



OTTAWA, December 20, 2024

COR3 2024 IN

STATEMENT OF REASONS

Concerning the self-initiation of an investigation into the dumping of

CORROSION-RESISTANT STEEL SHEET ORIGINATING IN OR EXPORTED FROM THE REPUBLIC OF TÜRKIYE BY BORÇELİK ÇELİK SANAYİ TİCARET A.Ş.

DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency self-initiated an investigation on December 5, 2024, into concerns regarding injurious dumping of corrosion-resistant steel sheet originating in or exported from the Republic of Türkiye by Borçelik Çelik Sanayi Ticaret A.Ş.

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

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SUMMARY

- [1] On November 8, 2019, the Canada Border Services Agency (CBSA) initiated a dumping investigation, with respect to corrosion-resistant steel sheet (COR) originating in or exported from the Republic of Türkiye (Türkiye), including COR from Borçelik Çelik Sanayi Ticaret A.Ş. (Borçelik), referred to as COR2. On October 16, 2020, the CBSA made a final determination that COR from Türkiye had been dumped. On that same date, the CBSA terminated the dumping investigation regarding Borçelik, as the CBSA did not find a margin of dumping. Therefore, Borçelik is excluded from the COR2 measure in force.
- [2] As part of the early implementation of Market Watch, the CBSA has started to monitor imports and trade practices in industries with existing trade remedy measures. Through this monitoring, the CBSA has identified concerns about imports of Turkish COR from Borçelik. The information available indicates that there is evidence that imports of COR originating in or exported from Türkiye by Borçelik (hereinafter “subject country” and “subject goods”) have been dumped and that this dumping has caused injury and is threatening to cause injury to the domestic industry.
- [3] On December 5, 2024, pursuant to subsection 31(1) of *Special Import Measures Act* (SIMA), the CBSA, on its own initiative, initiated an investigation respecting the dumping of COR from Türkiye by Borçelik.

BACKGROUND

CURRENT MEASURES IN FORCE: COR AND COR2

- [4] In recent years there have been two CBSA dumping investigations and one subsidy investigation regarding COR that have resulted in COR exports to Canada being subject to anti-dumping and/or countervailing duties. The current measures are identified as COR and COR2 and have been in force since 2019 and 2020, respectively. COR includes goods from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea; COR2 includes goods from Türkiye and Vietnam.

INTERESTED PARTIES

DOMESTIC INDUSTRY

- [5] The domestic industry is comprised of three producers, ArcelorMittal Dofasco G.P. (AMD), Material Sciences Corporation, and Stelco Inc. (Stelco).
- [6] ArcelorMittal Dofasco (AMD) operates a total of six galvanizing lines, four of which are located in Hamilton, Ontario, one in Windsor, Ontario, and one in Coteau-du-Lac, Québec.¹ A seventh line is currently idled. It is the largest of the three producers of COR in Canada.

¹ EXH 30 (NC) COR2 – Public Complaint by Arcelor Mittal Dofasco GP – para. 33

ArcelorMittal Dofasco G.P.
1330 Burlington St E,
Hamilton, ON L8N 3J5

- [7] Material Sciences Corporation operates a continuous electro-galvanizing line in Rexdale, Ontario.²

Material Sciences Corporation
1430 Martin Grove Road
Rexdale, ON M9W 4Y1

- [8] Stelco's facilities are located in Hamilton and Nanticoke, Ontario. Together, more than 2,300 employees work to produce up to three million net tons of steel products each year. Stelco's Hamilton facility is home to its 4-stand tandem mill that produces cold-rolled sheet and COR.³

Stelco Inc.
386 Wilcox Street
Hamilton, ON

EXPORTER

- [9] The exporter of the subject goods is Borçelik in Türkiye. The exporter was asked to respond to the CBSA's Dumping Request for Information (RFI).

Borçelik Sanayi Ticaret A.Ş.
Ata Mh. 125 No'lu Sokak No:1
Gemlik, Bursa, Türkiye, 16601

IMPORTERS

- [10] The CBSA identified eleven potential importers of the subject goods from CBSA import documentation. All of the potential importers were asked to respond to the CBSA's Importer RFI.

