In January 2017, an offer for Chinese CRS was made to [] at a price of \$[]/MT, including extras.¹⁹ This was \$[]/MT lower than AMD's base price of \$[]/MT and \$[]/MT below its price of \$[], which includes extras. AMD lowered its price, including extras to \$[]/MT and acquired a sale for [] MT of CRS, resulting in a revenue loss of \$[].
49. In April 2017, an offer was made to [] for [] MT of CRS from China for arrival in the [] quarter of 2017.²⁰ The import price was \$[]/MT delivered, including extras. AMD's base price to the customer at the time was \$[]/MT delivered, and its price for equivalent grades was \$[]/MT, a difference of \$[]/MT or []%. AMD lowered its price by \$[]/MT and acquired a sale for [] MT. This price reduction resulted in a loss of revenue of \$[].

¹⁷ Confidential Attachment 45 to the Complaint: AMD commercial intelligence (ICRSR20160929).

¹⁸ Confidential Attachment 39 to the Complaint: AMD commercial intelligence (ICRCR20170120-3).

¹⁹ Confidential Attachment 40 to the Complaint: AMD commercial intelligence (ICRCR20170127B).

²⁰ Confidential Attachment 46 to the Complaint: AMD commercial intelligence (ICRCR20170425).

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50. In May 2017, [], received an offer for [] MT of Chinese CRS at a price of \$[]/MT delivered.²¹ AMD's base price for the customer at the time was \$[]/MT delivered and with extras the price to the customer was up to \$[]/MT delivered. In order to acquire a sale for [] MT, AMD dropped its base price to \$[]/MT delivered and its price with extras to \$[]/MT delivered. This resulted in a revenue loss of approximately \$[].
51. In November 2017, AMD negotiated with []. AMD's initial base price was \$[]/MT FOB mill, but [] informed AMD that it also has an offer for Chinese CRS at \$[]/MT FOB port of Hamilton, that is \$[]/MT or []% lower than AMD's price.²² As a result, AMD lowered its base price to \$[]/MT or by \$[]/MT (or []%) in order to secure the business.
52. Recent negotiations indicate that the Subject Goods will continue to undercut AMD's price. In December 2017, AMD saw import offers from China for arrival at open of navigation. Chinese CRS for arrival in late March / early April 2018 is priced at \$[]²³
53. In December 2017, [] received an import offer for [] MT of Chinese CRS at a price of US\$[]/cwt or approximately C\$[]/MT delivered for arrival in Q2 2018.²⁴ AMD's then current base price was \$[]/M delivered. However, due to the low priced Chinese material, AMD was forced to offer only \$[]/MT delivered in order to secure an order for [] MT. The Chinese product was \$[]/MT or []% lower than AMD's original price.

²¹ Confidential Attachment 47 to the Complaint: AMD commercial intelligence (ICRCR20170519).

²² Confidential Attachment 96 to the Complaint: AMD Commercial intelligence (ICRCR20171120).

²³ Confidential Attachment 211 to the Complaint: AMD internal e-mail correspondence dated December 5, 2017 regarding Chinese CRS import offers for open of navigation 2018.

²⁴ Confidential Attachment 212 to the Complaint: AMD commercial intelligence (ICRCR20180109).

