



OTTAWA, June 28, 2024

# STATEMENT OF REASONS

Concerning an expiry review determination under  
paragraph 76.03(7)(a) of the *Special Import Measures Act* respecting

**CORROSION-RESISTANT STEEL SHEET ORIGINATING IN OR EXPORTED FROM  
THE PEOPLE'S REPUBLIC OF CHINA, THE SEPARATE CUSTOMS TERRITORY OF  
TAIWAN, PENGHU, KINMEN AND MATSU (CHINESE TAIPEI), THE REPUBLIC OF  
INDIA AND THE REPUBLIC OF KOREA**

## DECISION

On June 13, 2024, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the Canadian International Trade Tribunal finding made on February 21, 2019, in Inquiry No. NQ-2018-004, is likely to result in the continuation or resumption of dumping of certain corrosion-resistant steel sheet originating in or exported from China, Chinese Taipei, India and South Korea.

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

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## EXECUTIVE SUMMARY

[1] On January 15, 2024, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(1) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its finding made on February 21, 2019, in Inquiry No. NQ-2018-004, concerning the dumping of certain corrosion-resistant steel sheet (COR) originating in or exported from the People's Republic of China (China), the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), the Republic of India (India) and the Republic of Korea (South Korea) (collectively the "subject countries").

[2] As a result of the CITT's notice of expiry review, the Canada Border Services Agency (CBSA), on January 16, 2024, initiated an investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods.

[3] The CBSA received responses to the Canadian producer Expiry Review Questionnaire (ERQ) from ArcelorMittal Dofasco G.P. (AMD)<sup>1</sup> and Stelco Inc. (Stelco)<sup>2</sup>. The submissions expressed an opinion that the continued or resumed dumping of COR from the subject countries is likely if the CITT's finding expires.

[4] The CBSA received responses to the Canadian importer ERQ from Marubeni-Itochu Steel Canada Inc. (MISC)<sup>3</sup>, Optima Steel International, LLC (Optima)<sup>4</sup>, JFE Shoji America LLC (JFE Shoji)<sup>5</sup>, Cascadia Metals Ltd. (Cascadia)<sup>6</sup> and Hyundai Canada Inc. (HCI)<sup>7</sup>. These submissions did not express an opinion on the likelihood of continued or resumed dumping of subject goods.

[5] The CBSA received responses to the exporter ERQ from KG Dongbu Steel Co., Ltd. (KG Dongbu)<sup>8</sup> and Yieh Phui Enterprise Co., Ltd. (YPE)<sup>9</sup>. The submission made by YPE expressed the opinion that the resumed dumping of COR from Chinese Taipei is unlikely if the CITT's finding expires. The submission made by KG Dongbu did not express an opinion on the continued or resumed dumping of subject goods.

[6] The participating Canadian producers, AMD and Stelco, collectively provided a case brief to the CBSA in support of their position that the continued or resumed dumping of COR from the subject countries is likely if the CITT's finding expires.<sup>10</sup>

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<sup>1</sup> Exhibit 13 (PRO) and 14 (NC) – Response to Canadian Producer ERQ from AMD.

<sup>2</sup> Exhibit 18 (PRO) and 19 (NC) – Response to Canadian Producer ERQ from Stelco.

<sup>3</sup> Exhibit 10 (PRO) and 11 (NC) – Response to Canadian Importer ERQ from MISC.

<sup>4</sup> Exhibit 16 (PRO) and 17 (NC) – Response to Canadian Importer ERQ from Optima.

<sup>5</sup> Exhibit 20 (PRO) and 21 (NC) – Response to Canadian Importer ERQ from JFE Shoji.

<sup>6</sup> Exhibit 22 (NC) – Response to Canadian Importer ERQ from Cascadia.

<sup>7</sup> Exhibit 30 (PRO) and 31 (NC) – Response to Canadian Importer ERQ from HCI.

<sup>8</sup> Exhibit 23 (PRO) and 24 (NC) – Response to Exporter ERQ from KG Dongbu.

<sup>9</sup> Exhibit 26 (PRO) and 27 (NC) – Response to Exporter ERQ from YPE.

<sup>10</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco.

[7] YPE provided a case brief to the CBSA in support of their position that the continued or resumed dumping of COR from Chinese Taipei is unlikely if the CITT's finding expires.<sup>11</sup>

[8] AMD and Stelco collectively filed a reply submission in response to YPE's case brief.<sup>12</sup>

[9] Analysis of information on the administrative record indicates common factors that contribute to the likelihood of continued or resumed dumping of COR into Canada from all subject countries should the CITT's finding expire. This analysis relied upon the following factors:

- Attractiveness of the Canadian Market
- Subject Countries Continue to Market Products at Dumped Prices
- The Production Imperative
- Trade Measures in Other Jurisdictions
- Global Economic Conditions

[10] Analysis of information on the administrative record indicates a likelihood of continued or resumed dumping of COR into Canada from China should the CITT's finding expire. This analysis relied upon the following factors:

- Significant Excess Production Capacity
- Weak Domestic Demand
- China's Export Dependence

[11] Analysis of information on the administrative record indicates a likelihood of continued or resumed dumping of COR into Canada from Chinese Taipei should the CITT's finding expire. This analysis relied upon the following factors:

- Significant Excess Production Capacity
- Weak Domestic Demand
- Inefficient Utilization Rate
- Chinese Taipei's Export Dependence

[12] Analysis of information on the administrative record indicates a likelihood of continued or resumed dumping of COR into Canada from India should the CITT's finding expire. This analysis relied upon the following factors:

- The Government of India's Investments in Increased Steel Production and Overcapacity
- Difficult Domestic Market Conditions
- Increased Competition from Chinese Steel

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<sup>11</sup> Exhibit 33 (NC) – Case brief filed on behalf of YPE.

<sup>12</sup> Exhibit 36 (PRO) and 37 (NC) – Reply submission filed on behalf of AMD and Stelco.

[13] Analysis of information on the administrative record indicates a likelihood of continued or resumed dumping of COR into Canada from South Korea should the CITT's finding expire. This analysis relied upon the following factors:

- Significant Excess Production Capacity
- Weak Domestic Demand
- South Korea's Export Dependence

[14] For the forgoing reasons, the CBSA, having considered the relevant information on the record, determined on June 13, 2024, pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding in respect of COR is likely to result in the continuation or resumption of dumping of the goods from China, Chinese Taipei, India and South Korea.

## **BACKGROUND<sup>13</sup>**

[15] On July 26, 2018, following a complaint filed by AMD and supported by Stelco, the CBSA initiated an investigation pursuant to subsection 31(1) of SIMA, into the dumping of COR from China, Chinese Taipei, India and South Korea.

[16] On January 22, 2019, pursuant to subsection 41(1) of SIMA, the CBSA made final determinations respecting the dumping of COR from China, Chinese Taipei, India and South Korea.

[17] On February 21, 2019, pursuant to subsection 43(1) of SIMA, the CITT found that the dumping of COR originating in or exported from China, Chinese Taipei, India and South Korea is threatening to cause injury to the domestic industry in Canada.

[18] On April 26, 2023, the CBSA concluded a re-investigation to update the normal values and export prices of COR from China, Chinese Taipei, India and South Korea.

[19] On January 15, 2024, the CITT, pursuant to subsection 76.03(1) of SIMA, initiated an expiry review of its finding made on February 21, 2019, in Expiry Review No. NQ-2018-004.

[20] On January 16, 2024, the CBSA initiated an expiry review investigation to determine whether the expiry of the finding is likely to result in the continuation or resumption of dumping of COR from the subject countries.

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<sup>13</sup> [Corrosion-resistant steel sheet: Measures in force \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca)

## **PRODUCT DEFINITION**

[21] For purposes of this expiry review investigation COR is defined as:

Corrosion-resistant flat-rolled steel sheet products of carbon steel including products alloyed with the following elements:

- Boron (B) not more than 0.01%
- Niobium (Nb) not more than 0.100%
- Titanium (Ti) not more than 0.08%, or
- Vanadium (V) not more than 0.300%

in coils or cut lengths, in thicknesses up to 0.168 in. (4.267 mm) and widths up to 72 inch (1,828.8 mm) with all dimensions being plus or minus allowable tolerances contained in the applicable standards, chemically passivated, originating in or exported from the People's Republic of China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), the Republic of India, and the Republic of Korea and excluding:

- unpassivated corrosion-resistant steel sheet products
- corrosion-resistant steel sheet products for use in the manufacture of passenger automobiles, buses, trucks, ambulances or hearses or chassis therefor, or parts thereof, or accessories or parts thereof
- steel products for use in the manufacture of aeronautic products
- steel sheet that is coated or plated with tin, lead, nickel, copper, chromium, chromium oxides, both tin and lead ("terne plate"), or both chromium and chromium oxides ("tin free steel")
- stainless flat-rolled steel products
- corrosion-resistant steel sheet products that have been pre-painted or coated with organic (non-metallic) coatings, including lacquers or varnishes
- galvanized armouring tape, which is narrow flat steel tape of 3 in. or less, that has been coated by a final operation with zinc by either the hot-dip galvanizing or the electrogalvanizing process so that all surfaces, including the edges, are coated
- and tool steel

### **Additional Product Information**

[22] The product definition includes corrosion-resistant steel sheet where the substrate is coated or plated with a corrosion resistant material such as zinc, aluminum, and other alloys. The coating may be applied by a variety of processes including hot-dip galvanizing or electro-galvanizing.

[23] The product definition includes corrosion-resistant steel sheet which has been chemically passivated by coating with standard or acrylic chromate and non-chromate solutions.

[24] Passivation refers to a material becoming “passive”, that is, less affected or corroded by the environment of future use. Passivation involves creation of an outer layer of shield material that is applied as a micro-coating, created by chemical reaction with the base material, or allowed to build from spontaneous oxidation in the air. As a technique, passivation is the use of a light coat of a protective material, to create a shell against corrosion. The most common method of passivation for steel products is the application of a standard chromate based or acrylic chromate and non-chromate coatings. Passivation treatments provide protection against oxidation during handling, transportation, and storage, and they also add lubricity during the forming or stamping of the part.

[25] Corrosion-resistant steel sheet is usually produced from cold-rolled carbon steel sheet (CRS) and sometimes from hot-rolled carbon steel sheet (HRS). However, additions of certain elements, such as titanium, vanadium, niobium or boron, during the steel-making process enable the steel to be classified as alloy steel. Therefore, corrosion-resistant steel produced from either carbon steel or alloy steel is included in the definition of the subject goods.

