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# Submission received electronically

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# Soumission reçu électroniquement

Submission Date /  
Date de soumission

**May 19, 2022**

SUBMITTED BY TITANFILE

PUBLIC

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

May 19, 2022

Dear Sir/Madam:

**RE: Corrosion-Resistant Steel Sheet 1 and 2  
Request for Re-investigation and/or Normal Value Reviews – response and  
additional information**

On March 23, 2022, ArcelorMittal Dofasco G.P. (“AMD”) filed a request with the Canada Border Services Agency’s (the “CBSA”) to initiate a re-investigation to update the normal values (“NVs”), export prices and amounts of subsidy (collectively, the “Values”) for all countries subject to the *Corrosion-Resistant Steel Sheet 1* (i.e., China, Chinese Taipei, India and South Korea) (“COR1”) and *Corrosion-Resistant Steel Sheet 2* (i.e., Turkey and Vietnam) (“COR2”) findings. AMD had also requested, in the alternative, that the CBSA initiate 15 normal value reviews (“NVRs”) for the COR1 and COR2 exporters that currently have normal values. This request was supported by the only other producer of corrosion-resistant steel sheet (“COR”) in Canada, Stelco Inc.

This letter is to respond to Knightsbridge International Corp (“Knightsbridge”), which made representations to the CBSA on May 6, 2022, to oppose AMD’s request.

The purpose of a re-investigation or normal value review is to update the Values so they reflect current market conditions. The normal values for COR1 and COR2 exporters have not been updated since the findings were put in place and are likely based on prices and costs from February/March 2018 for COR1 exporters and May/June 2019 for COR2 exporters.<sup>1</sup> There has been a significant increase in prices and costs since those 60-day periods and, as such, the current normal values are stale and must be updated to reflect current market conditions.

**1. Late Response by Knightsbridge Should be Disregarded**

The CBSA’s *Re-investigation and Normal Value Review Policy* clearly states that responses to requests for normal values should be “submitted in a timely manner, generally within seven days,

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<sup>1</sup> The CBSA’s period of investigation ended on March 31, 2018 in COR1 and on June 30, 2019 in COR2.

in order to ensure that the CBSA can take them into consideration.”<sup>2</sup> AMD’s request was posted on the CBSA’s website on March 28, 2022. However, Knightsbridge did not respond to the request until over a month later (in early May 2022). The late response by Knightsbridge should be disregarded as it was not submitted in a timely manner.

In any event, the evidence submitted by AMD in its original request, and supplemented by the updated information below, clearly demonstrates there have been and continue to be fundamental changes in market conditions since the NVs were last issued and therefore warrant the initiation of a re-investigation or NVRs.

## 2. Outdated Information from Knightsbridge

Knightsbridge provides excerpts from two MEPS articles dated November 3, 2021, with general information on Canadian steel exports and imports.<sup>3</sup> This information is 6 months old and is not specific to COR, the product at issue. Indeed, it provides statistics for steel generally as well as for hot-rolled coil and long products for January-August 2021, but does not refer to COR.

Similarly, Knightsbridge’s claims about short supply from domestic mills are focused on late 2020 and early 2021.<sup>4</sup>

Further, Knightsbridge claims that in Q4 2020 “AMD had two separate issues affecting their blast furnaces and considerable production was lost”.<sup>5</sup> While we did have blast furnace issues, any [

]. Indeed, our [ ]

In short, we have been and continue to be able to meet our customers’ demand for COR. Furthermore, Knightsbridge’s submissions in this regard are not relevant to the issue of whether the prices and costs of COR have changed significantly.

The outdated and non-COR specific information provided by Knightsbridge is not relevant to the current market situation for COR in Canada. As noted in our request filed in late March 2022, we had [ ].<sup>6</sup> We continue to have [ ] in Q2 2022.

