WR 2024 IN

OTTAWA, September 19, 2024

STATEMENT OF REASONS

Concerning the final determination with respect to the dumping of

WIRE ROD
ORIGINATING IN OR EXPORTED FROM
CHINA, EGYPT AND VIETNAM

DECISION

Pursuant to subsection 41(1)(b) of the *Special Import Measures Act*, the Canada Border Services Agency made a final determination on September 4, 2024 respecting the dumping of certain wire rod originating in or exported from the People's Republic of China, the Arab Republic of Egypt and the Socialist Republic of Vietnam.

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

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SUMMARY OF EVENTS

[1] On January 18, 2024, the Canada Border Services Agency (CBSA) received a written complaint from Ivaco Rolling Mills 2004 LP (Ivaco) (L'Orignal, ON) (hereinafter, the complainant) alleging that imports of wire rod originating in or exported from the People's Republic of China (China), the Arab Republic of Egypt (Egypt) and the Socialist Republic of Vietnam (Vietnam) have been dumped. The complainant alleged that the dumping has caused injury and is threatening to cause injury to Canadian producers of wire rod.

[2] On February 8, 2024, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. On March 1, 2024, the CBSA informed the Governments of China (GOC), Egypt and Vietnam (GOV), that a properly documented complaint had been filed.

[3] The complainant provided evidence to support the allegations that certain wire rod from China, Egypt and Vietnam has been dumped as well as evidence that discloses a reasonable indication that the dumping has caused injury or is threatening to cause injury to the Canadian industry producing like goods.

[4] On March 8, 2024, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of wire rod from China, Egypt and Vietnam.

[5] Upon receiving notice of the initiation of the investigation, the Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the dumping of the above-mentioned goods has caused injury or is threatening to cause injury to the Canadian industry producing the like goods.

[6] On May 7, 2024, pursuant to subsection 37.1(1) of SIMA, the CITT made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping of wire rod from China, Egypt and Vietnam has caused injury or is threatening to cause injury to the domestic industry.

[7] On June 6, 2024, as a result of the CBSA's preliminary investigation and pursuant to subsection 38(1) of SIMA, the CBSA made a preliminary determination of dumping of wire rod originating in or exported from China, Egypt and Vietnam.

[8] On the same date, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped goods that are of the same description as any goods to which the preliminary determination applies, and that are released during the period commencing on the day the preliminary determination was made and ending on the earlier of the day on which the CBSA causes the investigation in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA.

[9] Based on the available evidence, the CBSA is satisfied that wire rod from China, Egypt and Vietnam has been dumped. Therefore, on September 4, 2024, the CBSA made a final determination of dumping pursuant to paragraph 41(1)(b) of SIMA in respect of those goods.

[10] The CITT's inquiry into the question of injury to the Canadian industry is continuing, and it will issue its decision by October 4, 2024. Provisional duty will continue to be imposed on the subject goods from China, Egypt and Vietnam until the CITT renders its decision.

PERIOD OF INVESTIGATION

[11] The Period of Investigation (POI) for the investigation is January 1, 2023 to December 31, 2023.

PROFITABILITY ANALYSIS PERIOD

[12] The Profitability Analysis Period (PAP) is January 1, 2023 to December 31, 2023.

INTERESTED PARTIES

Complainant

[13] The name and address of the complainant is as follows:

Ivaco Rolling Mills 2004 LP
P.O. Box 322,
L'Orignal, Ontario, K0B 1K0

[14] Ivaco is the largest Canadian producer of wire rod, with operations located in L'Orignal, Ontario. Ivaco was established in 1971, and in 2004 was acquired by Heico Holdings Inc. Ivaco operates an electric arc furnace to melt scrap metal and to produce steel billets, which Ivaco then uses in the production of wire rod[1].

Other Producers

[15] The complainant identified one additional producer of wire rod in Canada[2]:

ArcelorMittal Long Products Canada G.P. (ArcelorMittal)
4000, Routes des Aciéries
Contrecoeur, Quebec, J0L 1C0

[16] The complaint identified Ivaco and ArcelorMittal as the only two producers of wire rod in Canada. The CBSA did its own supplementary research, but could not identify any other producers in Canada.