PRODUCT INFORMATION

DEFINITION

- [11] For the purpose of this investigation, subject goods are defined as:

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

² [Material Sciences Coated Metal Facility Toronto, Ontario, Canada](#)

³ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, Supplemental Witness Statement of Trevor Harris of Stelco Inc. - paras. 3-5

- 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, with or without passivation and/or anti-fingerprint treatments, originating in or exported from the Republic of Türkiye by Borçelik Çelik Sanayi Ticaret A.Ş., and excluding:

- *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, including with lacquers or varnishes, or permanently coated in plastic;*
- *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;*
- *perforated steel,*
- *and tool steel.*

ADDITIONAL PRODUCT INFORMATION⁴

[12] The product definition includes corrosion-resistant steel sheet where the substrate is coated 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.

[13] The product definition includes galvanized steel. Galvanized steel is produced by passing the steel through an annealing furnace after it completes the hot-dip galvanizing process and while the zinc is still liquid. This causes the iron and zinc layers to diffuse into each other, creating a zinc-alloy layer at the surface.

⁴ Corrosion-resistant Steel Sheet, December 1, 2020, NQ-2019-002, *Statement of Reasons* (CITT), paras. 36-43

- [14] 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.
- [15] Corrosion-resistant steel with anti-fingerprint coatings (whether as part of a passivation treatment or separate) is also included within the product definition.
- [16] COR 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, COR produced from either carbon steel or alloy steel is included in the definition of the subject goods.
- [17] The subject goods (and like goods produced by the domestic industry) 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
- [18] 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.
- [19] For greater clarity, the product definition does not cover:
- 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 may fall under Customs Tariff item 9959.00.00.

- Pre-painted steel and steel permanently coated in plastic. Pre-painted steel is steel on which paint has been applied by coil coating at the manufacturing facility. The paint may be applied to one or both sides. The paint may be applied as a liquid, paste, powder, varnish or lacquer. Paints may include, but are not limited to, primers, finishing coats, polyesters polymers, plastisol paints, polyurethanes, polyvinylidene fluorides, and epoxy. Steel permanently coated in plastic is steel to which plastics, including films or laminates, are permanently attached.

PRODUCT PROCESS⁵

- [20] The subject goods are usually produced from CRS and sometimes from HRS sheet. The steel sheet to be coated is commonly referred to as steel substrate. Hot-dip galvanizing and electro-galvanizing are the two processes that can be used to coat the substrate steel sheet with zinc, aluminum, or other alloys. AMD uses hot-dip galvanizing.
- [21] In the hot-dip galvanizing process, the first step is to clean the surfaces to improve the adhesion of the coating. After cleaning, the substrate enters a continuous annealing furnace. The furnace heats the substrate to the temperature necessary to develop the desired metallurgical properties of the final product. The substrate is then placed in a molten coating bath and, as it emerges from the bath, an air, nitrogen or steam wipe is used to control the thickness of the coating. The galvanized steel sheet is then cooled in a cooling tower.
- [22] In the electro-galvanizing process charged steel passes through a plating bath and opposite electrical charges cause the zinc solution to coat the steel. Cold-rolled steel coils are batch annealed in multi-stack furnaces or in off-line continuous annealing process, often skin passing on a temper mill, before being electro-galvanized with a thin coating of zinc on a continuous processing line.

PRODUCT USE⁶

- [23] Common applications for COR falling within the product definition include, but are not limited to, production of farm buildings, grain bins, culverts, garden sheds, roofing material, siding, floor decks, roof decks, wall studs, drywall corner beads, doors, door frames, ducting (and other heating and cooling applications), flashing, hardware products and appliance components.

⁵ Corrosion-Resistant Steel Sheet 2 Complaint (NC), paras 21-24

⁶ Corrosion-Resistant Steel Sheet 2 Complaint (NC), para 26

CLASSIFICATION OF IMPORTS

[24] Beginning January 1, 2022, under the revised customs tariff schedule, subject goods are normally classified 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	

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

PERIOD OF INVESTIGATION

[26] The CBSA typically selects a period of investigation (POI) that covers a twelve-month period that ends within three months of the date of initiation of an investigation. The CBSA has, therefore, selected a POI of October 1, 2023 to September 30, 2024 for the purposes of this investigation.

LIKE GOODS AND SINGLE CLASS OF GOODS

Like Goods

[27] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as “... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any [such] goods..., goods the uses and other characteristics of which closely resemble those of the other goods”. In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics and whether the domestic goods fulfill the same customer needs as the subject goods.