[26] The subject goods are manufactured to meet certain American Society for Testing and Materials (ASTM), Society of Automotive Engineering (SAE) or equivalent specifications, including, but not limited to:

- ASTM A653/653M
- ASTM A792/A792M
- SAE J403
- SAE J1392
- SAE J2329
- SAE J1562

[27] The product definition excludes corrosion-resistant steel for use in automobiles and automobile parts, hereafter referred to as “automotive”. Automotive end users include original equipment manufacturers (“OEMs”) and auto part producers. Such excluded goods normally fall under Customs Tariff item 9959.00.00.

[28] The product definition excludes corrosion-resistant steel sheet products that have been pre-painted or coated with organic (non-metallic) coatings. In Canada, the commonly used term for steel that has been coated with paint at the mill is “pre-painted” or “pre-coated” steel. Outside Canada, it is common for the term “organic coated” to be used to describe pre-painted steel. “Organic coated” may also refer to permanently applied plastic coatings or films. Common paint types for pre-painted and other organic coating products are silicon modified polyester, polyester, polyurethane, acrylic, epoxy, epoxy phenolic, polyvinylchloride and polyvinylidene difluoride.

[29] The product definition includes “seconds”. Seconds are goods that do not meet some aspect of the original specification. This could include dimensions, grade, or coating. It could also include a coil that has been damaged. Seconds are sold at a discount. Seconds may meet ASTM, SAE or other specifications or may be re-certified to meet a standard. For example, a coil that is damaged along the edge may be a “second”. However, if the damaged edge is slit and the damage is removed, the coil could be classified as a primary coil produced to the new width. Seconds are graded and sold on a scale of five.

## **CLASSIFICATION OF IMPORTS**

[30] The subject goods are normally imported into Canada under the following tariff classification numbers:

7210.30.00.00	7212.20.00.10	7212.50.00.40	7225.92.00.30
7210.49.00.40	7212.20.00.20	7212.50.00.50	7225.92.00.40
7210.49.00.50	7212.20.00.30	7212.50.00.60	7226.99.00.11
7210.49.00.60	7212.20.00.40	7225.91.00.10	7226.99.00.12
7210.49.00.70	7212.30.00.10	7225.91.00.20	7226.99.00.13
7210.61.00.10	7212.30.00.20	7225.91.00.30	7226.99.00.19
7210.61.00.20	7212.30.00.30	7225.91.00.40	
7210.69.00.10	7212.30.00.40	7225.92.00.10	
7210.69.00.20	7212.50.00.30	7225.92.00.20	

Prior to January 1, 2022, the subject goods would have been normally imported into Canada under the following tariff classification numbers:

7210.30.00.00	7212.20.00.10	7212.50.00.30	7225.92.00.00
7210.49.00.10	7212.20.00.20	7212.50.00.40	7226.99.00.11
7210.49.00.20	7212.20.00.30	7212.50.00.50	7226.99.00.12
7210.49.00.30	7212.20.00.40	7212.50.00.60	7226.99.00.13
7210.61.00.10	7212.30.00.10	7225.91.00.10	7226.99.00.19
7210.61.00.20	7212.30.00.20	7225.91.00.20	
7210.69.00.10	7212.30.00.30	7225.91.00.30	
7210.69.00.20	7212.30.00.40	7225.91.00.40	

[31] These tariff classification numbers may also include non-subject goods, and subject goods may also fall under additional tariff classification numbers.

## **PERIOD OF REVIEW**

[32] The period of review (POR) for the CBSA’s expiry review investigation is January 1, 2020 to December 31, 2023.



## CANADIAN INDUSTRY

[33] The complainant, AMD, was founded as the Dominion Steel Casting Company in 1912 in Hamilton, Ontario. In 2006, Dofasco was acquired by Arcelor S.A. Later that year, Arcelor S.A merged with Mittal Steel.<sup>14</sup>

[34] AMD is a fully-integrated steel manufacturing facility producing flat-rolled and tubular steel products. It has a non-union workforce of approximately 5,000 employees.

[35] AMD operates an integrated and electric arc furnace steel mill. All primary iron-making and steel-making operations, together with hot-rolling, pickling, cold-rolling, annealing, tempering, galvanizing and tinplating are located in Hamilton. AMD produces HRS, CRS, COR (galvanized/galvalume/aluminize), tinplate, and pre-paint (organic coated) flat steel products. AMD also produces steel tube products using HRS and galvanized steel sheets.

[36] The other Canadian manufacturer of COR is Stelco, of Hamilton, Ontario.

[37] Stelco was originally incorporated in 1910 as The Steel Company of Canada, Limited. Over the following decades, it grew to become Canada's leading steelmaker. In 1980, it was continued as Stelco Inc.<sup>15</sup>

[38] On October 31, 2007, Stelco was acquired by United States Steel Corporation, which renamed it as U. S. Steel Canada Inc. (USSC). On September 16, 2014, USSC filed for protection under the Companies' Creditors Arrangement Act (CCAA).

[39] On June 30, 2017, Stelco emerged from CCAA protection under the new ownership of Bedrock Industries LP. Subsequently, Stelco Holdings Inc. was established as the parent company of Stelco and listed on the TSX (STLC).

[40] Stelco has made some significant upgrades to its production facilities. Stelco commissioned a new state-of-the-art batch annealing facility at its Hamilton Works location, including a modernized and upgraded temper mill, along with installation of new annealing furnaces.

[41] Further, in October 2020, Stelco completed an upgrade and reline of its Lake Erie Works blast furnace. The upgrades to Stelco's Blast Furnace resulted in improved quality and an increase in annual hot metal capacity and production.

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<sup>14</sup> Exhibit 13 (PRO) and 14 (NC) – Response to Canadian Producer ERQ from AMD.

<sup>15</sup> Exhibit 18 (PRO) and 19 (NC) – Response to Canadian Producer ERQ from Stelco.

## CANADIAN MARKET

[42] The apparent Canadian market for COR during the POR is expressed by percentage in **Table 1** below.

**Table 1 : Apparent Canadian Market for COR**  
(As a percentage)

	2020		2021		2022		2023	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
<b>Canadian Production</b>	<b>61.1%</b>	<b>60.0%</b>	<b>49.9%</b>	<b>56.0%</b>	<b>76.0%</b>	<b>77.0%</b>	<b>82.9%</b>	<b>78.8%</b>
China	0.1%	0.1%	4.0%	3.7%	3.7%	2.8%	0.7%	0.5%
Chinese Taipei	1.1%	1.1%	1.8%	1.4%	3.1%	2.9%	1.5%	1.3%
India	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Korea	0.9%	0.8%	1.4%	1.2%	1.4%	1.1%	0.8%	0.6%
<b>Total Subject Countries</b>	<b>2.1%</b>	<b>2.0%</b>	<b>7.2%</b>	<b>6.3%</b>	<b>8.2%</b>	<b>6.8%</b>	<b>2.9%</b>	<b>2.4%</b>
Other Countries	36.8%	38.0%	42.9%	37.7%	15.8%	16.1%	14.2%	18.8%
<b>Total Imports</b>	<b>38.9%</b>	<b>40.0%</b>	<b>50.1%</b>	<b>44.0%</b>	<b>24.0%</b>	<b>23.0%</b>	<b>17.1%</b>	<b>21.2%</b>

\* Import statistics for non-subject countries are estimated based on CBSA Customs Commercial Systems and information collected during the review.

[43] Based on information on the administrative record, the total apparent Canadian market increased in volume and value between 2020 and 2023.

[44] Overall, Canadian production in terms of volume remained at similar levels and value increased between 2020 and 2023. Further, Canadian producers' share of the apparent Canadian market increased between 2020 and 2023.

[45] In general, the market share of imports, in terms of volume and value, from the subject countries increased between 2020 and 2022 with a decrease in 2023. Whereas, the market share of imports from non-subject countries decreased, in terms of volume and value during this period.

## ENFORCEMENT DATA

[46] In the enforcement of the CITT's finding during the POR, as detailed in **Tables 2, 3 and 4** below, the CBSA assessed a total amount of anti-dumping duties of \$8,234,672 on subject imports from the subject countries. The total value for duty of subject imports during the POR from these countries was approximately \$352.5 million and the total quantity was approximately 233,706 MT. As a percentage of the total value for duty, the combined anti-dumping duties assessed during the POR were equal to 2.3%. As noted below, India had very few shipments of subject goods during the POR.

**Table 2: Enforcement Data – Imports of Subject Goods from China, Chinese Taipei, India and South Korea<sup>16</sup>**  
Quantity in metric tons (MT)

Country	Quantity			
	2020	2021	2022	2023
China	1,325	64,436	31,050	5,457
Chinese Taipei	13,147	28,359	26,448	12,382
India	-	-	-	13
South Korea	10,045	22,568	12,144	6,333
<b>Total</b>	<b>24,517</b>	<b>115,363</b>	<b>69,641</b>	<b>24,185</b>

**Table 3: Enforcement Data – Imports of Subject Goods from China, Chinese Taipei, India and South Korea<sup>17</sup>**  
(Value in \$)

Country	Value for Duty			
	2020	2021	2022	2023
China	1,917,389	103,160,105	48,016,030	6,633,994
Chinese Taipei	14,218,460	40,489,833	49,911,486	17,925,072
India	-	-	-	41,550
South Korea	10,150,271	32,361,828	19,352,381	8,330,248
<b>Total</b>	<b>26,286,120</b>	<b>176,011,766</b>	<b>117,279,897</b>	<b>32,930,864</b>

**Table 4: Enforcement Data – SIMA duties assessed during the POR<sup>18</sup>**  
(Value in \$)

Country	SIMA Duties			
	2020	2021	2022	2023
China	140,677	1,222,256	534,571	642,200
Chinese Taipei	437,079	1,039,446	1,287,266	474,990
India	-	-	-	16,620
South Korea	663,130	947,640	648,239	180,558
<b>Total</b>	<b>1,240,886</b>	<b>3,209,342</b>	<b>2,470,076</b>	<b>1,314,368</b>

<sup>16</sup> Exhibit 38 (NC) – CBSA Import and Compliance Statistics.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

## **PARTIES TO THE PROCEEDINGS**

[47] On January 16, 2024, the CBSA sent a notice concerning the initiation of the expiry review investigation and ERQs to known Canadian producers, importers and exporters.

[48] The ERQs requested information relevant to the CBSA's consideration of the expiry review factors, as listed in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR).

[49] Two Canadian producers, AMD and Stelco participated in the expiry review investigation and responded to the ERQs. One exporter located in South Korea, KG Dongbu, and one exporter located in Chinese Taipei, YPE, responded to the CBSA's ERQ. Five importers: MISC, Optima, JFE Shoji, Cascadia and HCI responded to the CBSA's ERQ.

