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June 9, 2022

Canada Border Services Agency
Trade and Anti-dumping Programs Directorate
SIMA Registry and Disclosure Unit
100 Metcalfe Street, 11th Floor
Ottawa, Ontario K1A 0L8

**Re: Request for Initiation of Normal Value Review of Certain Grinding Media –
Exporter: AIA Engineering Inc.**

Dear Sir or Madam,

Magotteaux Limitée (“**Magotteaux**”) respectfully requests that the Canada Border Services Agency (the “**CBSA**”) initiate an immediate re-investigation of the Normal Values in respect of certain chrome cast iron grinding media originating in or exported from India by AIA Engineering Inc or its affiliates (“**AIA**”). Magotteaux 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* (the “**Normal Value Review Policy**”).

A. THE MAGOTTEAUX GROUP

Magotteaux is a subsidiary of Magotteaux International S.A. (the Magotteaux Group), with its headquarters located in Belgium. The Magotteaux Group has production facilities around the world, including the Magog facility in Canada, and can produce a wide range of certain grinding media (“**GM**”), including cast and forged, low and high chromium, as well as ceramic grinding beads. Magotteaux was incorporated in Quebec and has been in operation since 1979. The Magog facility is the only GM production facility in Canada under the Magotteaux Group and produces iron cast grinding media exclusively. Magotteaux is the only known producer of GM and constitutes the domestic industry in Canada.

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B. THE RELEVANT MEASURES IN FORCE

Magotteaux makes these representations with respect to the CBSA measures currently in force in *Certain grinding media*¹. These measures relate to the ongoing enforcement of the final determination of the CBSA, dated July 29, 2021, respecting the dumping and subsidizing of GM originating in or exported from India and of the order delivered by the Canadian International Trade Tribunal (“CITT”), dated August 27, 2021, stating, pursuant to subsection 43(1) of *Special Import Measures Act* (“SIMA”), that the dumping and subsidizing of the subject goods have caused injury to the Canadian domestic industry, as represented by Magotteaux².

In December 2020, CBSA officers performed verifications for the exporter AIA Engineering Ltd. (“AIA”), and its subsidiary producer Welcast Steels Ltd. AIA acts as a manufacturer and exporter of GM. The corporation has a total of three production facilities capable of producing subject goods, that are Moraiya and Kerala facilities located in Gujarat and Trichy facility located in Tamilnadu, India.

The Period of Investigation (“POI”) for the dumping and subsidy investigations was October 1, 2019, to September 30, 2020. During the POI, all of the subject goods exported by AIA were sold to Vega Industries Limited USA (“Vega USA”), a related importer located in Brentwood, Tennessee, and wholly owned subsidiary of AIA. Vega USA is a global distributor of the subject goods exported to Canada by AIA and its affiliated companies. It is a non-resident importer who re-sold the subject goods to unrelated purchasers in Canada.³

On July 29, 2021, pursuant to paragraph 41(1)(b) of SIMA, the CBSA made final determinations respecting the dumping and subsidizing of certain grinding media originating in or exported from India by AIA. CBSA export prices were determined in accordance with section 25 of SIMA⁴. The company-specific total normal value compared to the total export price resulted in a margin of dumping of 15.7% for AIA expressed as a percentage of the export price.

¹ CBSA, Measures in force, *Grinding Media*, Dumping and subsidy (India), published at: <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/gm-eng.html> (accessed May 14, 2022).

² CBSA, GM 2020 IN: Certain grinding media, Statement of Reasons—final decisions published at: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/gm2020/gm2020-fd-eng.html> (accessed May 14, 2022). (CBSA’s Final Determination).

Canadian International Trade Tribunal, Inquiry No. NQ-2021-001, Certain Grinding Media Reasons issued Monday, September 13, 2021 published at: <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/514504/index.do> (accessed May 14, 2022). (CITT’s 2021 Finding).

³ CBSA’s Final Determination, *supra* footnote 2, para 72-73.

⁴ CBSA’s Final Determination, *supra* footnote 2, paras 79-80.

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Normal values for future shipments to Canada were provided to AIA and came into effect the day after the injury finding. Imports released by the CBSA after August 27, 2021, because subject to anti-dumping duty equal to the margin of dumping and countervailing duty equal to the amount of subsidy.

The subject goods in *Certain Grinding Media* are generally classified under the following tariff classification numbers: 7325.91.00.10 and 7325.91.00.90.³

The CBSA's investigation in *Certain Grinding Media* was initiated On December 17, 2020, and the CBSA issued its final determinations dated July 29, 2021, (the "**Final Determination**"), setting out its conclusions on normal values (the "**2021 Normal Values**") and export prices to AIA. These normal values are in the possession of this exporter, and it can be implied that AIA benefits from these strategic indications to adjust export prices since the normal values are based on a compilation of data going back to the third Quarter of 2020. Since that time, considerable inflation has occurred rendering those normal values being significantly outdated. This risks considerably undermining the disciplines sought to be preserve in the market under SIMA.

For the reasons set out in Part C below, Magotteaux requests that the CBSA immediately initiate a review of normal values and export prices.

C. THERE IS A NEED FOR UPDATED NORMAL VALUES

Several factors warrant the immediate initiation of this Normal Value Review by the CBSA. In summary:

1. the normal values were last determined over twenty-two months ago, and as a result of the rapidly changing circumstances they are now outdated;
2. there have been changes in in the selling prices of *Certain Grinding Media* in the exporter's home market;
3. there have been changes in exporter's costs of production of *Certain Grinding Media*;
4. there have been continued, substantial volume of imports of subject goods;
5. have been fluctuations in the currency exchange rate of the owned subsidiary producer and distributor countries of AIA (INR and USD to CAD);
6. there may been changes in the channels of distribution for the subjected goods sold and in the establishment of the exporter's presence in Canada to address the effect of s.25 SIMA, and;
7. there are needs to review the export prices, such as where exporter is associated with the importers;

These factors, and more specifically substantial changes occur in prices, market conditions, costs associated with production and sales of the goods, which are discussed in more detail next, support the CBSA initiating a Normal Value Review.

