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Montreal, September 18, 2020

***SUBMITTED ELECTRONICALLY***

***Public Version***

SIMA Registry and Disclosure Unit  
Anti-dumping and Countervailing Directorate  
Canada Border Services Agency  
100 Metcalfe Street, 11<sup>th</sup> Floor  
Ottawa, ON K1A 0L8

**Re: Corrosion Resistant Steel  
Request for Normal Values Review – COR 2018 IN  
KG Dongbu Steel Co., Ltd.**

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Dear Madam or Sir,

We represent KG Dongbu Steel Co., Ltd. (“KG Dongbu” or the “company”) in the above-referenced matter. This correspondence is presented to the Canada Border Services Agency (“CBSA”) in order to initiate a company-specific review of normal values in reference to certain Corrosion Resistant Steel originating in or exported from the Republic of Korea (“Korea”) and exported by KG Dongbu.

KG Dongbu provides these representations in accordance with the CBSA policy set out in Memorandum D14-1-8, Re-investigation and Normal Value Review Policy – *Special Import Measures Act*. Existing normal values issued by the CBSA were issued in January 2019. Attached please also find a completed Letter of Authorization appointing counsel.

We submit that those “future” normal values, in place since January 2019, do not effectively reflect current pricing and costs in the Korean domestic market and pricing to KG Dongbu’s customers in Canada.

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Having been in effect for well over a year, the current normal values are in need of revision as these were calculated based on market factors taken over a period of investigation that spread from April 1, 2017 to March 31, 2018 – *i.e.*, more than two full years ago.

In support of our request, we submit on a confidential basis, the following documents:

- **Confidential NVR-1 SBB, US, EU, China, Australia prices for Hot-Rolled Steel (Raw Material)**, which contains 4 sheets:
  1. China prices of Hot-Rolled steel and Cold Rolled coil from Q-2 217 to Q1-2020;
  2. Data of China prices of hot-rolled steel, from 3 May 2016 to 17 June 2020;
  3. United States and European Union prices for hot-rolled steel, from Q2-2017 to Q-1 2020;
  4. Data of U.S. and EU prices for hot-rolled steel, from 1 August 2011 to 17 June 2020;
- **Confidential NVR-2.1 CRU, Steel Sheet Product\_Monthly Price (2017-2020) (“NVR-2.1”)**, which contains 4 sheets providing market prices of steel sheet products in various markets from 2017 to 2020. We also provide confidential **NVR-2.2 CRU, Raw Data**, providing the raw data used to calculate the data presented in **NVR-2.1**.
- For ease of reference, we reproduce the confidential **NVR-3 Reproduction of Appendix 4C P - % Raw Material**, which was provided to the CBSA in the context of the Request for Information (“RFI”). The spreadsheet illustrates the percentage that raw material represented in the total unit cost of production for KG Dongbu.
- **Confidential NVR-4 Dongbu Monthly Market Price Data (2019-2020) CAN EU US KOR CHN**, which contains 3 sheets:
  1. KG Dongbu’s Export Prices of Top 10 Products in China (2019-2020);
  2. KG Dongbu’s Selling Prices of Top 10 Products in Korea (2019-2020);
  3. Prices and quantities of Korean exports of Flat-rolled Iron Or Nonalloy Steel Products to Australia (2017- April 2020).

- **Confidential NVR-5 R Monthly Market Price Data (2017.04 ~ 2020.06):**
  1. Purchased Prices of KG Dongbu's Top 3 Hot-Rolled Steel Product Purchased, including from the domestic Korean market, organised by country by monthly purchase;
  2. Purchased Prices of KG Dongbu's Top 3 Hot-Rolled Steel Product Purchased, including from the domestic Korean market, aggregated for all countries sourcing hot-rolled steel, and showing quarterly average prices;
  3. Raw Material Inventory Leger sample showing prices (Q2 2018 and Q2 2020) of [REDACTED];
  4. Raw Material Inventory Leger sample showing prices (Q2 2018 and Q2 2020) of [REDACTED];
  5. Raw Material Inventory Leger sample showing prices (Q2 2018 and Q2 2020) of [REDACTED].