[50] A case brief was submitted to the CBSA, collectively, on behalf of the two Canadian producers in support of the position that continued or resumed dumping of COR from the subject countries is likely if the CITT's finding expires.

[51] YPE provided a case brief to the CBSA in support of their position that continued or resumed dumping of COR from Chinese Taipei is unlikely if the CITT's finding expires.

[52] A reply submission was filed collectively, on behalf of the two Canadian producers in response to YPE's case brief.

## **INFORMATION CONSIDERED BY THE CBSA**

[53] The information considered by the CBSA for purposes of this expiry review investigation is contained in the administrative record. The administrative record includes the information on the CBSA's exhibit listing, which is comprised of the CBSA exhibits and information submitted by interested parties, including information which the interested parties feel is relevant to the decision as to whether dumping is likely to continue or resume absent the CITT finding. This information may consist of expert analysts' reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization (WTO) and responses to the ERQs submitted by Canadian producers, exporters, importers and governments.

[54] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the "closing of the record date" and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on March 6, 2024. On April 26, 2024, the CBSA reopened the record to revise the import and compliance statistics - day 50 (exhibit 032) for the expiry review and provided the opportunity for interested parties to file case briefs by May 3, 2024 and reply submissions by May 10, 2024 with respect to the revised data only.

## **POSITION OF THE PARTIES – DUMPING**

[55] Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss specific details raised in these submissions.

### ***Parties Contending that Continued or Resumed Dumping is Likely***

#### **AMD and Stelco (collectively, the “Canadian producers”)**

[56] The Canadian producers made representations through their case brief in support of their position that dumping from China, Chinese Taipei, India and South Korea is likely to continue or resume in the event the present finding expires. Accordingly, it is argued that the measures should remain in place.

[57] The main factors identified by the Canadian producers can be summarized as follows:

#### **Common Factors Impacting Subject Countries**

- Attractiveness of the Canadian Market
- Subject Countries Continue to Market Products at Dumped Prices
- The Production Imperative
- Trade Measures in Other Jurisdictions
- Global Economic Conditions

#### **China**

- Section 20 Condition in China
- China’s Forecasted Excess COR production
- China’s Economic Conditions
- China’s Export Orientation

#### **Chinese Taipei**

- Chinese Taipei’s Forecasted Excess COR Production and Weak Demand
- Inefficient Utilization Rate
- Export Dependence

#### **India**

- The Government of India’s Investments in Increased Steel Production and Capacity
- Difficult Domestic Market Conditions
- Difficulties in Main Export Markets

## South Korea

- Production and Overcapacity in South Korea
- South Korea's Economic Conditions
- South Korea's Export Orientation

### Common Factors Impacting Subject Countries

[58] The Canadian producers submit that international market conditions make it likely that large volumes of COR will be exported to Canada at low prices if the CITT's finding expires. They submit that the international market is volatile and that the situation is expected to continue in the near term as there is excess capacity in the steel industry, including in the flat-rolled steel sector. Further, it is submitted that in order to spread high fixed costs, COR producers are incentivized to increase production and to look to overseas markets to export their goods. At the same time, demand is expected to be weak globally. The producers contend that this situation will make the Canadian COR market susceptible to continued or resumed dumping if the CITT's finding expires. Additional details are discussed below.

#### *The Attractiveness of the Canadian Market<sup>19</sup>*

[59] The Canadian producers state that the Canadian economy is currently experiencing a period of weak but stable growth with the Bank of Canada lowering its GDP growth forecast for 2024 to 0.8%. However, the Bank of Canada expects a slight rebound in 2025 with a GDP growth of 2.4%. Further, inflation is outpacing this weak growth, with the Consumer Price Index (CPI) inflation at 3.3% for 2023, three times the GDP growth. The inflation forecast for 2024 and 2025 is 2.4% and 2.1% respectively.

[60] The Canadian producers contend that the Canadian COR market saw a significant increase in demand in 2021 due to the economy rebounding from the initial impacts of COVID-19. However, domestic demand declined significantly in 2022 and continued to decline in 2023. The Canadian producers contend that even with a forecasted stable but weak GDP growth, Canada will remain an attractive market for COR producers, especially those facing weakening demand in their home and primary export markets. Canadian producers claim that due to weaker than average forecasted economic growth, there may not be enough Canadian demand to absorb an influx of subject good imports if the CITT's finding expires. Further COR producers are highly likely to market exports to Canada at dumped prices to re-acquire market share.

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<sup>19</sup> Exhibit 36 (PRO) and 37 (NC) – Case brief filed on behalf of AMD and Stelco. pg. 14

*Subject Countries Continue to Market Products at Dumped Prices*<sup>20</sup>

[61] The Canadian producers indicate that in 2021, there was a significant increase in COR imports from China, Chinese Taipei, and South Korea to Canada. However, after the CBSA updated the normal values in 2023, these imports declined significantly. The Canadian producers state that this suggests that producers from these countries are interested in the Canadian market only if they can sell below appropriately set normal values. They contend that the importer ERQ responses support this, indicating that some exporting countries were hindered by trade restrictions during the POR. The Canadian producers argue that the lack of interest in exporting subject goods to Canada with updated normal values, and recent findings regarding the likelihood of continued or resumed dumping or subsidizing of other related steel products, increases the likelihood that subject good exports to Canada will be dumped if the CITT's finding expires.

*The Production Imperative*<sup>21</sup>

[62] The Canadian producers contend that the production imperative for flat-rolled steel products, including COR, incentivizes producers to export excess goods to Canada at dumped prices. They argue that this is due to the high fixed costs associated with HRS production, which encourages producers to maintain high capacity utilization rates. They indicate that both the CITT and the CBSA have recognized this issue. Additionally, they state that excess HRS production can be easily transformed into COR by producers with the necessary equipment, encouraging further production. Canadian producers present that this is particularly the case for producers from China and India due to Canada's HRS anti-dumping and countervailing trade measures. Consequently, they argue that the production imperative significantly increases the likelihood that producers will resume exporting significant volumes of COR to Canada at dumped prices if the CITT's finding expires.

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<sup>20</sup> Ibid pg. 42

<sup>21</sup> Ibid pg. 33

### *Trade Measures in Other Jurisdictions*<sup>22</sup>

[63] The Canadian producers note that the relatively higher-priced North American and European markets are more attractive to exporters of dumped COR. However, trade measures in place against COR from China, Chinese Taipei, India and South Korea in the United States (US) and European Union (EU), as well as many other countries, as listed in **Table 5** below, have limited the ability of subject countries to export excess production of dumped COR to these markets. These measures divert subject good exports to markets without trade measures, which would include Canada if the CITT’s finding expires. The parties point to Morocco’s safeguard measures against COR imports from China, India, and South Korea; the US Section 232 duties of 25% on “steel articles” including COR from China, India, and Chinese Taipei; and US import quotas assigned to South Korea. In addition, they state that the European Commission announced in June 2023 that it will continue the EU’s steel safeguard measure until June 2024 and that Mexico, in addition to the existing 2017 trade measure against COR from China and Chinese Taipei, imposed an additional duty of 25% in August 2023 that affects COR imports from the subject countries. They argue that these measures increase the likelihood that producers will resume exporting COR to Canada at dumped prices if the CITT’s finding expires.

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<sup>22</sup> Ibid pg. 48



**Table 5: COR Trade Measures**

<b>WTO Member</b>	<b>Subject Country</b>	<b>Measure</b>	<b>Description</b>
Australia	China	Anti-dumping	Aluminum zinc coated steel
Australia	China	Countervailing Duties	Aluminum zinc coated steel (<600mm)
Australia	India, China, Chinese Taipei, South Korea	Anti-dumping	Zinc coated sheet
Australia	India, China	Countervailing Duties	Zinc coated (galvanized) steel
Australia	China, Chinese Taipei	Anti-dumping	Aluminum zinc coated steel
Australia	China	Countervailing Duties	Aluminum zinc coated steel
Colombia	China	Anti-dumping	Galvanized smooth sheet
European Union	China	Anti-dumping	Corrosion resistant steel
Indonesia	China	Anti-dumping	Coated steel
Malaysia	China	Anti-dumping	Galvanized iron coils/sheets or galvanized steel coils/sheets
Malaysia	China, South Korea	Anti-dumping	Flat rolled product of non-alloy steel plated or coated with aluminum and zinc
Mexico	China, Chinese Taipei	Anti-dumping	Coated flat steel products
Morocco	World	Safeguards Tariff Increase - Ad valorem	Cold-rolled sheets and plated or coated sheets
Pakistan	China	Anti-dumping	Galvanized coil
Russian Federation	China	Anti-dumping	Zinc plated or coated flat-rolled steel products
Chinese Taipei	China, South Korea	Anti-dumping	Certain flat-rolled steel products, plated or coated with zinc or zinc alloys
Chinese Taipei	China	Countervailing Duties	Certain flat-rolled steel products, plated or coated with zinc or zinc alloys
South Africa	China	Anti-dumping	Flat-rolled products, of iron or non-alloy steel, of a width of 600 MM or more, plated or coated with zinc, of a thickness of less than 0.45 MM
Thailand	China, South Korea, Chinese Taipei	Anti-dumping	Certain Hot Dip Plated or Coated with Aluminum Zinc Alloys of Cold Rolled Steel
Thailand	China	Anti-dumping	Painted hot dip plated or coated with aluminum zinc alloys of cold rolled steel
Thailand	China	Anti-dumping	Flat Hot Dip Galvanized of Cold Rolled Steel in Coil and not in Coil
Ukraine	China	Anti-dumping	Rolled products with corrosion resistant coating
United Kingdom	China	Anti-dumping	Corrosion resistant steel
United States of America	China, India, South Korea, Chinese Taipei	Anti-dumping	Corrosion resistant steel products
United States of America	China, India, South Korea	Countervailing Duties	Certain corrosion resistant steel products

[64] The Canadian producers indicate that both the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) forecast modest global economic growth for 2023-2025, with the US exceeding pre-pandemic projections while China falls short. China's economy is still lagging, and it faces trade measures from the US. The Canadian producers indicate that global excess production capacity remains a serious problem for steel, including COR, with new capacity increases beginning to offset recent success in shrinking global excess steel production capacity. The Canadian producers submitted information from OECD which reports that global steel production as a share of capacity fell from 77.3% in 2022 to 75.6% in 2023 and the OECD has voiced concerns about the growing overcapacity, softening demand for steel, and government interventions in certain economies which continue to distort steel markets. In addition, the OECD emphasized significant state involvement to promote and support internationalized Chinese steel expansion investments through large subsidies. The Canadian producers contend that these trends significantly increase the likelihood that COR producers, particularly those in China, will need to market exports at dumped prices in the near-to-medium term.