1. NORMAL VALUES WERE LAST DETERMINED MORE THAN 22 MONTHS AGO

In practice, the CBSA endeavors to issue normal values for future shipments based on models produced and/or sold in the last 60-day period of the POI in order to reflect the latest market conditions⁵. As such, the 2021 Normal Values are outdated and a review by the CBSA is required.

The POI resulting in the dumping and subsidy CBSA's Final Determinations was October 1, 2019, to September 30, 2020, that is, more than 33 months ago⁶. As per a POI ending in September 2020, with respect to the 60-day period, the resulting 2021 Normal Values are now based on data that is almost two years old (22 months).

Normal Values for CBSA's Final Determination were determined using the methodology of section 15 of SIMA, based on the domestic selling prices of like goods in the country of export. Where there were insufficient sales of like goods that met the conditions of sections 15, normal values were estimated using the methodology of paragraph 19(b) of SIMA.⁷ The export prices were based⁸ on import under the tariff classification numbers 7325.91.00.10 and 7325.91.00.90.

Paragraph 5(d) of the *Special Import Measures Regulation* ("SIMR") provides that the selling price of like goods shall be adjusted if the conditions of sale differ between the subject goods and the like goods, which is normally referred to the differences of actual payment periods in the domestic market and for sales to the importer. Therefore, information to the effect that changes have occurred in the current normal values and export price of subjected like goods were recently obtained by the Canadian domestic industry. These relevant changes are discussed in more detail next.

As is described below, the domestic industry of GM in Canada has concerns that certain exporters and importers may be reporting the selling price on their custom declarations in a undervalued way.

⁵ CBSA, Trade and Anti-dumping Programs Directorate, *SIMA Handbook*, September 17, 2019, pages 301-304 and 309. (SIMA Handbook).

⁶ CBSA's Final Determination, *supra* footnote 2, para 13.

⁷ *Ibid.*, para 64.

⁸ CBSA, GM 2020 IN: Certain Grinding Media, Statement of Reasons, Decision Concerning the initiation of investigations, published at <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/gm2020/gm2020-pd-eng.html>, para 84.

2. THERE HAVE BEEN CHANGES IN THE SELLING PRICE IN THE EXPORTER'S HOME MARKET

A determining factor identified by the Normal Value Review Policy for consideration by the CBSA is “changes in the selling prices” and, the Normal Value Review Policy lists this factor as one supporting a finding that there is a “strong case for conducting a re-investigation or a normal value review”.⁹

In that regard, a relevant consideration to bring to the attention of the CBSA is that the prices of raw materials, energy and inputs used in the production of GMs are constantly increasing since 2021 which has an effect on market prices.

In its Final Determination dated July 29, 2021, CBSA explicitly referred to AIA's response regarding the fact “one of the main significant factors affecting costs of production, ultimately selling price, are materials and energy” used in the production of GM¹⁰.

Since the CBSA's final determination, its normal value of exports goods based on a period from August to September 2020, significant changes occurred in prices of Indian Heavy Melting Steel (HMS) Scrap (80:20) and Indian ferrochrome prices the two main materials used in the production of GM.

The following pages contain two tables reflecting data collected from a specialized magazine showing a major evolution in the prices of the main raw materials used in the production of GM in India, namely the India Scrap Metal and the Indian Ferrochrome that substantiate the fact that there were significant changes in the exporter's domestic selling price.

⁹ CBSA, Re-investigation and Normal Value Review Policy – Special Import Measures Act (SIMA) Memorandum D14-1-8, “Normal Value Review Policy”, para 12e) published at : <https://www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-8-eng.html> (accessed May 14, 2022). (CBSA's Normal Value Review Policy).

¹⁰ See CBSA's Final Determination, *supra* note 2 Statement of Reasons, Appendix 2, Dumping representations CBSA's Response, Footnote 32: Exhibit 44 (PRO), Exhibit D16, AIA's response to dumping RFI. The CBSA explicitly refers to these Exhibits in its Public Statement of Reasons.

The table below, taken from the trade journal Steelmint, on a subscription basis, clearly indicates that the prices of raw materials used in production of GM by the exporter AIA have increased in India from [] on January 1, 2021, to over [] on May 16, 2022, with prices peaking at [] on May 3, 2022. This is a major increase of 47.2% in just 18 months on that period. This is an increase of 32.1% in just 18 months on that period. In US Dollar (USD) prices, from January 2021 to May 2022, the percentage of rise is 39.7% while the increase to the peak on May 3, 2022, is 47.6%.

[]

Figure 1: Indian scrap prices (Ahmedabad) – Protected¹¹

¹¹ See Schedule B, Exhibit 1, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a paid-for subscription basis which formally restricts the dissemination of its contents.

The second table below, from the trade journal Steelmint, also shows that prices of ferrochrome, the main components of GMs manufactured by AIA have increased in India from [] on December 28, 2020, to over [] on May 16, 2022, with prices culminating at [] on October 4, 2021. This is a radical increase of 71.5% in the period of about 18 months on that period. From January 2021 to May 2022, the percentage of rise in USD prices is 62.6% while the increase to the peak of October 4, 2021, is 80.8% in USD prices.

[]

Figure 2: Indian ferrochrome prices - Protected¹²

Based on the above, it is clear that there has been a change in exporters' selling and exporting prices since the 2021 Normal Values were established by CBSA, which was using August 2020 data, and that the cost of production in the India has been increasing.

¹² See Schedule B, Exhibit 2, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a paid-for subscription basis which formally restricts the dissemination of its contents.

3. THERE HAVE BEEN CHANGES IN THE EXPORTERS' COSTS

A third factor identified by the Normal Value Review Policy for consideration by the CBSA is “changes in the exporter’s costs” and, the Normal Value Review Policy lists this factor as one supporting a finding that there is a “strong case for conducting a re-investigation or normal value review”.¹³ In its Final Determination dated July 29, 2021, CBSA found that one of the main significant factors affecting costs of production, ultimately selling price, are materials used in the production of GM¹⁴.