[1] Exhibit 2 (NC) – WR Complaint – para. 9
[2] Exhibit 2 (NC) – WR Complaint – paras. 8-13

Trade Union

[17] The complainant identified the United Steelworkers Locals 7940, 8794, and 9740 as the union of which Ivaco employees are members. The complainant identified Unifor as the trade union for members employed at Sivaco. Sivaco is not a producer of wire rod but is related to Ivaco. The complainant identified Syndicat Des Metallos Local 6586 as the trade union with members employed at ArcelorMittal[3].

Importers

[18] The CBSA identified 27 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer Request for Information (RFI). Three importers provided a response to the Importer RFI, Stemcor USA Inc., Jebsen & Jessen Metals GmbH, and Tree Island Industries Ltd[4].

Exporters

[19] The CBSA identified 135 potential exporters of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping RFI. In addition, exporters and producers in China were asked to respond to the CBSA's Section 20 RFI.

[20] In total, four exporters responded to the CBSA's RFIs. From China, the CBSA received a group response to the Dumping RFI from the Shagang group. This group includes two producers, Zhangjiagang Rongsheng Special Steel Co., Ltd. and Jiangsu Shagang Steel Co., Ltd, one party deemed to be the exporter for the purposes of the final determination, Jiangsu Shagang International Trade Co., Ltd., and three companies determined to be related vendors of the subject goods, Jiangsu Shagang Group Co., Ltd, Shagang International (Singapore) Pte. Ltd., and Shagang South-Asia (Hong Kong) Trading Co., Limited, (collectively, "Shagang Group"). These companies also provided responses to the CBSA's Section 20 RFI[5].

[21] The CBSA received one response to the Dumping RFI from a company in Egypt, Suez Steel Co. (Suez Steel).

[22] From Vietnam, the CBSA received a group response to the Dumping RFI from the Hoa Phat Group. This group includes two producer/exporters, Hoa Phat Dung Quat Steel Joint Stock Company (Hoa Phat Dung Quat) and Hoa Phat Hai Duong Steel Joint Stock Company (Hoa Phat Hai Duong), one producer and related vendor for the like goods in the domestic market, Hoa Phat Hung Yen Steel Limited Liability Company, and two related suppliers of input materials, Hoa Phat Energy Joint Stock Company and An Thong Mineral Investment Joint Stock Company (collectively, "Hoa Phat Group").

[3] Exhibit 2 (NC) – WR Complaint – paras. 18-20
[4] Exhibits (33, 40, 44, 52) (NC) - Importer RFI
[5] Exhibits (46, 48, 50, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72, 74, 87) (NC) - Exporter RFI

[23] One vendor of subject goods, Jebsen & Jessen Metals GmbH, provided a response to the Dumping RFI. For the purposes of the final determination, Jebsen & Jessen Metals GmbH was found to be a vendor of the goods exported by Hoa Phat Dung Quat.

[24] The CBSA also received a response to the Dumping RFI from one Vietnamese producer of wire rod that did not export subject goods to Canada during the POI, Formosa Ha Tinh Steel Corporation (Formosa). As there were no exports during the POI, it was not possible to determine a margin of dumping for Formosa.

Government

[25] The Government of China (GOC) was sent the CBSA's Government Section 20 RFI requesting information concerning the wire rod sector in China. The GOC did not provide a response to the RFI.

[26] For the purposes of this investigation, the GOC refers to all levels of government, i.e., federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

PRODUCT INFORMATION

Definition

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

> Certain hot-rolled wire rod of carbon steel and alloy steel of circular or approximately circular cross section, in coils, equal to or less than 25.5 mm in actual solid cross-sectional diameter, originating in or exported from the People's Republic of China, the Arab Republic of Egypt and the Socialist Republic of Vietnam, excluding the following products:
>
> - tire cord quality wire rod;
> - stainless steel wire rod;
> - tool steel wire rod;
> - high-nickel steel wire rod;
> - ball-bearing steel wire rod; and
> - concrete reinforcing bars and rods (also known as rebar).