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54. In December 2017, an offer for [] MT of Chinese CRS was made to AMD's customer [] for arrival in April 2018.²⁵ The Chinese product was offered at \$[]/MT (delivery terms unknown). AMD was forced to reduce its price by \$[] or []%, from \$[]/MT FOB mill to \$[]/MT in order to secure an order for [] MT. This price reduction resulted in lost revenues of \$[].
55. In February 2018, an offer for [] MT of Chinese CRS was made to AMD's customer [] at a price of US\$[]/cwt or C\$[]/MT duty paid loaded truck Hamilton for immediate delivery (the product was likely imported in Q4 2017).²⁶ The offer was from []. In comparison, AMD's target price for this customer was \$[]/MT, meaning the Chinese offer was \$[]/MT or []% lower than AMD's price. AMD did not even get a chance to quote. The offer for Chinese CRS resulted in a lost sale of [] MT and therefore lost revenues of \$[]. This also demonstrates the large inventory overhang that many service centres are experiencing in early 2018 and the low price offered for Chinese CRS, which will have a depressive effect on prices going forward.
56. In February 2018, an offer for [] MT of Chinese CRS was made to AMD's customer [] at a price of \$[]/MT duty paid loaded truck Hamilton (approximately \$[]/MT delivered) for arrival in July 2018.²⁷ AMD made an offer for [] MT to this customer at a price of \$[]/MT FOB mill (approximately \$[]/MT delivered. Note that this offer price was already a reduced price because AMD was aware of the import price prior to making its offer; otherwise, the original offer would have been approximately (\$[]/MT). AMD was forced to reduce its price again to \$[]/MT FOB mill

²⁵ Confidential Attachment 13 to the Complaint: AMD commercial intelligence (ICRCR20180110).

²⁶ Confidential Attachment 99 to the Complaint: AMD commercial intelligence (ICRCR20180228).

²⁷ Confidential Attachment 229 to the Complaint: AMD commercial intelligence (ICRCR20180223). Note AMD's pricing above is for []. The Import Competition Report (at the section "Related Documents"), indicates there were []

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(approximately \$[]/MT delivered) to secure an order for [] MT.²⁸ Also note that in order to secure this order, AMD offered [

]. This price reduction resulted in lost revenues of over \$[]. Lastly, there is [

]. In 2017, AMD lost this customer's business due to low-priced imports from the Subject Countries and feedback from [

].

57. A similar offer for Chinese CRS at the price of \$[]/MT duty paid loaded truck Hamilton (approximately \$[]/MT) delivered for arrival in July 2018 was also made in February 2018 to [].²⁹ AMD was ultimately unsuccessful in obtaining an order because its customer was unsuccessful in obtaining the downstream business (it is our understanding that the business []. However, the Chinese offer still put downward pressure on AMD's pricing as it was forced to reduce its price from \$[]/MT FOB mill (approximately \$[]/MT delivered) to \$[]/MT FOB mill (approximately \$[]/MT delivered), a drop of \$[]/MT or []%.³⁰

²⁸ The volume []

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²⁹ Confidential Attachment 97 to the Complaint: AMD commercial intelligence (ICRCR20180227). Note AMD's pricing above is for []. The Import Competition Report (at the section "Related Documents"), indicates there were [

].

³⁰ Confidential Attachment 97 to the Complaint: AMD commercial intelligence (ICRCR20180227). Note AMD's pricing above is for []. The Import Competition Report (at the section "Related Documents"), indicates there were [

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C. Price Undercutting, Depression and Lost Sales: Korean Imports

58. In the []-quarter of 2015, [] received an offer for up to [] MT of CRS and corrosion-resistant steel from various countries, including South Korea, for delivery in the []-quarter of 2015. The offshore CRS material was priced at \$[]/MT, \$[]/MT below AMD's price at that time. AMD lowered its price from \$[]/MT to \$[]/MT delivered and received an order from the customer for [] MT of CRS. It is not known if any offshore material was purchased. The price depression resulted in a revenue loss totalling almost \$[].³¹
59. In the []-quarter of 2015, [] received an offer for up to [] MT of CRS and corrosion-resistant steel from various countries, including South Korea. The offshore CRS material was priced at \$[]/MT delivered, \$[]/MT below AMD's price at that time. AMD lowered its price from \$[]/MT to \$[]/MT delivered and received an order for [] MT of non-automotive CRS. It is not known if any offshore material was purchased, however, the price depression did result in almost \$[] of lost revenue to AMD.³²
60. Korean CRS for arrival at open of navigation is currently being offered at a base price of US\$[]/cwt loaded truck Hamilton/Sorel (or C\$[]/MT) for Q1 2018 arrival and has caused price depression to AMD.³³ In November 2017, AMD was forced to reduce its base price with [] from \$[]/MT FOB mill to \$[]/MT FOB mill (or by \$[]/MT or []%) and therefore its price for [] dropped from \$[]/MT to \$[]/MT to secure an order for [].