Costs of Materials Consumed and Costs of Production

In India, the wholesale price index (WPI) based inflation rate, which is largely dominated by the prices of manufactured goods, reflects more than 10.71 % rise in March 2022. As an example, energy prices have risen and fuel inflation, in double digits for a year now, shows no signs of easing¹⁵. This is in part due to the fuel and power spiked at 34.52 % in March 2022, while the petrol price rose by 53.44 %, HSD (High-Speed Diesel) gained by 52.22 per cent and LPG prices inched by 24.88 per cent.¹⁶

The table below, from AIA’s publicly available latest consolidated financial statements¹⁷, shows the marked increase in materials consumed in GM production since 2020. There is a considerable increase of 62.32% between 2021 and 2022, which corresponds to an increase of nearly 65% in cost of materials consumed for the period 2020-2022.

Cost of Material Consumed Excluding Change in Inventories (in Lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2022
Opening stock (beginning of the year)	8,194.68	12,065.82	n.a
Add: Purchases during the year	1,12,955.72	1,09,652.29	n.a
Less: Closing stock (end of the year)	(9,560.63)	(8,212.99)	n.a
	1,11,589.77	1,13,505.12	1,84,236.94 ¹⁸
% of increase with previous year		1.72% ↑	62.32% ↑

Figure 3: AIA Engineering Ltd & Vega Industries Ltd’s Cost of Materials (2019 to 2022)

¹³ CBSA’s Normal Value Review Policy, *supra* footnote 9, para 12g).

¹⁴ See *supra* note 10: The CBSA explicitly refers to these Exhibits in its Statement of Reasons.

¹⁵ D. Joshi, P. Tandon, “Tackling the inflation hydra”, April 28, 2022, Schedule C, Exhibit 1, NC.

¹⁶ “India’s WPI inflation spikes to 14.55% in March: Govt data”, 18 April 2022, Schedule C, Exhibit 2, Non-Confidential. (India’s WPI inflation’s article).

¹⁷ AIA Engineering Ltd & Vega Industries Ltd., Annual Report 2020-2021, pages 102 and 143 published at : http://www.aiaengineering.com/fiancial_reports/ANNUALREPORT20_21.pdf (accessed on May 14, 2022). (AIA Annual Report 2020-2021).

¹⁸ AIA Engineering Ltd & Vega Industries Ltd., Report Quarter Ending 31 March 2022, published : http://www.aiaengineering.com/fiancial_reports/Unaudited_Reports_for_quarter_ending31Mar2022.pdf, at page 5, (accessed on May 27, 2022).

The table below, from AIA's publicly available latest consolidated financial statements¹⁹, reflects the annual production of High Chrome Mill Internal of AIA. According to AIA's Executive Director, Mr. Bhadresh Khunal Shah²⁰, despite the increase in raw material prices, AIA has a confirmed production of approximately 70,000 tons for the first quarter of 2022 and continues to produce at a significant rate in 2022. Thus, AIA is expecting a total production of approximately 260,500 tons for the year 2022, which would only represent a slight decrease compared to the year 2021.

Production of High Chrome Mill Internal (in M.T.)			
Product	2019-2020	2020-21	2022 (estim.)
High Chrome Mill Internals	271,274	262,969	260,500
% of decrease with previous year		3.06%↓	0.938%↓

**Figure 4: AIA Engineering Ltd & Vega Industries Ltd's
Production of High Chrome (2019 to 2022)**

Using the above figures, we can provide the cost of producing for GM for the 2020-2022 period in dividing the cost of materials consumed by the quantity produced in M.T.²¹ The product of this equation is resulting in the cost/metric ton of High Chrome Mill Internals.

Cost of Production of High Chrome Mill Internals (in M.T.)			
Product	2019-2020	2020-21	2021-2022
High Chrome Mill Internals			
Indian Rupee (INR)	41 135.45 INR	43 162.93 INR	70 724.35 INR
American Dollars (USD)	537.84 USD	564.35 USD	924.71 USD
Canadian Dollars (CAD)	693.54 CAD	727.73 CAD	1,192.41 CAD

**Figure 5: AIA Engineering Ltd & Vega Industries Ltd's
Cost of Production of High Chrome (2019 to 2022)**

¹⁹ AIA Annual Report 2020-2021, *supra* footnote 17, at pages 102 and 143.

²⁰ AIA Financial Report of March 2022, Transcripts of Conference Call, Declaration of Mr. Bhadresh Kunal Shah - Executive Director - Schedule A, Exhibit 1, page 2, (AIA, Financial Report of March 2022, Quarterly Investors' Conference Call).

²¹ 1 Lakh = 1,00,000.00 (100 000 INR). The conversions with rupees, US dollar and Canadian dollar are using May 2, 2022, rate at : Bank of Canada, Currency Converter, Online: https://www.bankofcanada.ca/rates/exchange/currency-converter/?lookupPage=lookup_currency_converter_2017.php&startRange=2017-01-01&rangeType=range&selectToFrom=from&convert=43%2C450.21&seriesTo%5B%5D=FXINR&seriesFrom=Canadian+dollar&rangeValue=1.w&dFrom=&dTo=&submit_button=Convert

For period 2021-2022, the Figure 5 shows that the cost of production of GM has exploded between from 727.73 CAD/M.T. to 1,192.41 CAD/M.T., a major increase of 63.85%. When referring to the 2020-2022 period, the cost of production has soared by 71.9%. The production cost per metric ton was evaluated at approximately between 693.54 CAD/M.T. and 727.73 CAD/M.T.

Based on figures provided publicly by AIA, for these reasons, and for the reasons set out above, the Canadian domestic industry consider that the aggregate cost of production used by the CBSA on its final determination with respect to normal values likely underestimate the actual cost of producing the GM.

On the basis of the above, it is clear that there has been a change in exporters' cost of materials and cost of production since the 2021 Normal Values were last established by CBSA using August and September 2020 data. This is in part due to soaring costs of raw materials, inputs, freight and transportations charges, and market prices, the cost of producing have been much higher than the one issued in July 2021 by the CBSA. The normal value of GM must therefore reflect those significant changes.