### China and the COR Market

#### *Section 20 Conditions in China*

[65] Section 20 of SIMA may be applied to determine the normal value of goods 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, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market. Where section 20 is applicable, normal values for the goods are not determined based on domestic prices or costs in that country.

[66] During the original COR investigation, the CBSA formed the opinion that section 20 conditions exist in China. On April 26, 2023, at the conclusion of the re-investigation, the CBSA affirmed its opinion that section 20 conditions exist in China's COR industry.

[67] The Canadian producers submit that an expiry review is not the appropriate proceeding for the CBSA to reconsider whether section 20 conditions exist in any of the subject countries.<sup>24</sup>

[68] The case brief submitted by the Canadian producers nonetheless included additional details in an appendix regarding the continued existence of section 20 conditions in China, which outlined the numerous methods used by the Government of China to control the price of steel through economic policies, directives and subsidies.<sup>25</sup>

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<sup>23</sup> Ibid pg. 62.

<sup>24</sup> Ibid., pg. 11.

<sup>25</sup> Ibid., Appendix 1.

[69] The Canadian producers assert that the GOC's ongoing influence over China's steel sector results in significant market distortions, causing severe excess capacity and fostering conditions that promote the Chinese exporters' tendency to export steel products at dumped prices.<sup>26</sup>

#### *China's Forecasted Excess COR Production*<sup>27</sup>

[70] The Canadian producers indicate that China's continued build-up of steel production capacity, despite slowing global steel demand, has led to increased levels of production beyond real demand. They indicate that this overcapacity threatens to destabilize the global steel industry, as profitability in the industry can only be ensured through meaningful reductions in global excess capacity. They argue that despite low domestic steel demand, the Chinese steel industry is operating at high levels, with an estimated output for the second half of 2023 to be at the highest point since 2020. Canadian producers provided forecasts that demonstrate that China's excess capacity is expected to grow through 2026, and without significant increases in domestic demand, China's high production levels will drive producers to increase exports to sustain their output levels and improve their capacity utilization. They argue that this could lead to a situation where Chinese COR exports to Canada are dumped if the CITT's finding expires.

#### *China's Economic Conditions*<sup>28</sup>

[71] The Canadian producers indicate that China's GDP growth slowed to 3% in 2022, down from 8.4% in 2021, and is forecasted to be 4.6% in 2024 and 4.1% in 2025, which is lower than pre-pandemic levels. They demonstrate that while economic activity in China began to recover in early 2023, that it was supported more by domestic services than by the steel-intensive infrastructure and manufacturing sectors. They further present that a real estate crisis in China is causing a decline in demand in the construction and consumer household goods industries, which are major downstream industries for COR. This, along with a decline in demand for non-construction products that consume COR, is leading to a contraction in China's total steel demand.

[72] The Canadian producers identify economic indicators that predict challenging domestic demand conditions for China's COR producers over the next 12 to 24 months, likely leading to an increase in COR exports. Forecasts for 2024 through 2026 show very low growth in Chinese COR demand. The construction industry, accounting for 57% of China's steel demand, is facing a crisis, with real estate investments plunging by 10% from December 2022. In addition, they argue that the government stimulus efforts have been unsuccessful in improving steel demand. Similarly, China's manufacturing industry, which accounts for about a quarter of its steel demand, is experiencing a decline in growth. Canadian producers indicate that despite stimulus packages targeting these industries, the domestic demand for COR is not expected to grow over the next two years. With slow domestic demand forecasted through 2026, Canadian producers indicate that Chinese exporters are likely to target other markets with stronger COR demand, including Canada.

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<sup>26</sup> Ibid. pg. 132.

<sup>27</sup> Ibid., pg. 73.

<sup>28</sup> Ibid., pg. 70.

*China's Export Orientation*<sup>29</sup>

[73] The Canadian producers indicate that China has seen significant fluctuations in its COR exports. In 2021, exports rose significantly due to the global economic rise and rebound from COVID-19. Although exports dropped in 2022, they remained significantly above 2020 volumes and increased by 33% in 2023. The parties contend that this trend correlates with China's diminished demand, excess production, and exports. China's exports of flat-rolled products, which includes COR, has been its top exported steel product since 2017. The Canadian producers claim that China is expected to maintain similar export levels due to overcapacity and weak domestic demand in 2024. They identify other Asian markets that are also experiencing low demand similar to China and are feeling the impact of China's economic slowdown. Canadian producers indicate that recent applications or extensions of anti-dumping measures against China have been put in place in several countries, increasingly restricting the markets available to Chinese COR producers.

[74] Given the challenging domestic demand conditions for China's COR producers, as identified by the Canadian producers, and the forecasted slow growth in Chinese COR demand through 2026, it is likely that Chinese exporters will seek markets with stronger COR demand. **Table 6**, which outlines China's top 10 export markets for COR by volume, highlights the markets that may be targeted by Chinese exporters in the coming years:

**Table 6: COR Exports UN Comtrade (MT)<sup>30</sup>**

Country Name	2020	2021	2022	2023 YTD (January-September)	2023 Annual Estimate
Thailand	1,556,847	1,487,345	1,059,361	1,024,478	1,365,971
South Korea	868,282	1,380,322	1,023,521	1,055,277	1,407,036
Philippines	897,317	1,025,825	1,104,431	813,369	1,084,492
Brazil	471,739	1,179,605	621,672	728,641	971,521
Indonesia	375,833	608,367	471,922	499,189	665,586
Vietnam	452,546	573,869	373,899	383,046	510,728
Chile	298,515	563,071	261,734	214,296	285,728
Israel	78,057	341,882	278,271	329,599	439,466
Italy	164,684	341,970	214,102	244,729	326,305
Japan	199,711	213,762	241,599	249,025	332,034
<b>Total Top 10 Export Market Volume</b>	<b>5,363,532</b>	<b>7,716,018</b>	<b>5,650,511</b>	<b>5,541,650</b>	<b>7,388,866</b>
<b>% Total Top 10 Export Market Volume</b>	<b>59%</b>	<b>59%</b>	<b>57%</b>	<b>57%</b>	<b>57%</b>

<sup>29</sup> Ibid., pg 80.

<sup>30</sup> Ibid., Table 26.

## *Summary : China*

[75] The Canadian producers summarize that China's forecasted excess production, diminished economic growth, weakening construction sector, weak COR demand growth and export dependence make it very likely that Chinese COR exporters will continue or resume sales to Canada at dumped prices if the CITT's finding is permitted to expire.

### Chinese Taipei and the COR Market

#### *Chinese Taipei's Forecasted Excess COR Production and Weak Demand<sup>31</sup>*

[76] The Canadian producers state that economic conditions in Chinese Taipei will likely incentivize steel producers to export COR to Canada at dumped prices if the CITT's finding expires.

[77] They point to Chinese Taipei's weak economic growth rate in 2023 which was the lowest it had been since the 2009 global financial crisis, with the industrial sector, including the steel industry, particularly affected. The construction sector, which accounts for approximately 25% of steel consumption, also declined due to high interest rates, rising construction costs, and subdued demand.

[78] Chinese Taipei's economy is highly dependent on exports, which accounted for an average of 57% of its GDP over the 2019 to 2023 period. However, Canadian producers outline that exports declined by 9.8% in 2023, due to a sudden drop in demand. The economic setback in 2023 significantly increases the likelihood that COR producers from Chinese Taipei will resume exporting COR to Canada at dumped prices if the CITT's finding expires.

#### *Inefficient Utilization Rate<sup>32</sup>*

[79] The Canadian producers indicate that Chinese Taipei's capacity utilization rate for COR from 2019 to 2023 was highly inefficient. They outline that this inefficiency and the production imperative will likely encourage COR producers to increase production to spread costs. Consequently, the Canadian producers claim that COR producers from Chinese Taipei have a high incentive to resume exporting COR to Canada at dumped prices if the CITT's finding expires.

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<sup>31</sup> Ibid., pg. 117.

<sup>32</sup> Ibid., pg. 120.

### Export dependence <sup>33</sup>

[80] According to the Canadian producers, Chinese Taipei's steel industry, particularly the COR industry, is reliant on exports for growth. They indicate, however, that in the near-to-medium term, Chinese Taipei will experience difficulties with accessing their main export markets – China, the EU, and North America – due to the imposition of duties and quotas, which significantly increases the likelihood of resumed dumping of COR in Canada if the CITT's finding expires. Despite the original COR finding and the 2023 re-investigation, Canada continues to be an important export market for Chinese Taipei COR, ranking 11<sup>th</sup> in terms of top export markets. Further, Chinese Taipei's propensity to quickly switch export markets is evident from its export trends. For instance, from 2020 to 2023, Chinese Taipei's COR exports to China declined by 33%, while exports to key markets like Belgium, Spain, and Portugal increased substantially, as shown in **Table 7** below.

[81] In the near-to-medium term, COR producers from Chinese Taipei will experience difficulties accessing their main export markets due to the deteriorating steel market conditions caused by the oversupply and the dumping of Chinese steel products. The oversupply caused by China; the effect of EU's Carbon Border Adjustment Mechanism (CBAM), increasing the price of COR exports to the EU in the coming years; and the continuation of the US and Mexico trade remedies, increases the likelihood that COR exporters from Chinese Taipei would increase exports to Canada at dumped prices if the CITT's finding expires.

**Table 7: Chinese Taipei COR Exports (Customs Chinese Taipei, MT)<sup>34</sup>**

Country Name	2020	2021	2022	2023
China	243,004	250,144	182,927	162,518
Spain	128,891	220,698	186,582	205,739
Belgium	74,123	192,003	130,186	192,262
United States	64,680	217,698	82,845	75,396
Thailand	103,547	110,630	102,677	81,685
Malaysia	106,594	99,588	77,252	103,855
Japan	68,200	72,224	71,421	84,907
United Kingdom	54,985	134,604	52,967	51,722
Australia	65,696	75,171	99,023	44,091
Portugal	31,389	19,768	34,918	85,950
<b>Total Top 10 Export Volume</b>	<b>941,109</b>	<b>1,392,528</b>	<b>1,020,798</b>	<b>1,088,124</b>
<b>% Total Top 10 Export Market Volume</b>	<b>84%</b>	<b>86%</b>	<b>88%</b>	<b>86%</b>
<b>Total Chinese Taipei Export Volume</b>	<b>1,123,510</b>	<b>1,612,332</b>	<b>1,158,265</b>	<b>1,264,725</b>

<sup>33</sup> Ibid., pg 120.