a) For greater clarity, tire cord quality wire rod is considered to be rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter, with an average partial decarburization of no more than 70 micrometers in depth (maximum 200 micrometers); having no non-deformable inclusions with a thickness (measured perpendicular to the rolling direction) greater than 20 micrometers; and, containing by weight the following elements in proportion: 0.68% or more carbon; less than 0.01% of aluminum; 0.04% or less, in aggregate, of phosphorus and sulfur; 0.008% or less of nitrogen, and not more than 0.55% in the aggregate, of copper, nickel and chromium.

b) Stainless steel wire rod is rod containing, by weight, 1.2% or less of carbon and 10.5% or more of chromium, with or without other elements.

c) Tool steel wire rod is considered to be rod containing the following combinations of elements in the quantity by weight respectively indicated: more than 1.2 percent carbon and more than 10.5 percent chromium; or not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

d) High-nickel steel wire rod is considered to be rod containing by weight 24% or more nickel.

e) Ball-bearing steel wire rod is considered to be rod containing iron as well as each of the following elements by weight in the amount specified: not less than 0.95 nor more than 1.13 percent of carbon; not less than 0.22 nor more than 0.48 percent of manganese; none, or not more than 0.03 percent of sulfur; none, or not more than 0.03 percent of phosphorus; not less than 0.18 nor more than 0.37 percent of silicon; not less than 1.25 nor more than 1.65 percent of chromium; none, or not more than 0.28 percent of nickel; none, or not more than 0.38 percent of copper; and none, or not more than 0.09 percent of molybdenum.

f) Concrete reinforcing bar, commonly known as rebar, means a steel bar produced with deformations. It is covered by the existing measures in force.

Additional product information[6]

[28] Wire rod is a semi-finished hot-rolled steel product of approximately circular[7] cross section (i.e., not exactly round) that typically is produced in nominal fractional diameters of up to 1 inch (25.5 mm), with an out of roundness (OOR) tolerance of ±0.025 inches (0.60 mm), and a standard size tolerance of ± 1/64 (±0.016) inches (±0.40 mm). Wire rod is sold in nominal diameters because it may not be (nor is it expected to be, under ASTM specifications) exactly round. Nominal diameters are typically incremented by 1/64 (0.016) inches (0.40 mm).

[29] Wire rod is used as an input product for further manufacturing. Specifically, wire rod is commonly drawn through a hole in a die through cold-forming, which results in a virtually round product, namely, wire. Unlike wire rod (which is approximately circular), wire can also be drawn into several different cross-sectional shapes including square, rectangle, and hexagon among others.

[30] Wire rod is sold in wound coils for ease of use as an input in downstream production. One of the key features of wire rod is its continuous form such that, if one end is fed into a machine, the balance of the material will feed continuously – a feature common to all long products.

[31] The North American market for wire rod is governed by applicable ASTM wire rod specifications including ASTM A-510 and ASTM A-1040 for end use suitability. ASTM A-510 is the standard specification for general requirements for wire rods and coarse round wire made of carbon and alloy, whereas ASTM A-1040 sets out standard grades for carbon, low-alloy, and alloy steels. Together, these ASTM specifications provide clarity on physical characteristics (i.e., surface quality, coating, dimensions) and chemical characteristics (i.e., grade, residual content etc.). Ivaco manufactures or is capable of manufacturing wire rod to all ASTM A-510 and ASTM A-1040 specifications and grades.

[32] There are five notable product characteristics that distinguish various types of wire rod: (1) surface quality; (2) steel grade; (3) residual chemical composition; (4) diameter, and (5) whether the rod is "green" (i.e., not further processed after coming off the hot-rolling line) or "processed" (i.e., further processed after hot-rolling, e.g., by acid-washing/pickling the rod to remove impurities such as rust or scale, and by coating the rod with suitable lubrication for ready-use in wire drawing).

[6] Exhibit 2 (NC) – WR Complaint – paras. 22-39

[7] As explained in detail below, the material input for steel wire rod is a steel billet, which can have a square or near square cross-section to start. Once the billet is heated, it goes through a geometric transformation to become a round or near round rod. In this sense, while wire rod is always circular, such that it does not have corners, it may not be a perfect circle.