Inflation and Interest Rates

A third input cost that has increased since the 2021 Normal Values were set, impacting the cost of debt financing and therefore producing GM, is interest rates. According to the AIA Annual Report 2020-2021, interest rates impact the cost of borrowing, which is inevitably reflected as a cost often incurred for land or machinery purchases or rentals²². As interest rates are resulting in market risks and instability, it is highly probable that it influences future commercial transactions, as it often increases borrowing costs for both operating lines and term loans.²³

The annual wholesale price inflation rate in India rose to 15.08 percent in April 2022. This was the highest reading since December 1998.²⁴ On May 4, 2022, the Reserve Bank of India ("RBI") has recently raised the repo rate by 40 basis points and cash reserve ratio by 50 basis points with the aim to tackle rampant inflation. This action taken by the RBI is validating the seriousness of the situation with respect to inflation in the exporter's country²⁵.

The American perspective must be examined as the rising inflation and interest rates in the U.S. also reflect important changes for AIA's exports and distribution channels given the fact that during the POI, all of the subject goods exported by AIA were sold to Vega USA, in Tennessee²⁶, at a time when significantly lower interest rates were in place.

²² AIA Annual Report 2020-2021, *supra* footnote 17 page 161.

²³ Bill Conerly, "What Rising Interest Rates Mean For Business", Schedule C, Exhibit 3, NC.

²⁴ India's WPI inflation's article, *supra* note 16. See also Office of the Economic Advisor, India Wholesale Price Index Change - April 2022 Data, Schedule C, Exhibit 4, NC.

²⁵ C. Rangarajan, "Control inflation by acting on liquidity", Schedule C, Exhibit 5, NC.

²⁶ CBSA's Final Determination, *supra* footnote 2, paras 72-73.

The following table sets out the U.S. Prime rate monthly from data published on the FedPrimeRate's website exposing the interest rates evolution in the U.S. since the CBSA's Final Determination dated July 29, 2021. Between July 2021 and May 2022, it shows a significant increase of 21.23% in interest rates for the U.S. Prime rate.

For AIA and its affiliated companies such as Vega USA, this interest rates increase could reflect a shift towards a tightening of financing capacity in the purchase of materials and energy, as well as in whole business operations, which inevitably leads to an upward trend in selling prices.

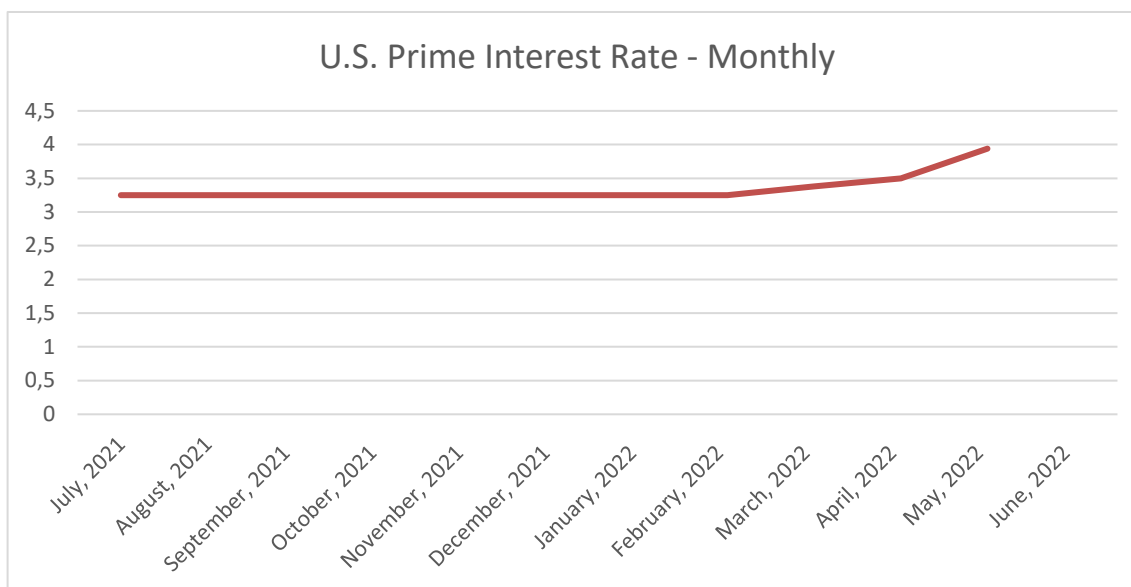


Figure 6: USA Federal Prime Rate (July 2021 to June 2022)²⁷

In the U.S., the Federal Reserve (“FED”) has stated inflation will remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures. On May 4, 2022, the Federal Open Market Committee (FOMC) has voted to raise the target range for the fed funds rate, from 0.25 - 0.50%, to 0.75% - 1.00%. Therefore, the United States Prime Rate is nearly 4.00% since that period. Indeed, because of the inflation the FED already began reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities on June 1, which has started pushing interest rates up towards the months of April and May 2022.²⁸

²⁷ US Federal Prime Rates, published at: http://www.fedprimerate.com/prime_rate_history-monthly.htm (accessed on May 30, 2022). See Schedule B, Exhibit 6, Non-Confidential.

²⁸ US Federal Reserve, FOMC statement, May 04, 2022, published at <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220504a.htm> (accessed on May 30, 2022).

Shipping Costs, Supply Chain Issues

By AIA's own admission all “items have gone through a serious inflationary trend”²⁹ and in addition, “[...] a lot of that is accounted by the increase in selling price”³⁰.

The costs of shipping, supply chain issues, logistics, freight, and transportation have increased considerably since the 2021 Normal Values were determined. According to AIA’s Executive Director, the exporting and shipping cost have increased three to four times since 2021, partly due to the increasing costs of containers and factor related to supply chain issues³¹.

The following chart³² is extracted from the Bureau of Labor Statistics of the United States published on the Bloomberg’s website on March 10, 2022. It is highlighting out the year over year inflation rate in the USA for the last three years through February 2022. It shows a significant inflation surge since its bottom in January 2020. In fact, the consumer price index jumped 7.9% from a year earlier following a 7.5% annual gain in January 2022, compared to the same period in 2021.