## 3. Current Market Situation for COR in Canada Warrants Updating NVs

Knightsbridge states the COR market continues to be unstable due to the “continued strain of supply chain issues and world events” which has led to record high prices and supply disruptions,

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<sup>2</sup> CBSA, *Re-investigation and Normal Value Review Policy – Special Import Measures Act (SIMA)*, Memorandum D14-1-8 (July 19, 2019), at para 1 [“**Re-Investigation Policy**”].

<sup>3</sup> Knightsbridge representations dated May 6, 2022, at page 3.

<sup>4</sup> Knightsbridge representations dated May 6, 2022, at pages 2-3.

<sup>5</sup> Knightsbridge representations dated May 6, 2022, at page 2.

<sup>6</sup> AMD request dated March 23, 2022, at page 8.

especially in Western Canada.<sup>7</sup> Knightsbridge therefore opposes any update to NVs “until the market stabilizes” and claims AMD is being “opportunistic” in seeking to have NVs updated at this time.<sup>8</sup>

However, updating NVs at this time is consistent with the CBSA’s policy and satisfies the following factors for initiating a re-investigation or NVRs<sup>9</sup>:

- the volume of imports of the subject goods and fluctuations in import volume (subject imports have increased since Q4 2020 and rose dramatically in H2 2021<sup>10</sup>);
- the elapsed time since values were last issued (the NV were last issued during the original investigation in January 2019 for COR1 and October 2020 for COR2, meaning almost 2.5 years has passed since COR1 NVs were last updated and over 1.5 years since COR2 NVs were last updated);
- changes in the selling prices in the exporter’s home market (COR prices in the subject countries have increased by [ ]% since NVs were last issued<sup>11</sup>);
- changes in the exporter’s costs (hot-rolled steel sheet prices in the subject countries have increased by [ ]% since NVs were last issued); and
- fluctuations in the currency exchange rate (the Turkish lira has depreciated by 48% since COR2 NVs were issued and by 62% since the 60-day period on which the NVs were based<sup>12</sup>).

Knightsbridge states there have been “severe price fluctuations” in the past month from the domestic mills and provides examples of recent AMD offers:

We are not seeing stable pricing at all currently. Rather, we are hearing of severe price fluctuations just in the last month from the domestic mills themselves. They reduced prices shortly after the convoy blocked the Canada/USA border which we assume they were trying to fill holes in their production due to automotive slowdown and delayed shipments. A few weeks later prices went straight back up to the previous levels. For one group of items we heard the price from AMD 3 weeks ago was \$120/cwt, then last week the same item was \$0.87/cwt for one customer and \$0.84/cwt for another. These are huge swings in prices that do not reflect the current market.<sup>13</sup>

We do not understand the prices quoted by Knightsbridge. These do not line up with AMD’s offers for COR and it does not specify the type of COR product. COR prices vary depending [ ].

#### 4. Updated Pricing and Cost Information

As noted in our original request, there has been a fundamental change in market conditions, with COR pricing and costs increasing significantly since the 60-day periods on which the COR1 and

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<sup>7</sup> Knightsbridge representations dated May 6, 2022, at page 1.

<sup>8</sup> Knightsbridge representations dated May 6, 2022, at page 1.

<sup>9</sup> Re-investigation Policy, *supra*, at para 12.

<sup>10</sup> See import statistics for COR at AMD request dated March 23, 2022, at pages 6-7.

<sup>11</sup> Confidential Attachment 1: MEPS pricing for COR and HRS for China, South Korea, and Chinese Taipei; Confidential Attachment 2: MetalBulletin pricing for COR and HRS for India, Turkey and Vietnam.

<sup>12</sup> Public Attachment 3: Bank of Canada monthly average exchange rates for January 2017 to April 2022. The Turkish Lira has depreciated by 48% from October 2020 (CBSA’s final determination and when NVs were issued) to April 2022 and by 62% from May/June 2019 (likely 60-day period) to April 2022.

<sup>13</sup> Knightsbridge representations dated May 6, 2022, at page 1.