[28] In its past inquiries involving COR, the CITT determined that domestically produced COR constituted like goods to the goods at issue. In making both the COR⁷ and COR2⁸ findings, the CITT determined that domestically produced COR were like goods to the goods at issue in those inquiries.

⁷ Canadian International Trade Tribunal: COR Finding, NQ-2018-004, paras. 24-25.

⁸ Canadian International Trade Tribunal: COR2 Finding, NQ-2019-002, para. 41

[29] For the purposes of this analysis, like goods consist of domestically produced COR as described in the product definition. For additional clarity, like goods do not include COR which is excluded from the subject goods product definition, such as COR for automotive use.

[30] As there has been no substantive change of circumstances with respect to the criteria identified by the CITT in the previous proceedings, the CBSA is satisfied that the like goods and subject goods are commodity goods that compete with one another in the Canadian market place, and are fully interchangeable. After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that domestically produced COR is “like goods” to the “subject goods” and forms a single class of goods for the purposes of this dumping investigation.

IMPORT ANALYSIS

[31] The CBSA conducted a review of imports of COR from the CBSA’s Facility Information Retrieval Management (FIRM) database and the Accelerated Commercial Release Operations Support System (ACROSS). In addition, COR2 measure in force data was also requested from the Trade Compliance Division of the CBSA for this analysis.

[32] Detailed information regarding the volumes of imports of COR cannot be divulged for confidentiality reasons. However, for the purposes of the initiation of the dumping investigation, the CBSA has prepared the following table to show the estimated share of imports held by Borçelik and all other imports, based on the FIRM and ACROSS databases.

**TABLE 1
CBSA’S ESTIMATES OF IMPORTS
(BASED ON % OF VOLUME – METRIC TONNES)**

Exporter/Country of Origin	2021	2022	2023	January - September 2023	January - September 2024	POI (October 2023 to September 2024)
Borçelik	4.7	5.6	8.1	7.7	12.1	11.5
All Other Imports	95.2	94.4	91.9	92.3	87.9	88.5
Total Imports*	100	100	100	100	100	100

* Some percent totals may not add to 100% due to rounding.

[33] Results from the CBSA’s analysis of imports finds that imports of subject goods into Canada from Borçelik have been increasing and are not negligible.

[34] The CBSA will continue to gather and analyze information on the volume of imports during the POI of October 1, 2023 to September 30, 2024 as part of the preliminary phase of the dumping investigation and will refine these estimates.

EVIDENCE OF DUMPING

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

[36] The export price of goods sold to importers in Canada is generally the lesser of the exporter's selling price and the importer's purchase price, less all costs, charges and expenses resulting from the exportation of the goods.

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

NORMAL VALUE

[38] The CBSA does not have actual domestic sales information or actual costing information for Borçelik's COR products. As a result, the CBSA used the best available information to estimate normal values for subject COR imports from Borçelik.

[39] For purposes of initiation, the CBSA estimated normal values using the normal values for future use issued to cooperative Turkish COR exporters during the most recent COR2 re-investigation. The CBSA considers this to be the best information available as these are actual normal values that were issued pursuant to section 15 or paragraph 19(b) of SIMA and they are currently in place for those cooperative exporters. Additionally, these normal values were in place during the POI. Lastly, COR2 shares the same product definition and the normal values covered a wide variety of subject COR.

[40] The CBSA relied upon the customs declaration information available in the FIRM and ACROSS databases for the import analysis. As the information available in FIRM and ACROSS do not include a complete description for product characteristics, the CBSA is unable to estimate model specific export prices.

[41] The customs declaration information available in FIRM and ACROSS permitted the CBSA to estimate monthly export prices for all subject COR imports from Borçelik. As such, monthly normal values were estimated using the current Turkish COR normal values from cooperative exporters. Based on a review of the statistical distribution of the estimated normal values, the median normal value was considered as the most representative estimate for each month of the POI. This normal value was then converted to the Canadian dollar per metric ton by using the exchange rate information from the Bank of Canada to estimate monthly normal values for the POI.

[42] Based on a lack of any other publically available information, the CBSA finds these estimates to be reasonable for the purposes of estimating normal values for initiation.