<sup>34</sup> Ibid., Table 37.

### *Summary : Chinese Taipei*

[82] Canadian producers argue that Chinese Taipei’s weak economy and export reliance may lead to increased COR exports to Canada at dumped prices if the CITT’s finding expires. The industrial and construction sectors, including steel, faced challenges in 2023. Low COR capacity utilization from 2019 to 2023 could prompt increased production to distribute costs. Despite the original COR finding and the 2023 re-investigation, Canada remains a top export market for Chinese Taipei. The access to main export markets may be hindered in the near-to-medium term due to ongoing US and Mexico trade remedies. All the above could lead to increased COR exports to Canada at dumped prices if the CITT’s finding expires.

### India and the COR Market

#### *The Government of India’s Investments in Increased Steel Production and Capacity*<sup>35</sup>

[83] The Canadian producers indicate that in 2021, the government of India (GOI) approved the “Production-Linked Incentive” (PLI) program for “Specialty Steel”, aiming to promote the manufacturing of higher value steel in India by incentivizing investment in production and technology. The program specifically targets increasing production and exports for “coated/plated steel products”, which includes COR. The PLI program forecasts a 144% increase in coated/plated steel production from 2019/2020 to 2026/2027. In addition, the Canadian producers argue that despite alarms over the global steel excess capacity, the GOI will continue to pursue steel capacity increases in the near-to-medium term. India’s 2017 “National Steel Policy” is still in effect (i.e. target steelmaking capacity of 300 million MT by 2030), and with India’s 2023 steelmaking capacity at 161 million MT, the Canadian producers claim that this means that the GOI and India’s steel industry will have to increase steelmaking capacity by 139 million MT or 86% in the next seven years to meet this target. S&P Global reported in January 2024 that by 2025, India’s top four steel companies will increase steelmaking capacity by approximately 23 million MT. All four Indian steel companies are COR producers. As such, the Canadian producers assert that India’s government and steel industry are on a determined path to significantly boost their steelmaking capacity and production, particularly of coated/plated steel products, despite global concerns about steel excess capacity.

#### *Difficult Domestic Market Conditions*<sup>36</sup>

[84] The Canadian producers claim that India’s COR industry is facing challenges due to insufficient domestic demand from downstream industries and increased domestic competition against Chinese COR.

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<sup>35</sup> Ibid., pg. 92.

<sup>36</sup> Ibid., pg.94.

[85] The Canadian producers state that despite India's projected GDP growth, it is not being driven by downstream industries of COR but rather by private investment in the technology sector. The manufacturing and construction sectors, two downstream sectors of COR, are reliant on government spending for growth. However, growth in these sectors is forecasted to decline in the near-to-medium term. Additionally, high inventory levels in the automotive sector and slow growth in the steel industry, will likely incentivize Indian COR producers to resume dumping COR to attractive markets like Canada if the CITT's finding expires. Further, increased competition from cheap Chinese steel and the lack of intervention from the GOI will continue to impact India's domestic steel and COR market. The Canadian producers argue that India's overall COR demand will be insufficient to absorb the projected COR production, significantly increasing the likelihood that Indian COR producers will continue dumping subject goods to Canada if the CITT's finding expires.

#### *Difficulties in Main Export Markets*

[86] The Canadian producers report that India's COR industry is facing challenges in their export markets, which significantly increases the likelihood of resumed dumping of Indian COR to Canada if the CITT's finding expires. They state that India's propensity to quickly switch export markets is evident from its export trends in **Table 8** below. Additionally, Indian COR exports in 2024 will face challenges due to the EU's existing steel safeguard, CBAM and Mexico's new general steel tariff. The Canadian producers indicate that over 50% of India's COR exports will be adversely impacted by the CBAM and that the COR producers from India must divert COR exports intended for EU countries to alternative export markets without a trade remedy in place. Further, China's penetration in India's steel market and reported fierce competition in export markets, will place Indian COR producers in a situation where they have increased excess COR inventory, but will have fewer export markets. The Canadian producers deduce that the situation would make Canada a prime target for dumped COR from India if the CITT's finding expires.



**Table 8: India's COR Exports (UN Comtrade, MT)<sup>37</sup>**

Country Name	2020	2021	2022	2023 YTD (January- November)	2023 Annual Estimate
Belgium	124,545	497,626	111,326	162,960	177,774
United Kingdom	32,864	106,094	106,112	122,533	133,672
Spain	70,129	87,483	52,184	105,670	115,277
Italy	21,545	175,687	37,964	68,444	74,666
United Arab Emirates	54,922	60,788	35,237	7,016	7,654
Poland	17,618	75,244	7,039	21,423	23,370
Paraguay	36,489	44,792	1,801	22,357	24,389
Mexico	1,436	40,372	33,379	15,276	16,665
Portugal	50,817	16,054	5,381	9,033	9,854
Qatar	20,450	29,332	16,905	10,872	11,860
<b>Total Top 10 Export Market Volume</b>	<b>430,815</b>	<b>1,133,473</b>	<b>407,328</b>	<b>545,584</b>	<b>595,183</b>
<b>% Total Top 10 Export Market Volume</b>	<b>67%</b>	<b>78%</b>	<b>83%</b>	<b>81%</b>	<b>81%</b>
<b>Total Indian Export Volume</b>	<b>647,297</b>	<b>1,451,732</b>	<b>488,217</b>	<b>670,265</b>	<b>731,198</b>

*Summary : India*

[87] The Canadian producers are of the opinion that India's COR industry is facing significant challenges both domestically and in their main export markets, which could lead to a resumption of dumping COR to Canada if the CITT's finding expires. They contend that the combination of India's aggressive steel production targets, insufficient domestic demand, increased domestic and international competition, and difficulties in export markets due to trade restrictions, will result in excess COR inventory and make Canada a prime target for dumped COR from India if the CITT's finding expires.

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<sup>37</sup> Ibid., Table 31

## South Korea and the COR Market

### *Production and Overcapacity in South Korea*<sup>38</sup>

[88] The Canadian producers indicate that South Korea's COR industry, has a large production capacity and low-capacity utilization rates. Data provided outlines that for the 2020 to 2023 period, excess production accounted for a close to half of total production. The Canadian producers argue that this excess is expected to grow in 2024 and 2025, with production increasing each year, outpacing consumption. The parties state that as a result, South Korea's excess production in 2025 will exceed the entire Canadian COR market. The parties argue that financial motivations and market conditions, including the availability of low-priced Chinese steel products, are likely to drive South Korean producers to increase production and export sales, potentially leading to the dumping of COR into the global marketplace, including Canada.

### *South Korea Economic Conditions*<sup>39</sup>

[89] The Canadian producers present evidence, that absent a finding, South Korean steel producers are likely to export COR to Canada at dumped prices in the near-to-medium term. They argue that this is due to challenging domestic demand conditions, with GDP growth slowing down and a significant share of this growth tied to exports. Canadian producers argue that the steel industry, a key sector in South Korea, is focusing on increasing self-sufficiency and improving trade balance by boosting exports. The Canadian producers report that the government of South Korea has announced a \$150 billion program to transition to low-carbon steel production and boost steel exports. Further, the construction industry, a major consumer of COR, is sluggish, and the steel industry faces challenges due to a decline in demand. They argue that these factors create an environment conducive to the dumping of COR in export markets.

### *South Korea's Export Orientation*<sup>40</sup>

[90] According to the Canadian producers, South Korea's COR industry is highly export-oriented, with the Korea Customs Service reporting an increase in exports to its top 10 markets over the 2020 to 2023 period, as noted in **table 9** below. The parties claim that as South Korea becomes more export-reliant due to weak domestic demand and rising excess production, South Korean COR producers will seek to increase exports to any and all available markets.

[91] In 2023, South Korean exports of COR to China declined by 16%, as noted in **table 9** below, due to China's excess production and stagnant consumption in the construction industry. The Canadian industry states that this decline is likely to continue beyond 2023 as China's property crisis continues to weigh down property-related activity. They indicate that as a result, it is very likely that South Korea will need to find new COR export markets in 2024 and 2025.

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<sup>38</sup> Ibid., pg 104.

<sup>39</sup> Ibid., pg 102.

<sup>40</sup> Ibid., pg 109.

[92] In January 2024, the South Korean steel industry, led by the major COR producer POSCO, prepared to file an anti-dumping case against the dumping of Chinese and Japanese HRS products. This anti-dumping case in South Korea is an indication of low domestic demand in China and Japan, South Korea's neighbouring countries. Canadian producers indicate that if South Korea imposes a trade remedy against Chinese HRS, it is likely to see Chinese producers increase their COR exports to South Korea, as HRS is a substrate of COR. Which may push South Korean producers to dump COR in export markets, such as Canada.

[93] The Canadian industry indicated that South Korean producers responded to declining exports to China by increasing exports to other countries. When South Korea's exports to China fell by 16% in 2023, South Korea quickly pivoted to other markets, resulting in a 6% increase in overall COR exports. This included increasing exports by 27% to Japan, 8% to Mexico, 30% to India, 39% to Türkiye, 13% to Slovenia, and 14% to Italy.

[94] However, the Canadian industry states that the South Korean exporters' ability to enter or expand in new markets is restricted by trade measures in numerous jurisdictions. Many markets have trade remedies against South Korea, including Australia, India, Malaysia, Mexico, Chinese Taipei, Thailand, and the US. Three of South Korea's top 10 export markets are located in Europe (Italy, Belgium and Slovenia). With respect to European export markets, forecasts provided by the Canadian producers show that costs from the CBAM will raise prices for steel supplied from South Korea to the EU starting from 2026 onwards to 2030. As such, the Canadian producers argue that South Korean COR exports, that would historically be destined for these European markets, may need to find new export markets in 2024 and onwards.

**Table 9: South Korean COR Exports (Korea Customs Trade Statistics, MT)<sup>41</sup>**

<b>Countries</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
China	780,842	775,251	672,480	565,527
Japan	558,354	645,997	665,531	845,613
Mexico	557,368	666,419	575,254	619,482
India	257,682	260,466	327,666	426,282
Türkiye	222,133	284,860	286,991	399,890
Slovenia	209,051	321,186	278,204	315,214
United States	209,116	321,167	278,504	319,244
Thailand	207,701	166,316	232,195	168,626
Italy	161,700	120,356	132,429	151,070
Belgium	144,501	134,428	136,455	136,555
<b>Total Top 10 Export Market Volume</b>	<b>3,358,489</b>	<b>3,661,385</b>	<b>3,578,789</b>	<b>3,857,900</b>
Canada	21,654	35,029	19,104	12,191
<b>Total South Korea Export Volume</b>	<b>4,782,022</b>	<b>5,050,468</b>	<b>4,810,392</b>	<b>5,111,919</b>
<b>% Total Top 10 Export Market Volume</b>	<b>70%</b>	<b>72%</b>	<b>74%</b>	<b>75%</b>

[95] Further, the Canadian producers claim that in addition to CBAM, there are demand challenges in South Korea's largest EU export markets. In Italy, investment in the construction sector had declined sharply in 2023 and is forecasted to decline a further 8.6% in 2024, along with falling employment and construction permits.