Price Pressures

U.S. inflation has broadened out across spending categories

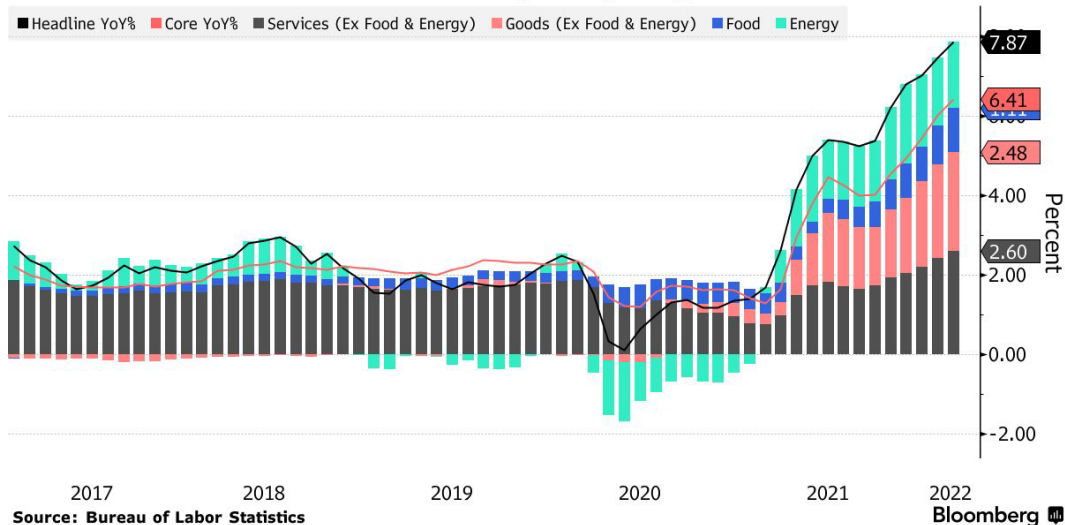


Figure 7: US. Inflation and Prices Chart

²⁹ AIA, Financial Report of March 2022, Quarterly Investors' Conference Call, Declaration of Mr. Bhadresh K. Shah - Executive Director - AIA Engineering Ltd, *supra* footnote 20 page 2.

³⁰ *Idem*.

³¹ *Ibid*, pages 3-4 and pages 7-8.

³² Olivia Rockeman, “U.S. Inflation Hit Fresh 40-Year High of 7.9% Before Oil Spike”, Schedule C, Exhibit 6, Non-Confidential.

Market Prices and Cost of Raw Materials Incorporated in Production

According to AIA Annual Report 2020-2021³³, fluctuation in imported metal scrap and ferro chrome prices have a driving effect on the purchase of raw materials.

Hereunder, this table from Fastmarkets, obtained on a subscription basis, monitors monthly market prices in Europe for High Chrome, measured in pounds. The evolution indicates a continuous upward trend in prices since December 2020, that is the CBSA's GM investigation initiation period. When comparing the mid-price between the period of December 15, 2020, and May 10, 2022, the chart shows a massive increase of 250% in mid-prices of the Ferro-chrome high carbon culminating at [] on May 10th, 2022, comparing to [] on December 15, 2020. Notably, there has been a clear surge in mid-price for the first half of March 2022, while constantly rising to higher values. The linear forecast line hence confirms this robust trend towards high market prices.

[]

Figure 8: Ferro-chrome high carbon 6-8.5% C, basis 65-70% Cr, max 1.5% Si, delivered Europe, USD\$/lb Cr – Protected³⁴

³³ AIA, Annual Report, 2020-2021, *supra* note 17, pages 161, 230.

³⁴ Ferro-chrome high carbon 6-8.5% C, basis 65-70% Cr, max 1.5% Si, delivered Europe, \$/lb Cr, Schedule B, Exhibit 8, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a paid-for subscription basis which formally restricts the dissemination of its contents.

The next table, also taken from Fastmarkets, obtained on a subscription basis, illustrates the weekly price of Steel scrap HMS 1&2 (80:20 mix), FOB Rotterdam, \$/tonne, applying to the European market for the period of December 2020 to May 2022. While it conveys some fluctuation in the market value, it expresses an upward trend with a substantial increase of 26.47% since December 15, 2020, confirming by the linear forecast line. The latest data available shows a market mid-price of [] on May 13, 2022, comparing to [] on December 11, 2020.

[]

Figure 9: Steel scrap HMS 1&2 (80:20 mix), FOB Rotterdam, \$/tonne - Protected³⁵

³⁵ Steel scrap HMS 1&2 (80:20 mix), fob Rotterdam, \$/tonne, Schedule B, Exhibit 9, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a paid-for subscription basis which formally restricts the dissemination of its contents.

Based on data from Fastmarkets, obtained on a subscription basis, the table below illustrates the monthly price trend of Steel scrap cut structural/plate 5ft max, consumer buying price, FOB Montreal, CAD\$/net ton for the December 2020 to May 2022 period. It shows some fluctuation in the mid-price but with a sustained upward trend that is valued at [] on May 10, 2022. This is a substantial increase of 28.36% since December 7, 2020, when the mid-prices were at []. Its linear forecast line shows a continuous trend towards increasing prices.

[]

Figure 10: Steel scrap cut structural/plate 5ft max, consumer buying price, FOB Montreal, Canadian \$/net ton - Protected³⁶

³⁶ Steel scrap cut structural/plate 5ft max, consumer buying price, FOB Montreal, Canadian \$/net ton, Schedule B, Exhibit 10, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a paid-for subscription basis which formally restricts the dissemination of its contents.

The table hereunder, taken from Fastmarkets, obtained on a subscription basis, demonstrates the North American weekly price trend of Ferro-chrome high carbon 6-8% C, basis 60-65% Cr, max 2% Si, in-whs Pittsburgh, \$/lb capturing stock market prices in North America for a covering period from December 2020 to May 2022.