The information and data provided herein consist of confidential corporate and financial information, information on sales, and market intelligence data compiled by KG Dongbu. The information contained in the present **Request for Normal Value Review** that is considered to be confidential has been identified by square brackets and redacted from the public version. The attachments are confidential in nature, except as otherwise noted.

The datasets hereby attached provide an overview of the changing market situation that started after the Normal Values were issued by the CBSA in January 2019. These changes include (1) a change in the selling prices in KG Dongbu's home market (*i.e.*, Korea), (2) changes in the selling prices in KG Dongbu's third country export market (*e.g.*, in [REDACTED]); and (3) changes in the costs of production of the subject goods. All of these factors create the need for the CBSA to review the normal values it issued in January 2019.

### **1. Changes in the Selling Prices in KG Dongbu's Home Market**

Since the period of investigation, the Korean market situation for the subject goods has changed considerably. In spreadsheet **NVR-4**, the company provides data showing the pricing of its top [REDACTED] products that are like goods to those subject to normal values issued by the CBSA. The quantities and prices are provided for a period spreading from March

2019 – *i.e.*, the first full month following the issuance of the CITT final findings – to May 2020. The data is available for the domestic Korean market in the sheet labelled “Korea”.<sup>1</sup>

Since the date of issuance of the future normal values, pricing of KG Dongbu’s products in the Korean market has consistently [REDACTED]. For instance, when comparing the average selling price for the first three full months following the issuance of the CITT findings, the average selling price was of [REDACTED] KRW/mt, while for the last three months where data is available (*i.e.*, March 2020 to May 2020) the average selling price of KG Dongbu’s steel products in the Korean market is now of [REDACTED] KRW/mt. This represents a difference of [REDACTED] KRW/mt, or [REDACTED] percent. In itself, this major difference in pricing should warrant a review of normal values issued over a year ago.

## **2. Changes in the Selling Prices in KG Dongbu’s Third Country Export Market**

Similarly to the situation in Korea, selling prices of like goods to the subject goods have been constantly [REDACTED] in KG Dongbu’s third country export markets. The company provides in spreadsheet **NVR-4**, in the sheets labelled “[REDACTED]”, pricing of its top [REDACTED] products that are like goods to those subject to normal values issued by the CBSA and that are exported to [REDACTED].

Since the of issuance of the future normal values, pricing of KG Dongbu’s products in the [REDACTED] market has also consistently [REDACTED]. For instance, when comparing for the first three full months following the issuance of the CITT findings, the average selling price was of [REDACTED] KRW/mt, while for the last three months where data is available (*i.e.*, March 2020 to May 2020) the average selling price of KG Dongbu’s steel products in the [REDACTED] market is now of [REDACTED] KRW/mt. This is a difference of [REDACTED] KRW/mt, or [REDACTED] percent. When considered together with the [REDACTED] of prices in the domestic market, as described above, this shows a worldwide tendency in [REDACTED] prices for like goods. Similarly, in [REDACTED], pricing has decreased by over 30 percent since 2018.

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<sup>1</sup> See Attachment NVR-4 Dongbu Monthly Market Price Data (2019-2020) [REDACTED].

### **3. Changes in the Costs of Production of the Subject Goods**

Since the end of the period of investigation (*i.e.*, Q-1 2018), KG Dongbu's unit production costs [REDACTED] consistently in each quarter, which is consistent with the general steel price and cost [REDACTED] worldwide. It also reflected an ability to sell [REDACTED] normal values in effect during the period. As pricing/costs [REDACTED], KG Dongbu's customers have [REDACTED] [REDACTED].