COR2 NVs are based. Tables 1 to 5 below are similar to those filed in our request, but have been updated with the more recent COR and HRS pricing. These tables demonstrate that there continues to be a significant difference in COR and hot-rolled steel sheet (“HRS”) prices compared to the 60-day periods.<sup>14</sup>

**Table 1:**  
**COR Prices in the COR1 Subject Countries (C\$/MT)<sup>15</sup>**

	<b>China</b>	<b>South Korea</b>	<b>Chinese Taipei</b>	<b>India</b>
Feb/Mar 2018	[			
Mar/Apr 2022				
\$/MT increase				
% increase				]
Source	MEPS	MEPS	MEPS	MetalBulletin

**Table 2:**  
**COR Prices in the COR2 Subject Countries (C\$/MT)<sup>16</sup>**

	<b>Vietnam</b>	<b>Turkey</b>
May/June 2019	[	
Mar/Apr 2022		
\$/MT increase		
% increase		]
Source	n/a	MetalBulletin

Table 1 and Table 2 above demonstrate that COR pricing in the Subject Countries has increased by \$[ ]/MT or [ ]% since the periods in which domestic sales data for subject exporters’ normal values are based.

A similar trend continues to occur when looking at HRS prices in the Subject Countries. The following table compares HRS prices for each Subject Country to the respective 60-day periods:

<sup>14</sup> HRS is transformed into cold-rolled steel sheet which is then further transformed into COR.

<sup>15</sup> Confidential Attachment 1: MEPS pricing for COR and HRS for China, South Korea, and Chinese Taipei; Confidential Attachment 2: MetalBulletin pricing for COR and HRS for India, Turkey and Vietnam.

<sup>16</sup> *Ibid.*

**Table 3:**  
**HRS Prices in the COR1 Subject Countries (C\$/MT)<sup>17</sup>**

	<b>China</b>	<b>South Korea</b>	<b>Chinese Taipei</b>	<b>India</b>
Feb/March 2018	[			
Mar/Apr 2022				
\$/MT increase				
% increase				]
Source	MEPS	MEPS	MEPS	MetalBulletin

**Table 4:**  
**HRS Prices in the COR2 Subject Countries (C\$/MT)<sup>18</sup>**

<b>CAD/MT</b>	<b>Vietnam</b>	<b>Turkey</b>
May/June 2019	[	
Mar/Apr 2022		
\$/MT increase		
% increase		]
Source	MetalBulletin	MetalBulletin

Table 3 and Table 4 above demonstrate that HRS prices in the Subject Countries have increased by \$[ ]/MT or [ ]% since normal values were last issued.

Further, the current price of *HRS* (an input) in the Subject Countries continues to be higher than the price of *COR* from the 60-day periods:

**Table 5**  
**HRS vs COR Prices in the Subject Countries (C\$/MT)<sup>19</sup>**

	<b>China</b>	<b>South Korea</b>	<b>Chinese Taipei</b>	<b>India</b>	<b>Turkey</b>
COR price during 60-day period	[				
HRS price in Mar/Apr 2022					
HRS price higher than COR by:					
\$/MT					
%					]

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.* Note that COR pricing for Vietnam is not available. The 60-day period for China, South Korea, Chinese Taipei and India is February/March 2018 and the 60-day period for Turkey is May/June 2019.

These are significant price and cost increases that warrant updating the Values of the COR1 and COR2 exporters.

## 5. The Impact on Downstream Industries is Irrelevant

Knightsbridge's representations focus on the "difficult and stressful" impact of high costs and supply chain issues on manufacturers in Western Canada. However, the purpose of SIMA is to protect the domestic industry.<sup>20</sup> Further, the purpose of re-investigations and NVRs is to keep normal values "up-to-date in order to ensure effective enforcement of the Canadian International Trade Tribunal's (CITT) orders and findings."<sup>21</sup> Updating Values for COR1 and COR2 exporters to ensure they must sell into Canada at fairly traded prices is consistent with these purposes. Any negative impact on downstream industries is irrelevant.<sup>22</sup>

Knightsbridge is asking the CBSA to not initiate a re-investigation or NVR so that it can continue to take advantage of purchasing COR very low prices, based on normal values that are no longer at fairly traded prices based on current market conditions. This goes against the purpose of SIMA and is harmful to the domestic COR producers. As discussed in our request, the current stale NVs have resulted in a surge of over 250,000MT of COR imports from the Subject Countries in H2 2021.<sup>23</sup> These are being imported at prices that are at least \$[ ]/MT below Canadian domestic prices, which has bloated service centre inventories and is resulting in price reductions and lost sales for AMD.<sup>24</sup> The current NVs are resulting in ineffective enforcement of the COR1 and COR2 findings and must be updated as soon as possible.