EXPORT PRICE

[43] In order to estimate export prices and determine the volume and value of imports of subject goods into Canada from Borçelik, the CBSA relied upon the customs declaration information available in the FIRM and ACROSS databases.

[44] The CBSA used information in ACROSS to correct errors in the FIRM database and remove non-subject imports.

[45] In estimating export prices for subject COR imports from Borçelik, the CBSA used the value for duty data as reported in the FIRM database for each individual shipment imported during the POI.

ESTIMATED MARGIN OF DUMPING

[46] The CBSA estimated the margin of dumping for subject goods from Borçelik by comparing the total estimated normal values with the total estimated export prices for the POI. Based on this analysis, the estimated margin of dumping for Borçelik is listed in the table below.

TABLE 2
ESTIMATED MARGIN OF DUMPING
(Expressed as a percent of export price)

Origin or Export	Estimated Margin of Dumping
Borçelik	12.9%

PARTICULAR MARKET SITUATION

[47] In accordance with paragraph 16(2)(c) of SIMA, and for purposes of determining normal values under section 15 of SIMA, the CBSA will not consider any sales of like goods for use in the country of export that, in the opinion of the CBSA, do not permit a proper comparison with the sale of the goods to the importer in Canada due to the existence of a particular market situation (PMS). The normal value of those goods will be determined under section 19 of SIMA, where possible, or section 29 of SIMA.

[48] Where the CBSA forms the opinions that a PMS does not allow for a proper comparison with like goods pursuant to section 15 of SIMA and that a PMS also impacts the cost of an input, for the purposes of constructing normal values pursuant to paragraph 19(b) of SIMA, the CBSA will not take into consideration the acquisition price of an input that does not allow a proper comparison as it does not reasonably reflect the actual costs of that input due to a PMS. The input costs will be determined in accordance with subsection 11.2(2) of SIMR, to be the amounts that reasonably reflects the actual cost of the input in the country of export to permit a proper comparison.

[49] Subsection 16(2.1) of SIMA provides that, for the purposes of paragraph 16(2)(c), a PMS may be found to exist in respect of any goods of a particular exporter or of a particular country, as appropriate in the circumstances.

[50] The CBSA may form the opinion that a PMS exists, which does not permit a proper comparison with the sale of the goods to the importer in Canada, if one or more of the following factors have had a significant impact on the domestic sales of like goods in the country of export:

- government regulations such as price floors, price ceilings, production quotas, import and export controls;
- taxation policies;
- government support programs (financial or otherwise);
- the presence and activities of state-owned or state-controlled enterprises in the domestic market as suppliers or purchasers of the like goods (also including other state-owned or state-controlled enterprises such as financial institutions);
- the acquisition of production inputs or processing services that do not reflect market-based costs because they are acquired from suppliers which are state-owned or state-controlled or that are affected by government influence or control;
- significant volatility in economic conditions in the home market of the exporter;
- evidence of distorted input costs;
- any other circumstances which may or may not be the result of government intervention, in which normal market conditions or patterns of supply and demand do not prevail.

[51] The information available to the CBSA demonstrates that a PMS may exist with respect to Türkiye for the following reason: evidence of distorted input costs.

[52] Hot-rolled coils (HRCs) are major inputs for the production of COR. HRCs are either directly used as the substrate or transformed into cold-rolled coils and then used as the substrate.

[53] Türkiye initiated a dumping investigation on October 31, 2023 on HRCs from China, India, Japan and Russia. According to Türkiye's Ministry of Commerce notice, the imports from these four countries had allegedly inflicted significant harm or posed a threat of significant harm to the economic performance of the domestic production sector and the surge in imports had an alleged disruptive and depressing effect on the sales prices of Turkish domestic products. It was further reported that the imports had adverse consequences on Turkish domestic production, sales figures, stock levels, stock value, product cash flow and capacity utilization rate.⁹

[54] On October 11, 2024, Türkiye determined that HRCs from China, India, Japan and Russia were being sold at dumping prices. The highest anti-dumping duties were imposed on Chinese products, with rates ranging from 15% to 43%.¹⁰

[55] In May 2023, Türkiye became the largest buyer of Chinese HRCs¹¹ and the imports of HRCs from China accounted for 48% of all their HRC imports during the period from January 1, 2024 to July 31, 2024.¹²

[56] The CBSA will further examine whether a PMS exists throughout the investigation.