It shows a significant upward trend in prices since 2020, since the CBSA's investigation of GM in December 2020. The mid-price has since jumped from [] on the 17th of December 2020 to [] on the 12th of May 2022, which is a dramatic increase of 308%. The linear forecast line also depicts that trend towards surging prices.

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Figure 11: Ferro-chrome high carbon 6-8% C, basis 60-65% Cr, max 2% Si, in-whs Pittsburgh, \$/lb - Protected³⁷

³⁷ Ferro-chrome high carbon 6-8% C, basis 60-65% Cr, max 2% Si, in-whs Pittsburgh, \$/lb, Schedule B, Exhibit 11, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a paid-for subscription basis which formally restricts the dissemination of its contents.

The last table from Fastmarkets, obtained on a subscription basis, illustrates the bi-monthly price trend for the Steel scrap Shredded auto, daily composite, delivered mill US, \$/gross ton in North America. Although there is some fluctuation, there is a continuous rise trend in market prices for this type of product which increased from [] on December 16, 2020, to [] on May 16, 2022. The linear forecast line clearly demonstrates a significant rise in market prices over that period with a substantial 43.83% increase.

[]

Figure 12: Steel scrap Shredded auto, daily composite, delivered mill US, \$/gross ton - Protected³⁸

³⁸ Steel scrap Shredded auto, daily composite, delivered mill US, \$/gross ton, Schedule B, Exhibit 12, Protected. The data contained in this Table is designated as Confidential as it is only available to Magotteaux on a subscription basis which restricts the dissemination of its contents.

4. CONTINUED, SUBSTANTIAL IMPORT VOLUMES

Another essential factor the Normal Value Review Policy states is that the CBSA will consider “the volume of imports of the subject goods and fluctuations in import volumes”³⁹. As the table below shows, there are still substantial imports volumes imports from India of this specific product. In 2021 while the CITT's anti-dumping and countervailing duty order were in effect, GM imports from India account for 67.44% of all Canadian imports of like products, more than twice as many as imports from third countries not subject to duty. Canadian imports from India of HS 732591 - Grinding balls and similar cast articles for mills - iron or steel taken from Statistics Canada Trade Data Report⁴⁰ for the years 2017-2021 are as follows.

Figure 13: Canadian imports from India for HS 732591 - Grinding balls and similar cast articles for mills - iron or steel for the years 2017-2021, in thousands \$CAD

	2021 Jul	2021 Aug	2021 Sep	2021 Oct	2021 Nov	2021 Dec	2022 Jan	2022 Feb	2022 Mar
India	897,210	2,537,073	108,821	94,752	607,139	1,486,784	1,179,724	897,579	--
Others	170,897	291,369	628,957	341,447	214,189	595,735	383,544	855,819	116,435
Total All Countries	1,068,107	2,828,442	737,778	436,199	821,328	2,082,519	1,563,268	1,753,398	116,435

	2017	2018	2019	2020	2021
India	5,236	22,234	37,399	35,639	12,931
Others	17,451	9,647	6,225	6,018	6,241
Total All Countries	22,687	31,881	43,624	41,657	19,173

Data Source: Statistics Canada

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Figure 13: Canadian imports from India for HS 732591 – Grinding balls and similar cast articles for mills - iron or steel for the years 2017-2021, in thousands \$CAD

These statistics show that there have still been substantial volumes of imports of the subject goods from the India into Canada since the antidumping and countervailing duty order came into effect and duties were imposed on August 28, 2021.

³⁹ CBSA's Normal Value Review Policy, *supra* footnote 9, p. 3, para. 12(a).

⁴⁰ Statistics Canada, *Report - Trade Data*, Canadian Imports Hs 732591 - grinding balls and similar cast articles for mills - iron or steel, from India, published at : https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?grouped=GROUPED&searchType=KS_CS&areaCodes=519&naArea=9999&countryList=specific&toFromCountry=CDN&reportType=TI&timePeriod=24%7CMonthly+Trends¤cy=CDN&productType=HS6&hSelectedCodes=%7C732591&runReport=true&lang=eng (accessed on May 30, 2022).

Figures of the Canadian Imports of GM should not be interpreted as being static because they would likely underestimate the upcoming significant increase in the volume of GM imports into Canada. In fact, AIA clearly states it expects to add 80 000 metric tons of capacity of grinding media in the market in the coming year or two⁴¹, and that it “should be able to commission that in calendar 2024, basically between 18 and 24 months from now so that is a good development [...] in terms of capacity”⁴².

It should be emphasized that AIA has decided to go ahead with its brownfield capacity expansion of grinding media with the Kerala GIDC’s project in the boundary of Ahmedabad, from which it plans to add the 80,000 metric tons of capacity at an estimated capex of Rs. 200 Crores and commissioning that by end of fiscal year 2024.⁴³

It is also worth noting that in June 2022, AIA will have completed setting up a manufacturing plant of Mill Liners with a capacity of 50,000 Mt and it is expected to be commissioned in June 2022⁴⁴. Therefore, AIA expected to be able to “bring to half a million tons of capacity for High Chrome” in the market in the coming one to five year⁴⁵.

Since all of the subject goods exported by AIA during the POI of the GM’s investigation were sold to Vega USA, a related importer of AIA⁴⁶, Magotteaux expresses its concerns that that GMs produced by AIA in India could find their way back to the U.S. market, and in larger quantities. In doing so, these products might be mistakenly declared as being of U.S. origin despite the evidence that no substantial processing is being done in the United States. In this regard, Magotteaux would like to bring to the attention of the CBSA that it is the only producer of GM in the United States. Vega USA, merely acts as a distributor or a supplier of similar products for AIA the origin of which GM remains India.

Magotteaux would also like to outline the fact that Vega Industries Middle East F.Z.C. (“**Vega ME**”), located in Ajman, UAE is also a wholly owned subsidiary of AIA. Vega ME

⁴¹ AIA, Financial Report of March 2022, Transcripts of Quarterly Investors' Conference Call, Declaration of Mr. Bhadresh K. Shah Executive Director AIA Engineering, *supra* note 20 pp 4-5.