[33] First, with respect to surface quality, this differs based on detectable defects on the surface of the rod, which are called surface defect depths or seam depths. Whereas ASTM A-510 requires only that wire rod is to be free of "detrimental surface imperfections, tangles, and sharp kinks," customers accept surface defect depths only up to a given maximums, based on the ultimate end use of wire rod. Ivaco therefore provides product warranties for maximum acceptable surface defect depths according to rod quality designations.

[34] The Ivaco warranty for Cold Heading Quality, High Carbon Quality, Welding Quality, Industrial Quality and Mesh Quality is measured as a percent of surface defect depth. Ivaco does not sell wire rod that has a surface defect depth exceeding a certain percent of the diameter. As the acceptable depth of defects decreases, cost of production increases given more stringent requirements for the input raw material (i.e., higher quality scrap must be used), additional testing and quality control work required, and reduced prime yields.

[35] Second, steel grade is controlled as early as in the production process of raw materials (i.e., billets). Billets produced to customer specifications often conform to certain chemical characteristics that meet ASTM specifications. Table 2 of ASTM A-1040 outlines standardized chemical compositions that different grades of wire rod must conform to, which in turn require input billets to conform to the same chemical compositions. It is common, however, for customers to specify their own steel chemical composition in their own specifications for their own end use. Ivaco produces wire rod to meet customer grade and chemistry specifications.

[36] Third, customers may also ask wire rod producers to confirm the residual chemical components of the steel. Although wire rod may be produced to an ASTM grade, steel with given target levels of residual chemical components not otherwise specified by an ASTM grade will ordinarily attract higher pricing in the market. The minimum and maximum residual components defined by the customer may include copper, nickel, chromium, molybdenum, tin, vanadium, and nitrogen, depending on the customer. The degree of inclusion of each element varies among different types/grades of wire rod. The cost of production of wire rod increases, all other things being equal, the higher the level of control over residual chemical components is.

[37] Fourth, wire rod size/diameter will be specified by the customer based on end use. Ivaco can produce wire rod in diameters up to 1 inch (25.5 mm), with an OOR tolerance of ±0.025 inch (0.60 mm) and a size tolerance of ±1/64 inches (i.e., ±0.016 inches or ±0.40 mm). Wire rod is normally sold in size increments of 1/64 inches (i.e., 0.016 inches or 0.40 mm). Typically, at the outer ranges of diameters (i.e., the smallest and largest diameters), costs of production increases.

[38] Finally, wire rod is produced and sold as either green rod or processed rod. Green rod is the default end product in wire rod production after it passes through its final hot-rolling process. Green rod normally is covered with an oxide iron scale that results from the hot-rolling process. The scale must be removed through further processing before the rod is put to its intended end use. Most wire rod is processed (i.e., the oxide iron layer is removed through acid-pickling or mechanical descaling, and, if applicable, an annealing cycle, and a lubricant or polymer added) before it is put to its intended end use in the manufacture of wire or other products. When processed, the oxide layer is removed, then the rod may go into an annealing cycle to modify its mechanical properties, and then rod may be coated with zinc, phosphate, lime, borax, lube, or polymer. Some customers have their own processing equipment and thus purchase green rod. Others do not have some equipment, and thus purchase rod that has already been processed. Given that these processing steps are additional and subsequent to the hot-rolling of the wire rod, the cost of production of processed rod by definition is higher than the cost of production of green rod.

[39] Wire rod sold in North America is generally marketed by quality according to the ultimate end use. There are five main quality designations for wire rod based on suitability for intended end use: (1) industrial quality (low carbon); (2) mesh quality (low carbon); (3) welding quality; (4) high carbon quality; and (5) cold heading quality. The first two quality designations for wire rod typically have a carbon content less than 0.25 percent. Wire rod of higher quality (e.g., cold heading quality) is typically downward substitutable for wire rod of lower quality (e.g., industrial quality). Multiple factors contribute to the substitutability of one type of wire rod for another including the overall chemistry, size variation, OOR, allowable surface discontinuities, and steel cleanliness. However, in many cases, higher quality low- and medium-carbon wire rod can be downward substitutable for lower quality wire rod. Indeed, for example, it is possible to produce cold heading quality wire rod with a carbon content of below 0.25 percent, which would make it suitable for use in an industrial quality application requiring a similar carbon content.