EVIDENCE OF INJURY

[57] There is evidence that subject goods have been dumped and that such dumping has caused material injury to the COR industry in Canada by way of: increase of subject imports and loss of market share, lost sales, price depression and price undercutting. The domestic industry has also provided an information package to corroborate some of these findings.¹³

BACKGROUND AND VOLUME OF IMPORTS

[58] Based on CBSA's estimates, subject goods from Borçelik accounted for 11.5% of total imports during the POI.

[59] The CBSA's data of import volumes shows a trend of rising imports from Borçelik which increased considerably from 2021 to 2024.

[60] Furthermore, imports from Borçelik increased 116% when comparing the period of January to September 2023 to the same period in 2024.

⁹ <https://eurometal.net/turkey-initiates-dumping-investigation-on-hot-roll-imports/>

¹⁰ <https://www.bigmint.co/insights/detail/turkey-imposes-anti-dumping-duties-on-hrc-imports-588698>

¹¹ <https://gmk.center/en/news/turkiye-became-the-largest-buyer-of-chinese-hot-rolled-steel-in-may/>

¹² <https://www.steelorbis.com/steel-news/latest-news/turkeys-hrc-imports-decrease-by-192-percent-in-january-july-1356468.htm>

¹³ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions

[61] Additionally, while imports from Borçelik have been increasing, overall imports of subject goods have been steadily decreasing. Total imports have decreased 19% from 2021 to 2022 and 3% from 2022 to 2023. This demonstrates that although total imports are decreasing, Borçelik is gaining market share, which can likely be attributed to price undercutting.

[62] The increased imports from Borçelik have also led to a loss of market share for the domestic producers. The market share of domestic producers dropped 11% from 2021 to 2022 and another 4% from 2022 to 2023, in terms of value.

[63] In summary, based on the CBSA's estimates and analysis of import volumes, the CBSA finds an increase of import volumes from Borçelik. The increase was substantial in both absolute and relative terms.

LOST SALES AND PRICE DEPRESSION

[64] The domestic industry provided evidence of instances where they were forced to lower prices or have lost sales in response to allegedly dumped imports from Borçelik.¹⁴

[65] Imports of subject goods from Borçelik have leveraged low prices in order to gain market acceptance, which has resulted in lower selling prices and lost sales for the domestic industry which in turn causes lost revenue and material injury.

PRICE UNDERCUTTING

[66] The allegedly dumped goods have captured market share by undercutting prices. According to the CBSA's data during the POI, Borçelik represented 11.5% of total imports, and even with the expense of shipping COR long distances, COR from Borçelik is still priced well below the prices offered by the Canadian producers.¹⁵

[67] Based on the analysis of CBSA's FIRM data, during the POI, Borçelik's average price of COR was well below that of the domestic producers'. Likewise, as discussed above, these prices are undercutting the domestic industry to secure sales. This demonstrates that the imports from Borçelik have undercut prices to gain market share.

CBSA'S CONCLUSION – INJURY

[68] Overall, based on the CBSA's analysis through its own research and customs documentation, as well as the information provided by the domestic industry, the CBSA finds that the evidence discloses a reasonable indication that the dumping of the subject goods from Türkiye by Borçelik have caused injury to the COR industry in Canada by way of increase of subject imports and loss of market share, lost sales, price depression and price undercutting.

¹⁴ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions - Supplemental Witness Statement of Brian Healey, paras. 2-16

¹⁵ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions - Supplemental Witness Statement of Brian Healey, para 3

THREAT OF INJURY

[69] The allegedly dumped goods threaten to cause further material injury to the domestic producers of COR. The domestic producers provided an information package to corroborate some of the findings listed below.

THE RATE OF INCREASE IN THE VOLUME OF SUBJECT GOODS IMPORTS

[70] Following the positive finding against COR2 countries, the volume of imports of COR from Turkish exporters, excluding Borçelik, has been negligible. According to the CBSA's import data, the total imports of COR from all other Turkish exporters accounted 0.1%, 0.2% and 0% of total imports of COR in 2021, 2022 and 2023, respectively. However, the volume of COR imports from Borçelik have steadily risen from 2021 to 2023. Specifically, imports of COR from Borçelik accounted 4.7%, 5.6% and 8.1% of total imports in 2021, 2022 and 2023, respectively. While the volume of imports from Borçelik declined slightly in 2022 in absolute terms, it maintained an increasing trend in relative terms. Furthermore, imports of COR from Borçelik during January 2023 to September 2023 accounted for 7.7% of total imports. When comparing to the same period in 2024, imports rose significantly, accounting for 12.1% of total imports, demonstrating a continuing increasing trend of Borçelik's imports.