## 6. Retroactive Duties

Knightsbridge opposes any retroactive duty assessment due to the "potential risk to the importer" and claims there must be a "serious justification to make such a decision" such as an unusually large volume of imports.<sup>25</sup> The Re-Investigation Policy sets out a non-exhaustive list of factors the CBSA considers when determining whether retroactive duties should be assessed. The factors relate to changes in market conditions and to an exporter's selling prices and costs, such that NVs "become significantly outdated"<sup>26</sup> Importers take a risk when they import goods from exporters with normal values following large price increases and significant changes in market conditions. The Re-investigation Policy is clear that they may be subject to retroactive duty assessments for

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<sup>20</sup> See e.g., *Gypsum Board*, GC-2016-001, Statement of Reasons (January 19, 2017), at para 37; *Caps, Lids and Jars*, PB-95-001, Statement of Reasons (February 26, 1996); *Prairies Tubulars (2015) Inc. v. Canada (Border Services Agency)*, 2018 FC 991 (CanLII) at para 6; *Canadian Steel Producers Assn. v. Canada (Commissioner of Customs and Revenue)*, 2003 FC 1311 (CanLII) at para 40; *GRK Fasteners v. Canada (Attorney General)*, 2011 FC 198 (CanLII) at para. 5.

<sup>21</sup> Re-investigation Policy, *supra*, at para 1.

<sup>22</sup> The impact on downstream industries is only relevant in the context of a public interest inquiry, which occurs after a positive determination by the CITT in a final injury inquiry. See *Silicon Metal I*, NQ-2013-003, Statement of Reasons (December 4, 2013) at paras 58-65 and see *Rebar I*, NQ-2014-001, Statement of Reasons (January 26, 2015) at paras 34-36.

<sup>23</sup> AMD request dated March 23, 2022, at pages 6-8.

<sup>24</sup> AMD request dated March 23, 2022, at page 8.

<sup>25</sup> Knightsbridge representations dated May 6, 2022, at page 3.

<sup>26</sup> Re-investigation Policy, *supra*, at paras 30-31.

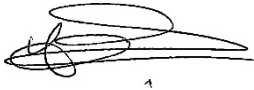


any subject imports occurring from the start of the period of investigation of a re-investigation or NVR.<sup>27</sup>

## 7. Conclusion

The evidence above and in our original request clearly demonstrate that updated Values are warranted with respect to COR1 and COR2. AMD therefore requests that the CBSA initiate a re-investigation of the COR1 and COR2 findings or, alternatively, 15 NVRs for the COR1 and COR2 exporters with normal values.

Yours truly,



Henry Wegiel  
Director of Government and Trade Relations  
ArcelorMittal Dofasco G.P.

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<sup>27</sup> Re-investigation Policy, *supra*, at para 32.

### List of Attachments

Attachment #	Description
Confidential Attachment 1	MEPS COR and HRS pricing for China, South Korea, and Chinese Taipei for January 2018 to April 2022
Confidential Attachment 2	MetalBulletin COR and HRS pricing for India, Turkey and Vietnam for January 2018 to April 2022
Public Attachment 3	Bank of Canada monthly average exchanges rates for Turkey for January 2017 to April 2022

Corrosion-Resistant Steel Sheet 1 and 2  
Request for Re-Investigation / Normal  
Value Reviews

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**Public Summary of  
Confidential Attachment 1**  
to the Response Letter dated May 19<sup>th</sup>, 2022 of  
ArcelorMittal Dofasco G.P.