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³¹ Confidential Attachment 48 to the Complaint: AMD commercial intelligence (ICRCR20160304).

³² Confidential Attachment 49 to the Complaint: AMD commercial intelligence (ICRCR20160308).

³³ Confidential Attachment 213 to the Complaint: AMD Commercial intelligence (ICRCR20171207).

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D. Price Undercutting, Depression and Lost Sales: Vietnamese Imports

61. In March 2016, an offer for Vietnamese CRS at a base price of \$[]/MT or \$[]/MT delivered was made to several service centres in Ontario.³⁴ In comparison, AMD's price was \$[]/MT delivered. The Vietnamese CRS was being offered at \$[]/MT or []% lower than AMD's then current price. The customer purchased [] MT of the Vietnamese CRS, which resulted in lost revenues of \$[] to AMD.
62. In April 2017, AMD's customers [] received an offer for Vietnamese CRS at \$[]/MT FOB Hamilton or \$[]/MT delivered for arrival in May 2017.³⁵ Customers [] purchased [] MT at this price. In comparison, AMD's then current selling price was \$[]/MT FOB mill or \$[]/MT delivered to [] and \$[]/MT FOB mill or \$[]/MT delivered to []. The Vietnamese CRS was \$[]/MT or []% lower than AMD's price. While AMD did not have the opportunity to quote these customers, the Vietnamese offer will nonetheless put downward pressure on prices to these customers going forward. The Vietnamese CRS had been imported into the United States, but was being offered in Canada due to the ongoing anti-circumvention case in the United States.
63. In July 2017, AMD's customer [] received an offer for Vietnamese CRS at \$[]/MT loaded truck Hamilton for delivery in July/August 2017.³⁶ In comparison, AMD's then current price to this customer was \$[]/MT. As a result of the significant price spread (\$[]/MT or []%), AMD was not even given an opportunity to quote this customer. The correspondence with the broker indicates that one boat had already arrived in Canada and another was on its way. The significantly lower priced Vietnamese product therefore had a depressive effect on prices for delivery to this customer in H2 2017.

³⁴ Confidential Attachment 42 to the Complaint: AMD commercial intelligence (ICRCR20160331).

³⁵ Confidential Attachment 50 to the Complaint: AMD commercial intelligence (ICRCR20170516).

³⁶ Confidential Attachment 95 to the Complaint: AMD commercial intelligence (ICRCR20170825).

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IV. CRS Market Will Deteriorate without a Trade Remedy

64. I believe that Canadian producers CRS will be severely affected by large volumes of unfairly priced imports unless a trade remedies are imposed. The global steel market remains unstable. China continues to have significant production overcapacity and a cooling economy. China's 2015 levels of steel exports continued through 2016 and 2017, and directly impacted the Canadian CRS market as large volumes of low priced steel entered the market. Korean CRS imports have remained high and Vietnamese imports surged in 2017. Now that the EU, US and other markets have imposed trade remedies or ongoing investigations against dumped and subsidized CRS from these countries, Canada is particularly vulnerable given the foothold that low-priced imports have established in the Canadian market in the last three years, the relatively higher domestic Canadian price for CRS, and the limited markets where China, Korea and Vietnam can continue to dump steel.
65. I, William Butler, General Manager, Sales Development at ArcelorMittal Dofasco G.P., certify that the information in the Witness Statement is true, accurate and complete.

A handwritten signature in black ink, appearing to read 'William Butler', is written over a horizontal line.

William Butler