[96] In Belgium, the construction industry sentiment is pessimistic and the majority of those in the residential construction and home renovation sector expect worsening conditions in 2024, rather than a recovery from 2023.

[97] Forecasts of construction permit growth is likely to remain pessimistic for Slovenia, with 2024 demand remaining below that observed in prior years. Forecasts call for growth deceleration in 2024 and 2025 in the residential and non-residential sectors.

[98] After a drop in sales in 2023, the outlook for the European automotive industry is currently negative for Italy, Belgium and Slovenia.

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<sup>41</sup> Ibid., Table 34.

[99] As such, the Canadian producers argue that South Korean COR exports, which would historically be destined for these European markets, may need to find new export markets in 2024 and onwards.

*Summary : South Korea*

[100] The Canadian producers summarize that given historical trends; the sluggish domestic demand for COR and downstream products, coupled with the weakness of South Korea's primary export market in China; forecasted excess production; and steel trade remedies and economic difficulties in other traditional South Korean export markets, the export-oriented South Korean producers will be highly incentivized to find new export markets. This increases the likelihood that South Korean COR producers will resume dumping in the Canadian market if the CITT's finding expires.

***Parties Contending that Continued or Resumed Dumping is Unlikely***

**YPE**

[101] YPE made representations through its ERQ response and its case brief that dumping from Chinese Taipei is unlikely to continue or resume in the event that the CITT's finding expires.<sup>42</sup> Accordingly, YPE argues that the measures should no longer remain in place.

[102] The main factors identified by YPE can be summarized as follows:

- Economic Conditions in the Global Steel Sector
- Chinese Taipei's Economic Conditions
- Absence of Trade Remedies on COR Products Exported from Chinese Taipei in Major Third Markets
- COR Manufacturers From Chinese Taipei Have Diversified Export Markets and Have Minimal Presence in Canada

*Economic Conditions in the Global Steel Sector*<sup>43</sup>

[103] YPE reports that the global economy, which was severely impacted by the COVID-19 pandemic, has resumed growth since 2021, with inflation under control and no economic recessions despite rate hikes by central banks. The IMF projects global economic growth at 3.1% in 2024 and 3.2% in 2025, and major economies are expected to cut interest rates in late 2024, leading to cautious optimism about the global economy. Concurrently, the demand for steel products, including COR, is expected to grow moderately with the expansion of global GDP. Even though demand in China for steel is declining in 2024, it is anticipated that a surge in demand from India will offset this slowdown. This pattern of heightened steel demand, which has been evident since late 2023, is mirrored in the North American market. YPE argues that the steel industry is rebounding from the 2022 slump and the company holds a positive outlook for demand growth in 2024.

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<sup>42</sup> Exhibit 33 (NC) – Case brief filed on behalf of Yieh Phui Enterprise Co., Ltd.

<sup>43</sup> Ibid., pg. 2

### *Chinese Taipei's Economic Conditions<sup>44</sup>*

[104] YPE submits that Chinese Taipei's economy demonstrated resilience during the POR, outperforming its Asian peers despite the global COVID-19 pandemic. Its GDP growth in 2020 and 2021 surpassed the world average, and even with a slowdown in 2022, its GDP per capita exceeded that of Japan and South Korea in that year. This robust economic performance is attributed to the return of many China-based Chinese Taipei businesses due to the US-China trade tensions and growing global dependence on Chinese Taipei's tech sector, particularly semiconductors. Concurrently, Chinese Taipei's steel sector, especially the hot-dipped galvanized steel, saw steady growth, with domestic consumption increasing by approximately 30% from 2019 to 2022. With the construction market expected to grow at 3.4% in 2024, in line with Chinese Taipei's GDP growth rate, Chinese Taipei's leading steelmakers are generally optimistic about the steel market in 2024. YPE argues that the resilience and robust growth of Chinese Taipei's economy, coupled with the optimistic outlook of its steel market, underscore its potential to continue thriving amidst global challenges, further solidifying its position as a key player in the Asian and global economy.

### *Absence of Trade Remedies on COR Products Exported From Chinese Taipei in Major Third Markets*

[105] YPE presents that Chinese Taipei's three major COR manufacturers, Yieh Phui, Prosperity Tieh Enterprise Co., Ltd., and Shen Yu Steel Co., Ltd., have a combined production capacity of approximately two million MT. Over the past five years, these manufacturers have not been found to be dumping COR products to countries other than Canada. They have been subject to two anti-dumping investigations by Australia and New Zealand, both of which concluded with no dumping found and no anti-dumping measures imposed. YPE argues that in Canada, past investigations have found low dumping rates. YPE argues that, it is therefore unlikely that COR manufacturers from Chinese Taipei will continue or resume dumping COR to Canada in the future.

### *COR Manufacturers From Chinese Taipei Have Diversified Export Markets and Minimal Presence in Canada*

[106] YPE states that COR manufacturers from Chinese Taipei have diversified export markets, providing, as an example, YPE sales records demonstrating that it has dozens of export markets for COR. In addition, YPE argues that its sales of COR to Canada account for a minimal percentage of its exports and that the percentage has been decreasing over the past five years. YPE concludes that while the global economy and the global steel market are expected to continue to grow in the near term, there is a lack of evidence that YPE or its peer COR manufacturers in Chinese Taipei will continue or resume dumping COR to Canada.

[107] None of the other parties who participated contended that resumed or continued dumping of subject goods from China, India or South Korea is unlikely if the CITT's finding expires.

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<sup>44</sup> Ibid., pg. 3

## CONSIDERATION AND ANALYSIS : DUMPING

[108] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods, the CBSA may consider the factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant under the circumstances.

[109] Guided by, but not limited to these aforementioned factors, the CBSA conducted its review based on the documentation submitted by the various participants and its own research, all of which can be found on the administrative record.

[110] Before presenting a country-by-country analysis, there are several factors that relate to multiple countries, as discussed below.

### Commodity Nature of COR

[111] Generally speaking, COR manufactured either by a Canadian producer or by a foreign producer is physically interchangeable. COR manufactured by foreign producers for sale to Canada is generally manufactured to meet Canadian requirements.

[112] This means that COR producers must compete in a market that is price sensitive, where price is one of the primary factors affecting customer purchasing decision. Furthermore, because of this high degree of price sensitivity, importers of COR in Canada have demonstrated that they will switch to lower priced COR import sources when they are available. This source switching led to the initiation of the anti-dumping and countervailing investigations of COR from Türkiye and Vietnam and subsequent injury finding. As such, should the CITT's finding expire, the commodity nature of COR may increase the likelihood of continued or resumed dumping.

### Global Excess Steel Capacity

[113] Information on the record indicates that global steel capacity is as high as 2.5 billion MT as of 2023. The capacity is projected to increase as a result of significant investments in China, the Association of Southeast Asian Nations (ASEAN) countries and surrounding countries. The OECD Steel Committee reports that an additional steel production capacity of 46.0 million MT is scheduled for 2023-2025, with another 78.2 million MT in the planning stages for the same period. The OECD Steel Committee expressed concerns about the growing overcapacity, weakened demand for steel, and the distorting effects of government interventions, including subsidies, in the global steel markets.<sup>45</sup>

[114] Information on the record indicates that the gap between the global steel capacity and consumption was about 556.1 million MT in 2022, and increased to 610.8 million MT in 2023, corresponding with reduction in capacity utilization rates and weakened global steel demand.<sup>46</sup>

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<sup>45</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 62 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 43.

<sup>46</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 62 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 45.

[115] As noted previously, COR is usually produced from CRS and sometimes HRS. The excess capacity affecting the steel industry, including flat-rolled steel producers, has implications on global markets for COR. The CBSA is of the view that, in general, the excess capacity creates readily available feedstock and the wide-ranging trade remedies against CRS and HRS in countries around the world restrict market access for exporters. As such, should the CITT's finding expire, the global excess steel capacity may increase the likelihood of continued or resumed dumping.

#### Weakened Global Market Conditions and Demand for Steel Products

[116] Information on the record indicates that global economic growth is expected to remain low to moderate. In its April 2023 World Economic Outlook Update, the IMF forecasted GDP growth rates of 3.1% in 2024 and 2025, impacted by various factors including high global inflation, conflicts, persistent trade disruptions and contraction in China's real estate sector. In its January 2024 update, the IMF revised these growth rates to 3.1% in 2024 and 3.2% in 2025. However, the IMF noted that the 2024-2025 forecasts were below the historical average of 3.8%, between 2000 and 2019.<sup>47</sup> The World Bank also anticipates a growth rate of 3.0% in 2025 due to persistent high inflation, high interest rates, reduced investments and disruptions due to the Russian Ukrainian war.<sup>48</sup>

[117] Information on the record indicates that high inflation and interest rates have resulted in limited steel demand in 2023. According to the World Steel Association, steel demand in 2023 remained below 2021 levels and China's domestic demand is forecasted to remain at 1.6% below 2021 demand through 2024.<sup>49</sup> S&P Global also reports weak steel demand in China due to declining property construction.<sup>50</sup> However, there are also indications that consumption of steel in advanced economies are beginning to recover moderately which could lead to these markets being the target for dumped COR. For example, US economic growth has exceeded pre-pandemic projections for 2023.<sup>51</sup> Conversely, China is still 4.2% short of pre-pandemic projections.<sup>52</sup>

[118] Based on the available evidence, the CBSA finds that various steel sectors, including COR, will continue to be impacted by volatile conditions affecting the global economy. As such, should the CITT's finding expire, Canada represents an attractive market for COR producers for the subject countries to eliminate excess production capacity which may increase the likelihood of continued or resumed dumping of subject goods into Canada.

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<sup>47</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 62 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 42

<sup>48</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 62 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 53

<sup>49</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 64 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 46

<sup>50</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 64 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 87

<sup>51</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 64 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 44

<sup>52</sup> *Ibid*



## The Attractiveness of the Canadian Market

[119] As seen commonly across CBSA measures in force involving the steel industry, pricing for steel products in North America tends to be higher than many other markets, making it an attractive destination for exports.<sup>53</sup> This can hold true for companies looking to maximize profits, as well as those who seek to offload capacity and sell at dumped or subsidized prices.

