

August 31, 2023

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PUBLIC

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

Dear Registry:

RE: Carbon Steel Welded Pipe 3 – Response to BMB’s Request for NVR

This letter is filed with the Canada Border Services Agency (“**CBSA**”) on behalf of Nova Steel Inc. and Nova Tube Inc. (collectively “**Nova**”) with respect to Borusan Mannesmann Boru’s (“**BMB**”) letter dated August 18, 2023, requesting that the CBSA initiate a normal value review (“**NVR**”). BMB is a Turkish producer of carbon steel welded pipe (“**CSWP**”).

Nova submits that a NVR for BMB is not warranted at this time.

One of the factors the CBSA takes into account when determining whether to initiate a NVR is “the elapsed time since values were last issued”.¹ BMB’s normal values were updated very recently, as part of a NVR that concluded on May 10, 2023. Initiating another NVR only three months later is not an appropriate use of CBSA’s resources.

However, if the CBSA were to initiate a proceeding to update normal values, Nova submits that the CBSA should also initiate a normal value re-investigation into whether a particular market situation (“**PMS**”) exists in the Turkish CSWP sector pursuant to section 16(2)(c) of the *Special Import Measures Act*. Implicit in Borusan’s request is that market conditions in Turkey have

¹ *Re-investigation and Normal Value Review Policy – Special Import Measures Act (SIMA)*, Memorandum D14-1-8 (October 21, 2022) at para 12(b).

changed significantly in the past three months. The factors underlying the alleged changes in the Turkish market would need to be investigated to determine what is causing the alleged changes.

In May 2023, the CBSA made a determination that a PMS exists in the Turkish rebar sector which does not permit a proper comparison with the sales of the goods to the importer in Canada, due to the combined effects of Russian inputs and volatile economic conditions in Turkey:

Based on information on the record, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada, due to the combined effects of the following factors:

- distortions in the markets for input materials (i.e., steel billet and scrap steel), caused by large volumes of Russian steel billet available at heavily discounted prices, which resulted in depressing and suppressing domestic prices of rebar; and
- the volatile economic conditions in Türkiye, in particular, hyperinflation and severe currency depreciation, combined with the effect of Turkish policies in response to hyperinflation, which resulted in distorted costing and pricing for rebar.

The combined effect of both of these factors has significantly impacted the domestic sales of like goods in Turkey in a manner which does not permit a proper comparison between domestic sales of like goods in Türkiye and export sales as contemplated in paragraph 16(2)(c) of the SIMA.²

Nova notes the same PMS factors are present in the Turkish CSWP sector and warrant the initiation of a PMS investigation:

- (a) Large volumes of low-priced Russian slab and hot-rolled coil (“**HRC**”) are available in Turkey and likely distorting and depressing domestic prices of CSWP.³ BMB notes HRC represents approximately 85% of the total cost of production of CSWP.⁴

² *Rebar I*, Notice of conclusion of a re-investigation: Certain concrete reinforcing bar, RB1 2022 RI (May 10, 2023).

³ Public Attachment 1: Various articles dated 2022-2023 regarding Russian slab and HRC exports and Turkey being a major importer of Russian slab and HRC.

⁴ Public Attachment 2: BMB representations dated August 18, 2023, at p. 1.

- (b) The Turkish Lira has continued to depreciate since the *Rebar 1* determination and was at its lowest point in July 2023 at only 0.050 compared to the Canadian dollar.⁵ Further, Turkey continues to be a hyperinflationary economy (inflation rate of 122.88% over the past 12 months⁶) and Turkish policies have not changed since the *Rebar 1* determination.⁷

Nova therefore requests that the CBSA not initiate a NVR for BMB. However, if a NVR is initiated, Nova requests that the CBSA also initiate a PMS investigation.

Yours truly,



Anne-Marie Oatway
Conlin Bedard LLP

⁵ Public Attachment 3: Bank of Canada monthly exchange rates for January 2017 to July 2023.

⁶ Public Attachment 4: Various articles dated 2022-2023 regarding hyperinflation in Turkey, see p. 3 (ENAGrup).

⁷ Public Attachment 4: Various articles dated 2022-2023 regarding hyperinflation in Turkey.

List of Attachments

Attachment #	Description
Public Attachment 1	Various articles dated 2022-2023 regarding Russian slab and HRC exports and Turkey being a major importer of Russian slab and HRC
Public Attachment 2	BMB representations dated August 18, 2023
Public Attachment 3	Bank of Canada monthly exchange rates for January 2017 to July 2023
Public Attachment 4	Various articles dated 2022-2023 regarding hyperinflation in Turkey