KG Dongbu estimates that these normal values [REDACTED] current values of production by at least [REDACTED] percent, which obviously translate into [REDACTED] prices for sales of finished goods (*i.e.*, the subject goods) in the Canadian market.

Indeed, since Q-1 2018, the global market prices of hot-rolled steel, the main component in the KG Dongbu's production process of corrosion resistant steel, has significantly dropped.<sup>2</sup> For instance, looking at data obtained through the Steel Business Briefing ("SBB"), over the period of investigation, average prices for hot-rolled steel were [REDACTED] \$USD/mt and [REDACTED] \$USD/mt respectively in the United-States and European Union markets, according to their main indexes.<sup>3</sup>

More recently, for the period of Q-2 2019 to Q-1 2020, price averages for the same products were of [REDACTED] \$USD/mt and [REDACTED] \$USD/mt – *i.e.*, accounting for differences of 11.03 and 17.62 percent for each respective market. Furthermore, the pricing of hot-rolled steel in the Chinese market reflects a similar trend, which averaged [REDACTED] \$USD/mt during the period of investigation, and now averages for the period of Q-2 2019 to Q-1 2020 a pricing of [REDACTED] \$USD/mt – that is, a difference of 5.04 percent.

This is a clear reflection of global pricing factors.<sup>4</sup>

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<sup>2</sup> See Attachments NVR-1 SBB, US, EU, China prices for Hot-Rolled Steel (Raw Material); NVR-2.1 CRU, Steel Sheet Product\_Monthly Price (2017-2020); NVR-2.2 CRU, Raw Data.

<sup>3</sup> Attachment NVR-1 SBB, US, EU, China prices for Hot-Rolled Steel (Raw Material).

<sup>4</sup> Attachment NVR-1 SBB, US, EU, China prices for Hot-Rolled Steel (Raw Material).

The Tables below illustrate graphically the trends that are described above.

Table 1:<sup>5</sup>

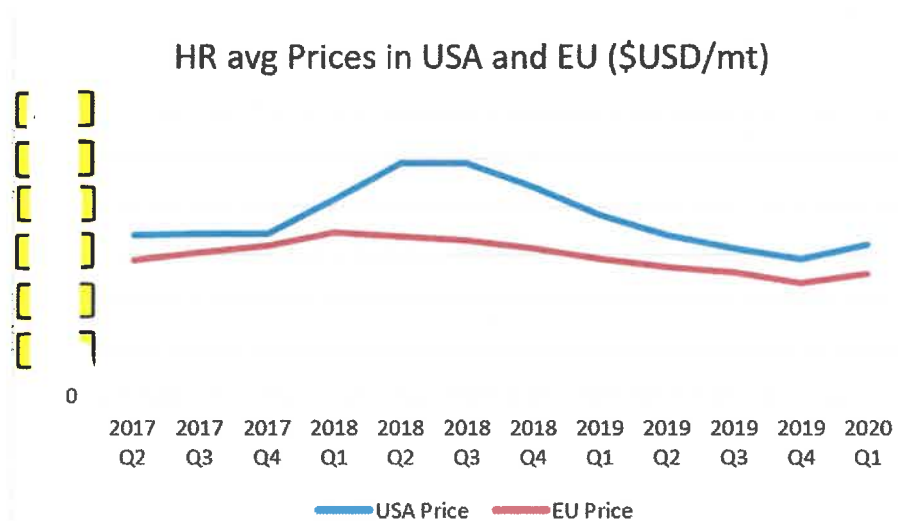
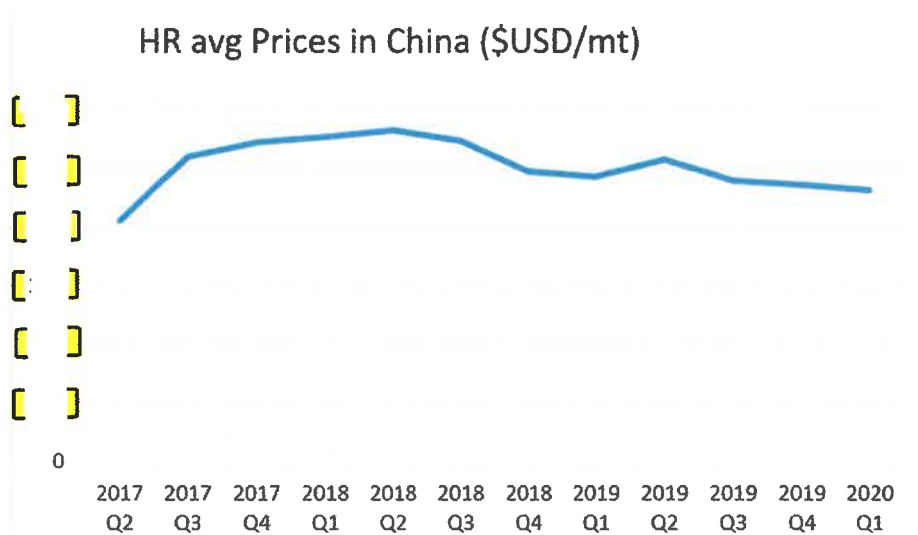