[120] The Canadian economy is in a period of weak growth. In January 2024, the Bank of Canada reported Canadian GDP growth of 1.0% for 2023 and has forecasted GDP growth rebounding to 2.4% in 2025.<sup>54</sup> Despite this forecast, Canada will remain an attractive market for exporters of COR due to the higher prices, particularly those that face weakening demand in their home markets and primary export markets.

[121] After both the COR and COR2 (Türkiye and Vietnam) measures were put in place, there were further cases involving products that also include flat-rolled steel as primary raw material inputs from subject countries, including Container Chassis and Wind Towers from China and Heavy Plate from Chinese Taipei. Also noteworthy are the following products (most of which are downstream HRS products) where the CBSA has determined that the expiry of the finding is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods.<sup>55</sup>

- Steel Piling Pipe (China)
- Line Pipe 1 (China)
- Line Pipe 2 (South Korea)
- Pup Joints (China)
- Large Line Pipe (China)
- Steel Grating (China)
- OCTG 1 (China)
- OCTG 2 (Chinese Taipei, India and South Korea)
- Hot-Rolled Steel Sheet (China and India)
- Carbon Steel Welded Pipe 2 (Chinese Taipei, India and South Korea)
- Seamless Casing (China)
- Sucker Rods (China)
- Steel Plate 3 (China)
- Steel Plate 7 (South Korea)

[122] These determinations show that the subject countries continue to demonstrate a pattern of being attracted to the Canadian market and exporting steel products, in particular goods that are produced from flat-rolled steel, at dumped and/or subsidized prices into Canada. As such, should the CITT's finding expire, the attractiveness of the Canadian market may increase the likelihood of continued or resumed dumping.

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<sup>53</sup> [Statement of reasons—Expiry review determination: Seamless Casing \(SC 2023 ER\) \(cbsa-asfc.gc.ca\)](#) – para. 153, [Statement of reasons—expiry review determination: Carbon and alloy steel line pipe 2 \(LP2 2022 ER\) \(cbsa-asfc.gc.ca\)](#) – para. 114.

<sup>54</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 14 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 1

<sup>55</sup> [Dumping and subsidy expiry reviews \(cbsa-asfc.gc.ca\)](#)

## Trade Measures in Other Jurisdictions

[123] As previously discussed, relatively higher priced markets such as North America and Europe, tend to be more attractive to exporters of COR because the exporters can make themselves a more appealing choice for consumers by significantly undercutting local prices. This price advantage can lead to increased market share and profitability for COR exporters.

[124] As can be seen in **Table 5**, the subject countries have limited export markets where they can freely offload excess production without being subject to trade remedies. The widespread practice of dumping COR in global markets is so pronounced that Chinese Taipei, one of the subject countries, has implemented active anti-dumping measures against COR from China and South Korea.<sup>56</sup>

[125] While YPE is correct in affirming that New Zealand and Australia found no evidence of dumping of the subject goods from Chinese Taipei in their anti-dumping investigations and that the US Department of Commerce has revoked the anti-dumping measures on COR exported by YPE, the fact remains that YPE was found to have dumped COR in Canada, at rates that were not negligible. Further, although the US COR measure was rescinded, the current US Section 232 duties are a far more significant trade barrier.<sup>57</sup>

[126] Other steel safeguards, by way of tariff rate quotas, applicable to imports from the subject countries have been implemented in the EU, Morocco and in the US through US Section 232 duties. Mexico, which already has an existing trade remedy against COR from China and Chinese Taipei, implemented a 25% duty on steel products including COR from all the subject countries.<sup>58</sup>

[127] The CBSA agrees that in addition to the various anti-dumping findings noted above, the EU and Moroccan steel safeguard measures; the 25% duties imposed from Mexico; and the US 232 measures may increase the likelihood of continued or resumed dumping, should the CITT's finding expire.

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<sup>56</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 53 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachments 22, 23

<sup>57</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 124

<sup>58</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 53 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachments 9, 35 and 36

## China

[128] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in China. Therefore, the CBSA, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to China.

[129] Regarding the demand for COR in China, main downstream industries for subject COR include construction and consumer household goods. These industries are experiencing a domestic demand decline.<sup>59</sup> There is currently a growing real estate crisis in China that poses a risk to the global economy. The supply of housing is not matched with demand, and the property sector has experienced a severe contraction in response to collapsing demand. Demand for new housing in China is projected to drop around 50% over the next decade.<sup>60</sup>

[130] The Chinese automotive sector has also been performing poorly, with declines in passenger vehicle sales in June and July of 2023 and new energy vehicles in January of 2024.<sup>61</sup> While COR for automotive end-use is outside the scope of the finding, weaker consumption will increase the general availability of COR in the marketplace.

[131] Regarding capacity issues, since no ERQ responses were received from Chinese producers, the CBSA has limited information regarding the production levels of COR producers in China. However the issue is well documented in other CBSA measures in force regarding the Chinese steel industry as well as in the public domain. For example, a chief analyst from a Chinese government owned steelmaker admitted that capacity is a serious problem estimating that China's capacity totalled 1.25 billion MT in 2023.<sup>62</sup>

[132] In 2024, Chinese authorities informed steel producers that there would be no annual production limits, as part of a strategy to boost economic growth. This effectively places the nation's economic expansion above the worldwide issue of surplus steel capacity.<sup>63</sup>

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<sup>59</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 70 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachments 53, 56, 57, 58

<sup>60</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 70 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 59, 60

<sup>61</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 71 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 69, 70

<sup>62</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 72 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 75

<sup>63</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 72 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 79

[133] As previously noted by the CITT, “Steel mills are capital intensive with high fixed costs. In order to recover fixed expenses, steel mills must run at high levels of production capacity. When demand in the domestic market decreases, producers will search out foreign markets to maintain capacity utilization to ensure that these fixed costs are recovered.” This is often referred to as the “economics of steel production.”<sup>64</sup> Conditions of overcapacity exacerbate this characteristic as a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer’s variable costs are covered.

[134] Without significant increases in domestic demand, it is reasonable to expect that China’s current high production levels could drive producers to increase exports to sustain their output levels and improve their capacity utilization.

[135] Lastly, exporters in China have a propensity to dump COR and other steel products which is demonstrated by the numerous anti-dumping measures that have been imposed by Canada and other jurisdictions as discussed above in this report.

### **Determination regarding likelihood of continued or resumed dumping: China**

[136] Based on information on the record regarding: the large number of producers in China capable of producing a significant amount of COR; the weak domestic demand; China’s export dependence; the attractiveness of the Canadian market; the propensity of Chinese exporters to market products at dumped prices; the production imperative; the imposition of anti-dumping measures by other jurisdictions in respect of COR or similar steel products from China; and the weakened global market conditions and demand for steel products, the CBSA determined that the expiry of the CITT’s finding is likely to result in the continuation or resumption of dumping of COR into Canada from China.

### **Chinese Taipei**

[137] The CBSA received an ERQ response from one exporter located in Chinese Taipei, YPE.<sup>65</sup> The exporter expressed the opinion that dumping from Chinese Taipei is unlikely to continue or resume in the event the CITT’s finding expires. Additionally, a case brief was received from YPE.<sup>66</sup>

[138] YPE indicates that the three major manufacturers of COR in Chinese Taipei have a total production capacity of approximately two million MT.<sup>67</sup> This is refuted by data submitted by the Canadian producers.

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<sup>64</sup> [CITT Expiry Review Statement of Reasons on Hot-Rolled Carbon Steel Plate and High-Strength Low-Alloy Plate](#), pg.14.

<sup>65</sup> Exhibit 26 (PRO) and 27 (NC) – Response to expiry review questionnaire (ERQ) from YPE

<sup>66</sup> Exhibit 33 (NC) – Case brief filed on behalf of YPE

<sup>67</sup> Exhibit 33 (NC) – Case brief filed on behalf of YPE pg. 5

[139] COR producers in Chinese Taipei are export oriented. Data provided by the Canadian producers indicate that the COR producers in Chinese Taipei have had low capacity utilization rates from 2019 to 2023.<sup>68</sup> As such, economies of scale and low domestic consumption encourage these COR producers to increase production and actively pursue new markets.

[140] The data reported in **Table 7** demonstrates that exporters from Chinese Taipei have shown a tendency to rapidly shift export markets as required by market conditions. For example, from 2020 to 2023, Chinese Taipei's COR exports to China fell by 33% or 80,486 MT. However, Chinese Taipei's COR exports to key markets such as Belgium, Spain, and Portugal saw substantial increases during the same time.

[141] The CBSA is of the opinion that exporters from Chinese Taipei will face increasing difficulties in accessing their main export markets; China, the EU, the US and Mexico.

[142] The South East Asia Iron and Steel Institute attributes Chinese Taipei's decline in steel exports in 2023 to worsening market conditions in China. As noted previously, these worsening market conditions in China have led to an oversupply and subsequent overseas dumping of Chinese steel products, which has resulted in a significant reduction in demand for steel from Chinese Taipei, as international buyers are turning to cheaper Chinese steel. This shift has had a profound impact on the steel industry in Chinese Taipei, leading to a decrease in their export volumes. This situation is expected to persist in the near-to-medium term. Consequently, Chinese Taipei steel and COR manufacturers will likely redirect their COR to other export markets, such as Canada, to compensate for the drop in export sales.<sup>69</sup>

[143] YPE states that while the EU has imposed a quota system under global safeguard measures on steel products, these quantity restrictions have not prohibited sales from Chinese Taipei.<sup>70</sup> While the CBSA acknowledges this present situation, evidence on the record indicates that 51%<sup>71</sup> of steel produced in Chinese Taipei is from blast furnaces, which would mean that a majority of exports to the EU would be subject to the CBAM when the tax is implemented. As such, COR producers in Chinese Taipei would need to seek out other exports markets.

[144] Finally, in North America, while YPE is not subject to US anti-dumping measures due to the revocation of these duties in August of 2023, it must comply with Section 232 duties and the newly imposed 25% duties in Mexico and as such may need to seek out other export markets.

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<sup>68</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 120

<sup>69</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 123 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 180

<sup>70</sup> Exhibit 33 (NC) – Case brief filed on behalf of YPE pg. 7

<sup>71</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 123 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 183

## **Determination regarding likelihood of continued or resumed dumping: Chinese Taipei**

[145] Based on information on the record regarding: the overcapacity and inefficient utilization rate of Chinese Taipei producers; the insufficient domestic demand; Chinese Taipei's export dependence; the attractiveness of the Canadian market; the propensity of Chinese Taipei exporters to market products at dumped prices; the production imperative; the imposition of trade measures in other jurisdictions in respect of COR; and the weakened global market conditions and demand for steel products, the CBSA has determined that the expiry of the CITT's finding is likely to result in the continuation or resumption of dumping of COR into Canada from Chinese Taipei.