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**Confidential Attachment 1** contains MEPS COR and HRS pricing for China, South Korea, and Chinese Taipei for January 2018 to April 2022. This information is a subscription-based publication that is subject to copyright restrictions, the disclosure of which would cause financial harm to ArcelorMittal Dofasco G.P.

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Corrosion-Resistant Steel Sheet 1 and 2  
Request for Re-Investigation / Normal  
Value Reviews

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**Public Summary of  
Confidential Attachment 2**  
to the Response Letter dated May 19<sup>th</sup>, 2022 of  
ArcelorMittal Dofasco G.P.

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**Confidential Attachment 2** contains MetalBulletin COR and HRS pricing for India, Turkey and Vietnam for January 2018 to April 2022. This information is a subscription-based publication that is subject to copyright restrictions, the disclosure of which would cause financial harm to ArcelorMittal Dofasco G.P.

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TERMS AND CONDITIONS

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NAME

Monthly exchange rates

DESCRIPTION

Monthly average exchange rates - published by 16:30 ET on the last business day of each month.

All Bank of Canada exchange rates are indicative rates only.

SERIES

id	label	description
FXMTRYCAD	TRY/CAD	Turkish lira to Canadian dollar monthly exchange rate

OBSERVATIONS

date	FXMTRYCAD
2017-01-01	0.3512
2017-02-01	0.3577
2017-03-01	0.3646
2017-04-01	0.3681
2017-05-01	0.3816
2017-06-01	0.3778
2017-07-01	0.3563
2017-08-01	0.3596
2017-09-01	0.3534
2017-10-01	0.3427
2017-11-01	0.3280
2017-12-01	0.3325
2018-01-01	0.3296
2018-02-01	0.3324
2018-03-01	0.3326
2018-04-01	0.3133
2018-05-01	0.2917
2018-06-01	0.2836
2018-07-01	0.2750
2018-08-01	0.2203
2018-09-01	0.2070
2018-10-01	0.2244
2018-11-01	0.2466
2018-12-01	0.2524
2019-01-01	0.2479
2019-02-01	0.2503
2019-03-01	0.2442
2019-04-01	0.2323
2019-05-01	0.2228
2019-06-01	0.2289
2019-07-01	0.2313

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2019-08-01	0.2349
2019-09-01	0.2322
2019-10-01	0.2280
2019-11-01	0.2306
2019-12-01	0.2251
2020-01-01	0.2208
2020-02-01	0.2189
2020-03-01	0.2199
2020-04-01	0.2048
2020-05-01	0.2016
2020-06-01	0.1987
2020-07-01	0.1962
2020-08-01	0.1813
2020-09-01	0.1750
2020-10-01	0.1661
2020-11-01	0.1641
2020-12-01	0.1661
2021-01-01	0.1720
2021-02-01	0.1789
2021-03-01	0.1640
2021-04-01	0.1529
2021-05-01	0.1446
2021-06-01	0.1417
2021-07-01	0.1458
2021-08-01	0.1486
2021-09-01	0.1481
2021-10-01	0.1350
2021-11-01	0.1174
2021-12-01	0.0939
2022-01-01	0.0930
2022-02-01	0.0932
2022-03-01	0.0866
2022-04-01	0.0858

Average FX	Rate	y-o-y % change
2017	0.3561	
2018	0.2757	-23%
2019	0.2340	-15%
2020	0.1928	-18%
2021	0.1452	-25%
Jan - Feb 2022	0.0931	-36%
Jan - April 2022	0.0897	-38%

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<b>CBSA FD</b>	<b>Rate</b>	<b>Date</b>
COR2	0.1661	Oct-20
<b>60-day period</b>	<b>Rate</b>	<b>Date</b>
COR2	0.2259	May/June 2019
<b>Current FX</b>	<b>Rate</b>	<b>Date</b>
Monthly averag	0.0858	Apr-22
<b>% change since FD</b>		
COR2	-48%	
<b>% change since 60-day period</b>		
COR2	-62%	

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