Table 2:<sup>6</sup>



The purchase prices paid by KG Dongbu for its main input follows the global trend. As shown in attachment **NVR-5 KG Dongbu HR Monthly Market Price Data (2017.04 ~**

<sup>5</sup> Attachment NVR-1 SBB, US, EU, China prices for Hot-Rolled Steel (Raw Material).

<sup>6</sup> Attachment NVR-1 SBB, US, EU, China prices for Hot-Rolled Steel (Raw Material).

2020.06), pricing of hot-rolled steel products used in the production of the subject goods has been decreasing in all markets where KG Dongbu purchased the input.

For instance, over the fiscal quarter following the adoption of the normal values (*i.e.*, Q2 2017), the weighted averages of KG Dongbu's purchased prices of hot-rolled steel of sizes [REDACTED] (*i.e.*, KG Dongbu main input for the production of the Subject Goods) were [REDACTED], [REDACTED], and [REDACTED] KRW/mt, respectively.<sup>7</sup>

Since, prices for raw material have dropped around the world and, for the same products over Q2 2020, KG Dongbu's purchased prices were [REDACTED], [REDACTED], and [REDACTED] KRW/mt.<sup>8</sup> This represents a respective drop in prices of [REDACTED]%, [REDACTED]%, and [REDACTED]% in the the cost of input material.

Considering the fact that the cost of input material, such as hot-rolled steel, represented [REDACTED]% of the cost of production used by the CBSA to establish its future normal values during the period of investigation,<sup>9</sup> this underscores the significant impact of price trends of hot-rolled steel and raw material on the prices of corrosion resistant steel.

Therefore, normal values established at higher pricing based on factors – such as cost of raw materials – existing over the period of investigation are no longer representative of the current and anticipated pricing.

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<sup>7</sup> Attachment NVR-5 KG Dongbu HR Monthly Market Price Data (2017.04 ~ 2020.06).

<sup>8</sup> Attachment NVR-5 KG Dongbu HR Monthly Market Price Data (2017.04 ~ 2020.06).

<sup>9</sup> See Attachment NVR-3 Excerpt RFI App 4C Proportion RM to COGS in which Dongbu reproduced the first one thousand lines of data from its original Appendix 4 submission in COR 2018 IN to illustrate the proportional costs of raw materials to total costs of goods..

**Conclusion and Request**

For all of the above-mentioned reasons, the normal values issued in January 2019 result in uncompetitive pricing. The current Canadian pricing of the products exceeds the existing normal values for these products.

We believe the foregoing demonstrates a reasonable need to conduct a company-specific normal value review. Should additional information be required to support our request for a re-investigation, we would be pleased to submit any information you consider necessary.