⁴² *Ibid.* page 4.

⁴³ AIA Engineering Ltd, Presentation to Investors Earnings : Q4 FY 2021-22, pages 8-9, published at : <https://www.bseindia.com/xml-data/corpfiling/AttachLive/5932ef0f-3b1b-4cbd-99dd-5edeb415ce6a.pdf> (accessed on May 27, 2022). See Schedule A, Exhibit 2, Non-Confidential.

⁴⁴ *Idem.*

⁴⁵ AIA, Financial Report of March 2022, Quarterly Investors' Conference Call, Declaration of Mr. Bhadresh K. Shah - Executive Director - AIA Engineering Limited, *supra* note 20, pages 4 and 18.

⁴⁶ CBSA’s Final Determination, *supra* footnote 2, paras 73-78.

is a global distributor (and not a producer) of products produced by AIA and its affiliated companies, including the subject goods exported to Canada.⁴⁷

Magotteaux would like to confirm to the CBSA, that it does not sell and has never sold subject products to Vega USA, Vega ME or AIA. If GM are imported into Canada from the United States or UAE by Vega or another entity affiliated with AIA, the CBSA should ensure that the exactness of the origin declarations is provided on customs documentation.

Should the CBSA establish that there is evidence of circumvention by AIA to evade the anti-dumping and countervailing duties in force that are applicable to it, those acts would not only prevent duties from being paid when they otherwise should be but would also skew the data to make it appear that *Certain Grinding Media* are not being imported to Canada from their producing country, India. Also, and more importantly, this would pave the way for the products being purchased or recorded in Canada at an artificially low price, thus circumventing the Order in place.

If GM are exported from India to Canada but shipped through such an intermediate country before reaching Canada, subsection 30(1) of SIMA states that CBSA must determine normal value and export price as if the goods were shipped directly to Canada from the first mentioned country provided the conditions set out in section 25 of the SIMR are met.⁴⁸ Therefore, CBSA should continue to examine diligently and carefully the integrity and validity of the declarations of origin of GM products imported into Canada, with a particular attention to the United States and UAE.

5. FLUCTUATIONS IN CURRENCY EXCHANGE RATE

Additionally, there have been fluctuations in the currency exchange rate since the 2021 Normal Values were established, which is another relevant factor for consideration in the Normal Value Review Policy⁴⁹.

According to AIA Annual Report 2020-2021⁵⁰, fluctuation in currency rates has a driving effect on the purchase of raw material. Given that AIA operates internationally, and large portions of the business is transacted in several currencies, the company itself is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. By AIA's own admission, as a policy the Company does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. By doing so, foreign currency exchange rate exposure for exports is managed by prudent hedging policy.⁵¹

⁴⁷ CBSA's Final Determination, *supra* footnote 2, para 72.

⁴⁸ SIMA Handbook, *supra* footnote 5, page 408.

⁴⁹ CBSA's Normal Value Review Policy, *supra* note 9, para. 12(h).

⁵⁰ AIA, Annual Report 2020-2021, *supra* note 17, pages 161, 230.

⁵¹ *Ibid.*, pages 165 and 234.

It is also crucial to underline that in its Final Determination dated 29 July 2021, CBSA stated that Vega USA, located in Tennessee, was a related importer of AIA as during the POI all of the subject goods exported by AIA were sold to Vega USA. CBSA's reliability test revealed that the export prices in accordance with section 24 of SIMA were unreliable and, therefore, export prices were determined in accordance with section 25 of SIMA⁵².

Below are two charts summarizing the exchange rate, based on information obtained from the Bank of Canada⁵³, for the period of July 2021 (when the 2021 Normal Value came into effect) to May 2022. The first shows the monthly fluctuation in currency starting from 1,25 CAD/USD the 4 of August 2021, to 1,30 CAD/USD on May 11, 2022, with an average exchange rate of 1,26 CAD/USD.

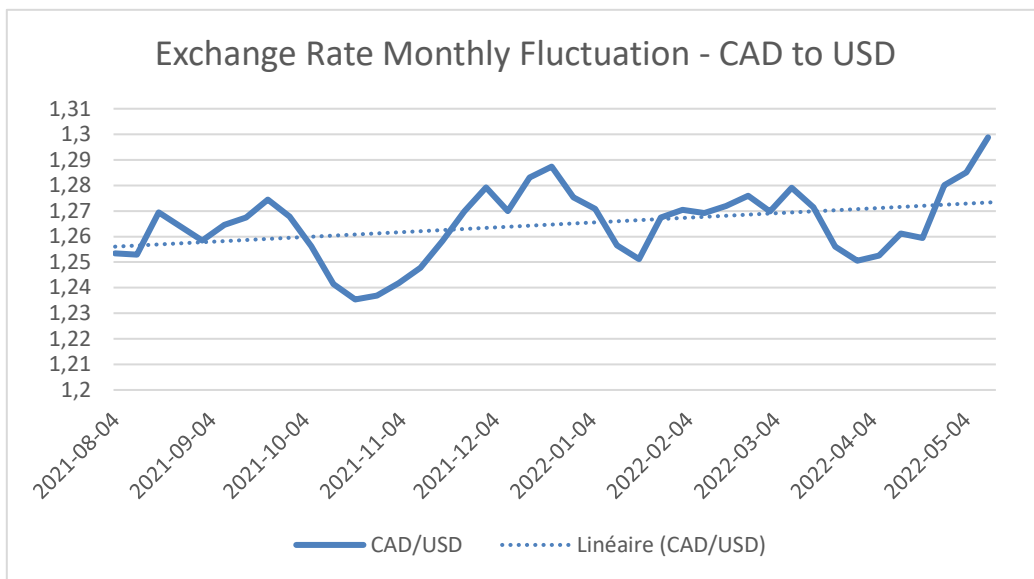


Figure 14: Exchange Rate Monthly Fluctuation (CAD to USD) – August 2021 to May 2022 – Non-Confidential⁵⁴

⁵² CBSA's Final Determination, *supra* footnote 2, paras 78-79.