[40] In terms of the quality designations, industrial quality (IQ) rod connotes suitability for end use in the production of cold drawn products with non-critical applications, e.g.: spring wire, shaped wire, general purpose springs, nails and other simple fasteners, chains, bailing wire, display racks, warehouse shelving, animal cages, fencing products, and concrete snap ties (used to form concrete walls).

[41] Mesh quality LC rod connotes suitability for end use in the production of products primarily used in the construction industry, e.g.: concrete wire mesh, as well as deformed wire (i.e., wire products that have deformations similar to rebar). Both IQ and mesh quality LC may also be grouped together as IQ in industry or sales discussions.

[42] Welding quality rod connotes more carefully controlled steel chemistry and steel mechanical properties targeting end use in the production of welding wire. Specifically, welding quality rod is produced to be drawn into wire to form stick electrodes or to be drawn into wire to form spools (for continuous feed applications) of either solid welding wire or flux-cored welding wire such as that used in, e.g., automated/robotic automotive assembly lines or the production of submerged arc welded steel pipe products (e.g., large diameter line pipe, etc.). The chemistry of welding quality rod is important to ensure that the weld material fuses with the surrounding parent metal being joined, and that it has post-solidification mechanical properties that are compatible with the parent metal.

[43] High carbon (HC) quality rod connotes carbon content exceeding 0.45 percent up to and including 1.03 percent (i.e., ASTM grade 1095). Further, HC quality rod also connotes suitability for drawing into wire but, at the same time, connotes rod that has sufficient strength to serve in more demanding end products such as springs, music wire, and stranded cables. More demanding billet casting and tighter-controlled cooling parameters impart a more consistent microstructure throughout the drawn wire.

[44] Finally, cold heading quality (CHQ) rod connotes suitability for end use in production processes involving the cold heading (forming) of products, including fasteners, spark plugs, and other engineered products with tight dimensional tolerances such as in the automotive, shipbuilding, and aerospace sectors. All other things being equal, the superior quality demanded for CHQ wire rod makes it downward substitutable for use in applications requiring IQ wire rod.

Production process[8]

[45] Notwithstanding the wide variety of end uses of wire rod, all wire rod products share a basic manufacturing process that consists of steelmaking, casting, hot-rolling, coiling, and cooling.

[46] The first step in wire rod production process is steelmaking or production of raw materials (i.e., blooms or billets by melting steel scrap). In North America and other parts of the world, raw steel is produced by one of two processes: the integrated steelmaking process, which employs blast furnaces and basic oxygen furnaces, or the non-integrated steelmaking process, which utilizes electric arc furnaces (EAF). For its part, Ivaco uses an EAF to make steel billets from multiple metal scrap types. To create specific chemical properties, items may be added to the EAF, which reaches temperatures as high as 3,050 degrees Celsius. Once the expected chemical composition is met, the molten steel is poured from the EAF into a ladle and is then moved to the ladle metallurgy furnace. At the ladle metallurgy furnace stage of the process, the steel chemistry is further refined, as needed, with the addition of other elements such as alloys.

[8] Exhibit 2 (NC) – WR Complaint – paras. 40-45

[47] When the precise chemistry and temperature are obtained, the ladle is transferred by crane to the continuous casting operation (i.e., caster). At Ivaco, the steel is poured from the ladle into the tundish, which is a distributor used to deliver molten metal. There are various methods of casting steel; with the production process being chosen based on the required quality and the grade sensitivity to oxygen contact. Each strand of molten steel is slowly drawn downward through a curved arrangement of support rolls as a water-cooling spray system helps solidify the steel, forming the shape of the billets. After emerging horizontally from the discharge end of the caster, the billets are straightened through a set of rolls and cut to length using oxygen torches. At this point, each billet is already assigned to a specific customer and is awaiting conversion into wire rod. Once made, billets are transferred for cooling and storage in the indoor billet yard. When needed for production, billets are picked up by overhead crane and delivered to a charging table where a final check is done to ensure full order traceability.