Yours very truly,

**DS LAWYERS CANADA LLP**

A handwritten signature in black ink, appearing to read 'V. Routhier', with a long horizontal flourish extending to the right.

Vincent M. Routhier

Attach.



**NORMAL VALUE REQUEST**

**KG DONGBU STEEL**

**CORROSION-RESISTANT STEEL SHEET (COR)**

NON-CONFIDENTIAL

**PUBLIC ATTACHMENT NVR-1**

**CONFIDENTIAL Exhibit NVR-1 is an  
Excel Spreadsheet containing SBB Steel Index (Platts) Pricing.**

**Non-Confidential Version:**

*CONFIDENTIAL Attachment 1 contains materials subject to copyright restrictions in its entirety and has been designated confidential to respect those restrictions. We request that this information be treated as strictly confidential, as it would violate the terms of use restrictions if it were disclosed or otherwise made available to the competitors of same. As such, the contents of this exhibit are not included in the non-confidential (public) version*

**NORMAL VALUE REQUEST**

**KG DONGBU STEEL**

**CORROSION-RESISTANT STEEL SHEET (COR)**

NON-CONFIDENTIAL

**PUBLIC ATTACHMENT NVR-2.1**

**CONFIDENTIAL Exhibit NVR-2.1 is an  
Excel Spreadsheet containing CRU Index Steel Pricing (CRU Group).**

**Non-Confidential Version:**

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**NORMAL VALUE REQUEST**

**KG DONGBU STEEL**

**CORROSION-RESISTANT STEEL SHEET (COR)**

NON-CONFIDENTIAL

**PUBLIC ATTACHMENT NVR-2.2**

**CONFIDENTIAL Exhibit NVR-2.2 is an  
Excel Spreadsheet containing CRU Index Steel Pricing (CRU Group).**

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**NORMAL VALUE REQUEST**

**KG DONGBU STEEL**

**CORROSION-RESISTANT STEEL SHEET (COR)**

NON-CONFIDENTIAL

**PUBLIC ATTACHMENT NVR-3**

**CONFIDENTIAL Exhibit NVR-3 is an  
Excel Spreadsheet containing Dongbu Market and Pricing Intelligence.**

**Non-Confidential Version:**

*CONFIDENTIAL Attachment 3 contains materials that are prepared by KG Dongbu in the ordinary course of business through sales, costing and market intelligence documentation. We request that this information be treated as strictly confidential, as it entirely prepared internally by Dongbu and its public dissemination would be harmful to Dongbu's competitive situation if it were disclosed or otherwise made available to the competitors of same. As such, the contents of this exhibit are not included in the non-confidential (public) version*

**NORMAL VALUE REQUEST**

**KG DONGBU STEEL**

**CORROSION-RESISTANT STEEL SHEET (COR)**

NON-CONFIDENTIAL

**PUBLIC ATTACHMENT NVR-4**

**CONFIDENTIAL Exhibit NVR-4 is an  
Excel Spreadsheet containing Dongbu Market and Pricing Intelligence.**

**Non-Confidential Version:**

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**NORMAL VALUE REQUEST**

**KG DONGBU STEEL**

**CORROSION-RESISTANT STEEL SHEET (COR)**

NON-CONFIDENTIAL

**PUBLIC ATTACHMENT NVR-5**

**CONFIDENTIAL Exhibit NVR-5 is an  
Excel Spreadsheet containing Dongbu Market and Pricing Intelligence.**

**Non-Confidential Version:**

*CONFIDENTIAL Attachment 5 contains materials that are prepared by KG Dongbu in the ordinary course of business through sales, costing and market intelligence documentation. We request that this information be treated as strictly confidential, as it entirely prepared internally by Dongbu and its public dissemination would be harmful to Dongbu's competitive situation if it were disclosed or otherwise made available to the competitors of same. As such, the contents of this exhibit are not included in the non-confidential (public) version*