[71] The statements provided by the domestic producers have also indicated they anticipate two more shipments of COR from Borçelik by the end of 2024.¹⁶

[72] As stated above, the CBSA's analysis of import data shows a consistent trend of rising import volumes from Borçelik, with a significant acceleration in the rate of increase observed in 2024. The CBSA believes that the trend of increased volume of imports of subject goods could lead to further increases at prices that substantially undercut domestic producers' pricing, which will threaten to take further market share from Canadian producers.

¹⁶ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, Supplemental Witness Statement of Brian Healey. Para 17)

INTERNATIONAL MARKET CONDITIONS AND THE ATTRACTIVENESS OF THE CANADIAN MARKET¹⁷

[73] In the most recent expiry review investigation of COR, which concluded in June 2024, the CBSA noted that the global economic growth is expected to remain low to moderate. Specifically, the IMF forecasted GDP growth rates of 3.1% in 2024 and 3.2% in 2025, impacted by various factors including high global inflation, conflicts, persistent trade disruptions and contraction in China's real estate sector. The IMF noted that the 2024-2025 forecasts were below the historical average of 3.8%, between 2000 and 2019. Similarly, 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 conflict. The CBSA further noted that while high inflation and interest rates have resulted in limited steel demand globally, there are 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.

[74] With respect to the attractiveness of the Canadian market, the CBSA noted that the Canadian economy is in a period of weak but stable growth as the Bank of Canada reported Canadian GDP growth of 1.0% for 2023 and has forecasted GDP growth rebounding to 2.4% in 2025. The CBSA further noted that despite the weaker economy growth forecast, Canada continues to be an attractive market for steel exporters to export steel products, in particular goods that are produced from flat-rolled steel, at dumped prices into Canada. This can be attributed to relatively higher pricing for steel products in North America than many other markets, as seen commonly across CBSA measures in force involving the steel industry, making it an attractive destination. This can hold true for companies looking to maximize profits, as well as those facing weakening demand in their home markets and those who seek to offload capacity and sell at dumped or subsidized prices.

[75] Based on the above, the CBSA found that various steel sectors, including COR, will continue to be impacted by volatile conditions affecting the global economy and that Canada represents an attractive market for COR producers to eliminate excess production capacity which may result in continued dumping of subject goods into Canada. This poses a threat to the domestic industry, as COR exported from Borçelik is excluded from the current COR2 measure in force for Turkish COR. Borçelik is likely to be motivated to further increase its exports to Canada in an effort to regain market share previously captured by other Turkish exporters. The domestic producers submitted that this will be done by means of price undercutting, price suppression and loss of sales domestically.¹⁸

¹⁷ COR 2024 ER - Statement of reasons – Expiry review determination

¹⁸ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, Witness Statement of Gregory Anderson

TRADE MEASURES BY CANADA AND OTHER COUNTRIES IN RESPECT OF GOODS OF THE SAME DESCRIPTION OR IN RESPECT OF SIMILAR GOODS

[76] Domestically, there are already dumping and subsidy findings against Türkiye with respect to COR, excluding COR exported to Canada from Türkiye by Borçelik. This poses a threat to the domestic industry as Borçelik is able to further increase its exports to Canada in an effort to regain market share previously captured by other Turkish exporters.

[77] With respect to trade remedies by other countries, the United States and European Union have trade measures against a wide range of steel imports including COR from Türkiye through Section 232 tariffs and safeguard measures. The trade measures in place in other countries against COR from Türkiye limit Borçelik's access to these foreign markets. Furthermore, the United States recently initiated an anti-dumping investigation of COR from many countries including Türkiye, which would presumably include goods from Borçelik as they are a major producer of COR. If the United States places a positive finding against COR from Türkiye, it will likely lead Borçelik to focus more on Canadian market. Borçelik, whose goods are excluded from the current COR2 measure in force for Turkish COR, will have a propensity to take advantage of this exclusion and continue to increase their exports to Canada.