[48] Upon final check, billets are transferred to Ivaco's hot-rolling process. This production method is called "hot-rolling" because the steel billet is first reheated in a reheat furnace before it passes through a number of rolling stands, generally referred to as "roughing," "intermediate," and "finishing" passes. The rolling stands form and compress the hot billet in a vertical and horizontal manner, thus turning a relatively shorter billet with a roughly square or rectangular cross-section with a larger width, into a relatively longer rod product with a roughly circular cross-section, with a smaller diameter.

[49] After the hot-rolling stage of production, the resulting wire rod must be cooled. This is generally accomplished by air cooling. After cooling, the coils are inspected. By the time a given coil reaches the end of the production line, it has been trimmed, shaped, tested, compacted, weighed, and tagged in accordance with the industry standards (i.e., applicable ASTM specifications).

[50] Chemical composition, scrap steel mix, and alloying elements, along with rolling passes on specific rolling stands and cooling speeds, all determine the specific quality of wire rod produced. That being said, the manufacturing equipment, handling equipment, direct labour, and production facilities remain the same for all wire rod products.

Classification of imports

[51] The allegedly dumped goods are normally imported under the following tariff classification numbers:

7213.91.00.42	7213.99.00.11	7227.20.00.20
7213.91.00.43	7213.99.00.12	7227.20.00.90
7213.91.00.49	7213.99.00.31	7227.90.00.60
7213.91.00.50	7213.99.00.32	7227.90.00.70
7213.91.00.60	7213.99.00.51	7227.90.00.81
7213.91.00.70	7213.99.00.52	7227.90.00.82
		7227.90.00.83

[52] The listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers include non-subject goods. Also, subject goods may fall under tariff classification numbers that are not listed. Refer to the product definition for authoritative details regarding the subject goods.

LIKE GOODS AND CLASS OF GOODS[9]

[53] 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.

[54] With respect to the definition of like goods, the complainant stated that like goods are those goods described in the product definition. That is, domestically produced wire rod, which meets the product definition, and does not include domestically produced goods which are specifically excluded from the product definition.

[55] The domestic industry produces, or has the ability to produce, the whole range of wire rod products included in the scope of the complaint. While the qualities of the subject goods may differ depending on the given end-use specifications, the complainant submits that the subject goods fall within a continuum of like goods within a single class.

[56] The complainant notes that wire rod of similar quality is interchangeable in a given end-use application. All wire rod is generally manufactured in the same facilities using the same processes and is sold using the same distribution channels.

[57] For the purposes of this analysis, like goods consist of domestically produced wire described in the product definition.

[58] After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that subject goods and like goods constitute only one class of goods.

[59] In its preliminary injury inquiry for this investigation, the CITT further reviewed the matter of like goods and classes of goods. On May 22, 2024, the CITT issued its preliminary inquiry *Statement of Reasons*, indicating that:

> *"[…] the Tribunal sees nothing strongly supporting a finding of multiple classes of goods at this stage of the proceeding*[10]*."*

[9] Exhibit 2 (NC) – WR Complaint – paras. 59-64

[10] Canadian International Trade Tribunal; Preliminary Injury Inquiry – Certain Wire Rod – *Statement of Reasons* (May 22, 2024), PI-2023-002, para. 31

THE CANADIAN INDUSTRY

[60] The investigation is a result of a complaint filed by Ivaco Rolling Mills 2004 LP (Ivaco) (L'Orignal, ON). In addition to the complainant, there is one other wire rod producer in Canada that was identified by the complainant, ArcelorMittal Long Products Canada G.P. (ArcelorMittal). ArcelorMittal expressed support of the complaint[11].

IMPORTS INTO CANADA

[61] During the final phase of the investigation, the CBSA refined the volume and value of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[62] The following table presents the CBSA's analysis of imports of wire rod for the purposes of the final determination:

Import Volume of Wire Rod
(January 1, 2023 to December 31, 2023)

Country	% of Total Import Volume
China	17.3%
Egypt	11.6%
Vietnam	33.6%
Non-Subject Countries	37.5%
Total	100%

INVESTIGATION PROCESS

[63] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of wire rod released into Canada during the POI.

[64] Regarding the section 20 inquiry, information was requested from all known and potential exporters and producers of wire rod in China and the GOC.

[65] The GOC and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits or the desk audits may result in the margin of dumping, and the assessment of dumping on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favorable to them than if complete, verifiable information was made available.