⁵³ Bank of Canada, published at: <https://www.bankofcanada.ca/rates/exchange/currency-converter/> (accessed on May 19, 2022).

⁵⁴ See Schedule B, Exhibit 14.

The chart below shows the fluctuation in exchange rates between the Indian Rupee and US Dollar since August 2021, the week after CBSA's final determination in GM. There was a sharp decline in the exchange rate, shortly after the 2021 Normal Value established. In fact, the INR has fluctuated downward from 74,178 INR for a USD on August 4, 2021, to 77,363 INR for a USD on May 11, 2022, and the INR/USD exchange rate remains lower than it was in August 2021. This weaker INR currency averaging at 75 INR/USD is a contributing factor in generating a lower price for AIA exported in North America.

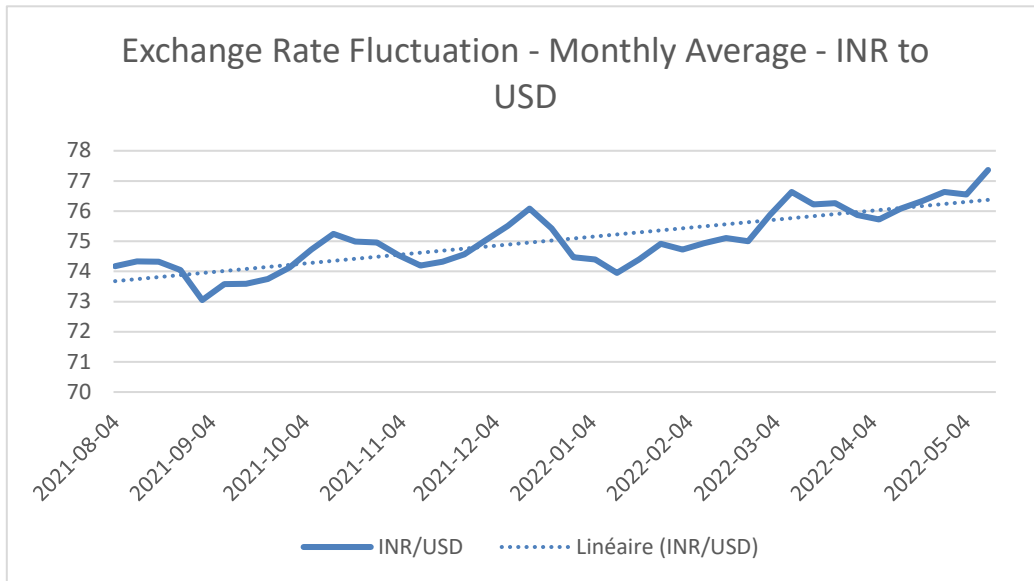


Figure 15: Exchange Rate Monthly Fluctuation (INR to USD) – August 2021 to May 2022 – Non-Confidential⁵⁵

Considering Figures 14 and 15 above, certain changes in distribution channels made by AIA, its affiliated companies or related importer of GM might be motivated by fluctuations in exchange rates, which lead to non-negligible advantages in favor of increasing sales to the United States and diminishing or maintaining exports prices artificially low for Canadian imports ultimately originating from India.

⁵⁵ See Schedule B, Exhibit 15.

Non-Confidential

Attached at **Schedule “A”** are the two following evidence documents:

- **Exhibit 1** - Transcripts of Quarterly Investors Conference Call Mar 2022 - NC;
- **Exhibit 2** - Presentation to Investors Earnings Q4 FY 2021-22 - NC.

Attached at **Schedule “B”** are calculations sheets that set out:

- **Exhibit 1 - Figure 1** - Indian scrap prices (Ahmedabad) - PRO;
- **Exhibit 2 - Figure 2** - Indian ferrochrome prices - PRO;
- **Exhibit 6 - Figure 6** - USA Federal Prime Rate (July 2021 to June 2022) - NC;
- **Exhibit 8 - Figure 8** - Ferro-chrome high carbon 6-8.5% C, basis 65-70% Cr, max 1.5% Si, delivered Europe, USD\$/lb Cr - PRO;
- **Exhibit 9 - Figure 9** - Steel scrap HMS 1&2 (80:20 mix), fob Rotterdam, \$/ton - PRO;
- **Exhibit 10 - Figure 10** - Steel scrap cut structural/plate 5ft max, consumer buying price, fob Montreal, Canadian \$/net ton - PRO;
- **Exhibit 11 - Figure 11** - Ferro-chrome high carbon 6-8% C, basis 60-65% Cr, max 2% Si, in-whs Pittsburgh, \$/lb - PRO;
- **Exhibit 12 - Figure 12** - Steel scrap Shredded auto, daily composite, delivered mill US, \$/gross ton - PRO;
- **Exhibit 14 - Figure 14** - Exchange Rate Monthly Fluctuation (CAD to USD) – August 2021 to May 2022 - NC;
- **Exhibit 15 - Figure 15** - Exchange Rate Monthly Fluctuation (INR to USD) – August 2021 to May 2022 - NC.

Attached at **Schedule “C”** are articles quoted in this document:

- **Exhibit 1** - Tackling the inflation hydra - NC;
- **Exhibit 2** - Wholesale Price Index (WPI) India Data 2022 - NC;
- **Exhibit 3** - What Rising Interest Rates Mean For Business – NC;
- **Exhibit 4** - India Wholesale Price Index Change - April 2022 Data - NC;
- **Exhibit 5** - Control inflation by acting on liquidity - NC;
- **Exhibit 6** - U.S. Inflation February 2022 - NC.

6. CONCLUSION

In summary, Magotteaux respectfully requests that the CBSA immediate initiate a Normal Values Review, with respect to exports of subject goods by AIA that are designate by the description in *Certain Grinding Media*. This Normal Value Review is critical to ensure the effectiveness of the trade remedy protection SIMA provides the Canadian producers of GM.

If CBSA has further questions or requires further information, please do not hesitate to contact me, as I will be pleased to assist you.

Yours truly,

DS LAWYERS CANADA LLP

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

Mtre Vincent Routhier