PRICES THAT ARE LIKELY TO HAVE A SIGNIFICANT DEPRESSING OR SUPPRESSING EFFECT

[78] The importations of subject goods are entering the Canadian domestic market at prices that are having a depressing or suppressing effect on the price of like goods and are likely to increase demand for further imports of the goods, which will further force the domestic industry to lower their prices, resulting in lost revenue and reduced profitability. The statements provided by the domestic producers included evidence of subject goods prices undercutting the domestic industry prices from 2021 to 2024.

[79] Based on an analysis of CBSA's import data, the average price of COR from Borçelik in January to September 2024 was the lowest average price since 2021. It was also lower than the same period in 2023, which demonstrates a continued decreasing trend of their pricing. Based on the domestic pricing information provided by the domestic producers, these imports were priced well below the average domestic price during the period from January to September 2024.¹⁹ Furthermore, the domestic producers indicated that one of the anticipated shipments of COR from Borçelik in 2024 will also be priced much below their domestic pricing.²⁰ In the absence of a finding it is highly likely that Borçelik will continue to export subject goods at prices that will have a depressing or suppressing effect as their import volumes have also increased during the same periods.

¹⁹ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, AMD - COR3 Data Support

²⁰ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, AMD - Supplemental Witness Statement of Brian Healey, Para 17

IMPACTED FINANCIAL RESULTS

[80] In the statements provided by the domestic producers, they submitted that their financial results are impacted due to the price depression caused by the low-priced imports from Borçelik. To support this, AMD provided their financial analysis of COR sales from 2018 through to Q3 2024 and Stelco provided theirs from 2021 to Q3 2024.²¹

[81] The CBSA has reviewed this information and has noted that the financial performance of these companies has been impacted since 2021. As stated above, imports of COR from Borçelik are undercutting the domestic pricing and have shown a downward trend of import prices. The trend suggests that the extent of price undercutting is likely to increase, with lower-priced COR imports from Borçelik posing a significant threat of injury to the domestic industry.

INVESTMENTS

[82] In the statements provided by the domestic producers, they submitted that they have made extensive investments with respect to their COR business and also have planned investments in near future. They stated that these investments are at risk if they have to continue competing with high volumes of low-priced imported COR from Borçelik.²² Stelco submitted that imports of dumped COR from Borçelik would adversely affect their ability to earn a return on their strategic capital investment plan and put future investment, as well as the employment associated with these investments, at risk. Similarly, AMD submitted that they expect to make substantial investments in COR production and production of inputs for COR over the 2024 to 2026 period.²³ They submitted that the continued dumped imports from Borçelik would negatively impact their financial results.

[83] Upon review of the information provided by the domestic producer, the CBSA determined that the information provided confirms a threat of injury of the investments.

²¹ EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, AMD - Financial Margin Analysis of Domestic Non-Auto COR and Stelco Inc. - COR3 Income Statement

²² EXH 004 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, Stelco Inc. - Supplemental Witness Statement of Trevor Harris, Paras 6 -17. and AMD - Supplemental Witness Statement of Brian Healey, Paras 20 - 25.)

²³ EXH 0047 (NC) - ArcelorMittal Dofasco G.P. and Stelco Inc. Submissions, AMD - Supplemental Witness Statement of Brian Healey, para 21)

THE RISK OF PRODUCT SHIFTING²⁴

[84] COR is a downstream product of HRS and CRS. While HRS and CRS are standalone goods, they are also primary input materials for a number of different steel products. As such, if a trade measure is imposed on upstream HRS and/or CRS products, either in Canada or another country, the affected foreign producer is likely to shift production and increase the exports of goods that are not subject to the trade measure, such as COR. There is currently a number of trade measures against steel products related to COR, including in the European Union, Morocco, Thailand, the United States, Brazil, Australia, Indonesia and Malaysia.²⁵ These trade measure that are currently in place against the steel products related to COR from Türkiye will likely encourage Borçelik to focus on exporting of COR to Canada, as they have a narrowing list of products and export markets for goods related to COR production.

[85] The CBSA notes that the product shifting as a result of the restrictions described above could significantly increase the production capacity of Borçelik with respect to COR. The CBSA further recognizes that this, in turn, could lead to increased volumes of subject goods being offered in the Canadian market at low prices to capture market share.