[11] Exhibit 2 (NC) – WR Complaint – Exhibit 1-01

[66] Several parties (i.e., importers and exporters) requested an extension to respond to their respective RFIs and supplemental RFIs (SRFI). The CBSA reviewed each request and certain extensions were granted where reasons for making the request constituted unforeseen circumstances or unusual burdens.

[67] After reviewing the RFI and responses, SRFIs were sent to respondents who submitted complete answers, in order to seek and request additional clarification, where necessary.

[68] For the responding parties that did not provide complete information, deficiency letters were sent, in order to notify them that information was missing and that without the missing information, a preliminary and a final determination would be made on the basis of the available facts.

[69] CBSA officers performed on-site verification for exporters in Egypt and Vietnam.

[70] Details pertaining to the information submitted by the exporters in response to the Dumping RFI as well as the results of the CBSA's investigation, are provided in the *Dumping Investigation* section of this document.

[71] As part of the final phase of the investigation, case briefs and reply submissions were submitted by counsels representing the complainant and exporters. A summary of the representations is provided in **Appendix 2**.

DUMPING INVESTIGATION

[72] The following presents the final results of the investigation into the dumping of wire rod originating in or exported from China, Egypt and Vietnam.

Normal value

[73] Normal values are generally determined based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with the methodology of paragraph 19(b) of SIMA.

[74] In the case of a prescribed country such as China, if, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market, the normal values are generally determined on the basis of section 20 of SIMA using either the selling prices or costs of like goods in a "surrogate" country.

Export Price

[75] The export price of goods sold to importers in Canada is generally determined in accordance with the methodology of section 24 of SIMA based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[76] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is determined based on the importer's resale price of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

Margin of Dumping

[77] The margin of dumping by exporter is equal to the amount by which the total normal value exceeds the total export price of the goods, expressed as a percentage of the total export price. All subject goods imported into Canada during the POI are included in the margins of dumping of the goods. Where the total normal value of the goods does not exceed the total export price of the goods, the margin of dumping is zero.

Background of the Section 20 Inquiry

[78] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market[12].

[79] The provisions of section 20 are applied on a sector basis rather than on the country as a whole. The sector reviewed will normally only include the industry producing and exporting the goods under investigation. The CBSA may form an opinion where there is sufficient information that the conditions set forth in paragraph 20(1)(a) of SIMA exist in the sector under investigation.

[80] The CBSA initiates dumping investigations on the presumption that section 20 is not applicable to the sector under investigation unless there is information that suggests otherwise.

[12] China is a prescribed country under section 17.1 of the *Special Import Measures Regulations*

[81] A section 20 inquiry refers to the process whereby the CBSA collects information from various sources in order to form an opinion as to whether the conditions described under subsection 20(1) of SIMA exist with respect to the sector under investigation. Before initiating an inquiry under section 20, the CBSA must first analyze the information submitted in the complaint and the evidence it has gathered independently to determine if it is sufficient to warrant the initiation of an inquiry.

[82] The complaint alleged that the conditions described in section 20 of SIMA prevail in the long products steel industry sector in China and Vietnam. That is, the complainant alleged that these industry sectors in China and Vietnam do not operate under competitive market conditions and consequently, prices of wire rod established in the domestic markets in China and Vietnam, would not be reliable for determining normal values[13].

[83] The complainant provided a variety of evidence in Annex A of the complaint to support the claim that the GOC and GOV substantially determine domestic prices of wire rod in their respective countries and that the prices are substantially different than they would be in a competitive market. Specifically, the complainant cited specific policies implemented by the GOC and GOV and provided evidence of state ownership and subsidization in the steel industry and long products steel sector.

[84] For the purposes of this section 20 inquiry, the sector under review is the long products steel sector, which includes wire rod and other similar long steel products.

[85] At the initiation of the investigation, the CBSA reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA found that there was insufficient evidence to support an inquiry into the allegations that the measures taken by the GOV substantially influenced prices in the wire rod sector in Vietnam. As such, the CBSA did not initiate a section 20 inquiry as part of the initiation of the investigation.