### **India**

[146] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in India. The CBSA, therefore, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to India.

[147] In 2021, the GOI approved the PLI program for specialty steel, aimed at promoting the manufacturing of high-value steel in India by incentivizing investment in production assets and technology. This program, which targets the increase of production and exports for coated/plated steel products including COR, is expected to be implemented over six years starting from the 2023-2024 fiscal year. Most coated/plated steel, including COR, is produced on the same equipment, implying that the majority of the increased production and capacity could be used to produce COR. As of January 2024, the GOI approved 67 applications for the PLI program from 32 Indian steel companies, eight of which are COR producers. The GOI forecasts that coated/plated steel exports will increase by 179% from 2019 to 2026, increasing excess production by a significant margin.<sup>72</sup> India's planned increases in steel capacity, including COR, in the near-to-medium term will intensify the supply-demand imbalance in their domestic steel market and aggravate the global excess capacity issue in the steel industry. Consequently, Indian steel and COR producers will likely shift their focus to export markets for sales.

[148] The CBSA is of the opinion that India, similar to China, Chinese Taipei and South Korea, is also experiencing limited domestic demand for COR as well as in downstream products.

[149] Despite the GOI's expenditure, the growth of India's construction industry, a downstream sector of COR, is predicted to decrease in the near-to-medium future. This is crucial as the construction and infrastructure sectors in India collectively consume 68% of total steel.<sup>73</sup>

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<sup>72</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 87 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachments 100, 101, 102, 104, 106, 108

<sup>73</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 95 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 114

[150] The passenger vehicle segment in India is also forecasted to have a year of single digit growth despite manufacturers offering significant discounts,<sup>74</sup> increasing the likelihood of diverting volumes of COR to non-automotive use.

[151] Indian steel manufacturers are dealing with heightened competition from inexpensive Chinese steel, exacerbating their situation. Following the GOI's revocation of their anti-dumping finding on COR from China and other countries in 2023, Indian steel suppliers have reported an influx of cheap Chinese steel, including galvanized steel products and COR, into their domestic market. This is attributed to Indian steel traders receiving significant discounts on Chinese flat steel products, including hot-rolled coil and cold-rolled coil, which are substrates for COR. The resulting lost sales may lead domestic COR producers to pursue export sales aggressively.<sup>75</sup>

[152] UN Comtrade data reveals several trends that suggest a heightened probability of India resuming the export of COR to Canada at dumped prices if the CITT's finding expires. One key trend is India's ability to swiftly shift export markets. For example, as reported in **Table 8**, between 2020 and 2023, Indian exports of COR to the UAE and Argentina fell by 87% and 100% respectively, while exports to Mexico and the UK rose by 964% and 273% respectively. Furthermore, India has shown the capacity to rapidly increase exports on an annual basis. In 2021, data from **Table 8** also demonstrates that Indian exports of COR to certain markets, including Belgium, Italy, and Mexico, saw significant year-on-year increases. This indicates that Indian exporters are adept at seizing new export opportunities and can swiftly ramp up export volumes when such opportunities present themselves.<sup>76</sup>

[153] As the majority of Indian steel is made in furnaces that use coking coal, exports to the EU will be subject to the CBAM tax once implemented. Mexico's new general steel tariff imposing a duty of 25% may also further restrict export opportunities from India.

#### **Determination regarding likelihood of continued or resumed dumping: India**

[154] Based on information on the record regarding: the commodity nature of COR; the projected excess steel and COR overcapacity in India; the weakened market conditions and demand for COR in India; the attractiveness of the Canadian market; the propensity of Indian exporters to market products at dumped prices; the production imperative; the imposition of trade measures in other jurisdictions in respect of COR; and the weakened global market conditions and demand for steel products, the CBSA has determined that the expiry of the CITT's finding is likely to result in the continuation or resumption of dumping into Canada of COR from India.

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<sup>74</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 96 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 126

<sup>75</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 98 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Confidential Attachment 302.

<sup>76</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 100 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Confidential Attachment 85.

## South Korea

[155] The CBSA received an ERQ response from one exporter located in South Korea, KG Dongbu.<sup>77</sup> The exporter indicated that they did not wish to express an opinion on the likelihood of continued or resumed dumping of COR if the CITT's finding expires. Additionally, no case briefs or reply submissions were received from South Korean exporters. The CBSA, therefore, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to South Korea.

[156] South Korea's COR demand in major downstream industries, such as construction, has slowed and pushed demand for steel down. As such, the CBSA agrees with the Canadian producers' contention that South Korea's forecasted COR demand is not a sufficient disincentive for South Korean COR producers to refrain from dumping excess production into export markets.<sup>78</sup>

[157] In terms of production capacity, information submitted by the Canadian producers shows that South Korea has a large COR production capacity, and that its COR production volumes exceed its domestic demand.

[158] Data provided by the Canadian producers indicates that South Korea's COR production increases are expected to outpace domestic consumption leading to annual excess production that surpasses the entire Canadian COR market in 2023.

[159] The global steel market's slowdown led to stagnant or reduced profits for major South Korean COR producers, POSCO and Hyundai Steel. This was due to the influx of low-priced steel products from China, which lowered prices in the South Korean market in 2023. POSCO, still feeling the effects of the Chinese steel product, remains negative about South Korean steel prices mirroring raw material costs, stating that South Korean prices are unlikely to improve in the short-term and the overall market downturn will persist. These financial outcomes and the pressure from cheap Chinese steel will continue to motivate South Korean producers to boost export sales and dump COR into the global market to enhance capacity utilization rates and decrease average costs.<sup>79</sup>

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<sup>77</sup> Exhibit 23 (PRO) and 24 (NC) – Response to expiry review questionnaire (ERQ) from KG Dongbu

<sup>78</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 103 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 66

<sup>79</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 106 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 150



[160] COR demand in construction is impacted by South Korea's fiscal policy, with interest rates staying elevated from late 2023 to early 2024. These high interest rates notably impact the demand for new homes and construction, as the South Korean government addresses the significant challenge of having a large volume of unsold residential units across the country.<sup>80</sup> By the close of 2023, it was reported that investment in construction had declined by 4.2% on a quarterly basis, with developers ensnared in a debt crisis that suggests a prolonged shortfall in housing.<sup>81</sup>

[161] With relation to South Korea's export orientation, the South Korean Customs Trade Statistics data reported in **Table 9** shows the country's top export markets.<sup>82</sup> The trend of declining sales to China, historically South Korea's largest export market, is noted to have the impact of increasing the need for producers of subject goods to find alternative markets for COR.

[162] The Korea Automobile Importers and Distributors Association reports a decline in South Korea's new car registrations, with a 1.2% decrease from January to September 2023. In December 2023, domestic auto sales from South Korea's five main automakers also fell by 13.0% year-over-year, and this downward trend continued into January 2024 with a combined decrease of 2.0%. The domestic demand for electric vehicles also slowed in Q4 2023 due to sluggish economic growth.<sup>83</sup> While COR for automotive uses is not within the scope of the CITT's finding, the declining demand from South Korea's automotive industry suggests that more COR production will be directed towards export markets for alternative end-uses.

[163] Another trend observed from the export data is that South Korean producers quickly pivoted to other markets when faced with declining demand from China, resulting in a 6% increase in overall COR exports. This included increasing exports to Japan, Mexico, India, Turkey, Slovenia and Italy.<sup>84</sup>

[164] Three of South Korea's top 10 export markets are located in Europe. With respect to European export markets, CRU forecasts that the EU's CBAM will increase the price of COR exports to the EU in the coming years starting from 2026 onwards to 2030. Consequently, South Korean producers are likely to spend 2024 and 2025 securing market share in non-EU markets in order to reduce their exposure to the CBAM as of 2026.<sup>85</sup>

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<sup>80</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 106 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 153

<sup>81</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 107 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachment 155

<sup>82</sup> Refer to section titled “South Korea's Export Orientation”.

<sup>83</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 108 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Public Attachments 158-161

<sup>84</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 111 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Confidential Attachment 10

<sup>85</sup> Exhibit 34 (PRO) and 35 (NC) – Case brief filed on behalf of AMD and Stelco pg. 111 & Exhibit 28 (PRO) and 29 (NC) – Close of record - attachments from AMD and Stelco, Confidential Attachment 163.

[165] The CBSA has anti-dumping measures in force for the following steel products originating in or exported from South Korea;

- Carbon Steel Welded Pipe 2
- Cold-Rolled Steel
- Concrete Reinforcing Bar
- Hollow Structural Sections
- Line Pipe 2
- Oil Country Tubular Goods 2; and
- Steel Plate 7

[166] Other jurisdictions, which have also been noted earlier in this report in **Table 5**, have trade remedies against flat-rolled steel products, including COR, from South Korea.

### **Determination regarding likelihood of continued or resumed dumping: South Korea**

[167] Based on information on the record regarding: the major COR producers in South Korea and their excess production capacities; South Korea's weakened domestic market; South Korea's export dependence; the attractiveness of the Canadian market; the propensity of South Korean exporters to market products at dumped prices; the production imperative; the imposition of trade measures in other jurisdictions in respect of COR; and the weakened global market conditions and demand for steel products, the CBSA has determined that the expiry of the CITT's finding is likely to result in the continuation or resumption of dumping of COR into Canada from South Korea.

## **CONCLUSION**

[168] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR and considered any other factors relevant in the circumstances. Based on the foregoing analysis of pertinent factors and consideration of information on the record, on June 13, 2024, the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding made by the CITT on February 21, 2019, in Inquiry No. NQ-2018-004 in respect of COR originating in or exported from China, Chinese Taipei, India and South Korea is likely to result in the continuation or resumption of dumping of such goods.

## **FUTURE ACTION**

[169] The CITT has now initiated its expiry review to determine whether the continued or resumed dumping is likely to result in injury. The CITT's expiry review schedule indicates that it will make its decision by November 20, 2024.

[170] If the CITT determines that the expiry of the finding with respect to the goods is likely to result in injury, the finding will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping duties on dumped importations of the subject goods.

[171] If the CITT determines that the expiry of the finding with respect to the goods is not likely to result in injury, the finding will expire in respect of those goods. Anti-dumping duty would then no longer be levied on importations of the subject goods, and any anti-dumping duty paid in respect of goods that were released after the date that the finding was scheduled to expire will be returned to the importer.

## CONTACT US

[172] For further information, please contact the officer listed below:

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