CBSA'S CONCLUSION – THREAT OF INJURY

[86] An increasing trend of volume of subject goods imports; volatile international market conditions and the attractiveness of the Canadian market; impacted financial results and investments; further price depression or suppression; risk of product shifting and the propensity to dump steel demonstrate that there is a reasonable indication that subject goods threaten the domestic industry with injury.

CAUSAL LINK – DUMPING AND INJURY

[87] The CBSA finds that the subject goods are causing injury by way of increase of subject imports and loss of market share, lost sales, price depression and price undercutting.

[88] This injury relates directly to the price advantage the apparent dumping has produced between the imports of subject goods from Borçelik and the like goods produced in Canada. Evidence also indicates that the continued alleged dumping of the subject goods would cause further injury in the future. In summary, the information available has established a reasonable indication that the alleged dumping has caused injury and is threatening to cause injury.

²⁴ COR2 2019 IN Complaint

²⁵ COR 2018 IN Complaint NC – para 293

CONCLUSION

[89] Based on the available information and the CBSA's import documentation, the CBSA is of the opinion that there is evidence that COR originating in or exported from Türkiye by Borçelik has been dumped. Further, there is evidence that discloses a reasonable indication that such dumping has caused injury and is threatening to cause injury to the Canadian domestic industry. As a result, pursuant to subsection 31(1) of SIMA, the CBSA, on its own initiative, initiated a dumping investigation on December 5, 2024.

SCOPE OF THE INVESTIGATION

[90] The CBSA is conducting an investigation to determine whether the subject goods have been dumped.

[91] The CBSA has requested information from Borçelik and the potential importers to determine whether or not subject goods imported into Canada during the CBSA's period of investigation of October 1, 2023 to September 30, 2024 were dumped. The information requested will be used to determine the normal values, export prices and margins of dumping, if any.

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

FUTURE ACTION

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

[94] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped, the CBSA will make a preliminary determination of dumping within 90 days after the date of the initiation of the investigation, by March 5, 2025. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigation.

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

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

[97] Should the CBSA make a preliminary determination of dumping, the investigation will be continued for the purpose of making a final decision within 90 days after the date of the preliminary determination.

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

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

[100] In the event of an injury finding by the CITT, imports of subject goods released by the CBSA after that date will be subject to anti-dumping duty equal to the applicable margin of dumping on the imported goods.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

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

UNDERTAKINGS

[103] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated.

[104] An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods. Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone number, mailing address and e-mail address to the officer identified in the “Information” section of this document.

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

PUBLICATION

[106] Notice of the initiation of this investigation is being published in the Canada Gazette pursuant to subparagraph 34(1)(a)(ii) of SIMA.

INFORMATION

[107] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping. Written submissions should be forwarded to the attention of the SIMA Registry and Disclosure Unit.

[108] To be given consideration in this phase of the investigation, all information should be received by the CBSA by April 15, 2025, at noon ET.

[109] Any information submitted to the CBSA by interested parties concerning this investigation is considered to be public information unless clearly marked “confidential”. Where the submission by an interested party is confidential, a non-confidential version of the submission must be provided at the same time. This non-confidential version will be made available to other interested parties upon request.

[110] Confidential information submitted to the CBSA will be disclosed on written request to independent counsel for parties to these proceedings, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the CITT, any court in Canada, or a WTO or Canada-United States-Mexico Agreement (CUSMA) dispute settlement panel. Additional information respecting the CBSA’s policy on the disclosure of information under SIMA may be obtained by contacting one of the officers identified below or by visiting the CBSA’s website.

[111] The schedule of the investigation and a complete listing of all exhibits and information are available at: www.cbsa-asfc.gc.ca/sima-lmsi/i-e/menu-eng.html. The exhibit listing will be updated as new exhibits and information are made available.

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

Mail: SIMA Registry and Disclosure Unit
Trade and Anti-dumping Programs Directorate
Canada Border Services Agency
300 Laurier Avenue West, 21st floor
Ottawa, Ontario K1A 0R5
Canada

Telephone: Wayne Tian 343-553-1583

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

Website: www.cbsa-asfc.gc.ca/sima-lmsi



Sean P. Borg
Executive Director
Trade and Anti-dumping Programs Directorate