[86] At the same time, with respect to the section 20 allegations concerning the long products steel sector in China, the CBSA found that there was reasonable evidence to support an inquiry into the allegations that the measures taken by the GOC substantially influence prices of wire rod in China, and that the prices are substantially different than they would be in a competitive market.

[87] Consequently, on March 8, 2024, the CBSA included in its investigation, a section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the wire rod sector in China.

[88] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of wire rod in China, as well as to the GOC, requesting detailed information related to the wire rod sector in China.

[13] Exhibit 2 (NC) – WR Complaint – Para. 101-109 & Annex A

[89] In cases where conditions of section 20 exist, pursuant to paragraph 20(1)(c), the normal value can be determined based on profitable selling prices or full costs of production and an amount for profit on goods sold domestically in a surrogate country, to which the conditions described in section 20 of SIMA are not applicable.

[90] Given that the complaint contains allegations of dumping concerning countries for which the CBSA has not initiated a section 20 inquiry (Egypt and Vietnam), and given the difficulties in collecting sufficient information from surrogate countries not included in the complaint, the CBSA found it reasonable to select Egypt and Vietnam as appropriate surrogate countries for the purpose of determining normal values.

Summary of Chinese exporter responses

[91] The CBSA received a group response to the Dumping RFI from the Shagang group. This group includes two producers, Zhangjiagang Rongsheng Special Steel Co., Ltd. and Jiangsu Shagang Steel Co., Ltd, one party deemed to be the exporter for the purposes of the preliminary determination, Jiangsu Shagang International Trade Co., Ltd., and three companies determined to be related vendors of the subject goods, Jiangsu Shagang Group Co., Ltd, Shagang International (Singapore) Pte. Ltd., and Shagang South-Asia (Hong Kong) Trading Co., Limited, (collectively, "Shagang Group"). These companies also provided responses to the CBSA's section 20 RFI.

Government of China response

[92] An RFI was sent to the GOC requesting information for the purposes of the section 20 inquiry. No response was received from the GOC.

Surrogate country responses

[93] The CBSA determined that based on information on the record and publicly available data, Egypt and Vietnam are appropriate surrogate countries due to them having large producers that compete globally and are competing under fair market conditions in their domestic market. As such, the CBSA did not send surrogate country RFI's to producers and exporters located in any other countries.

Responses from importers with sales in Canada of wire rod from other countries

[94] As part of the section 20 inquiry, RFIs sent to importers requested information on resales in Canada of wire rod imported from countries other than China. The CBSA received responses to the importer RFI from three importers[14]. None of the importers provided information on re-sales in Canada of like goods from non-subject countries.

[14] Exhibits 32(PRO) and 33(NC) - Response to Importer RFI – Stemcor USA Inc., 39(PRO) and 40(NC) - Response to Importer RFI – Jebsen & Jessen Metals GmbH, and 43(PRO) and 44(NC) – Response to Importer RFI from Tree Island Industries Ltd.

Analysis of section 20 conditions

Government control analysis

[95] This section will present the CBSA analysis of how the GOC exerts control over the long products steel sector, including wire rod, by examining:

- Steel industry sectors in China;
- 14th Five-Year National Plan on National Economic and Social Development;
- 13th Five-Year National Plan on National Economic and Social Development;
- Made In China 2025;
- Ownership and control over the domestic steel industry;
- Direct subsidies to the domestic wire rod industry; and
- Influence on inputs.

Steel industry sectors in China

[96] The CBSA has issued recent opinions, in respect of the following steel industry sectors, that domestic prices are substantially influenced by the GOC and that they are not substantially the same as they would be if they were determined in a competitive market. Recent and relevant sectors that are discussed in this sectors are as follows:

- flat-rolled steel sector: cold-rolled steel (2018)[15]
- long products steel sector: certain concrete reinforcing bar (2014)[16] and certain galvanized steel wire (2013)[17]

[97] The domestic selling prices of the above cited steel product industry sectors have been found by the CBSA to not be the same as they would be if they were determined under competitive market conditions. The key input material for cold-rolled steel sheet is usually hot-rolled steel sheet, which uses semi-finished casting products, such as a billet[18] or slab[19]. Billet is also used as the main input in wire rod, in the long products steel sector.

[98] The CBSA has previously determined that government control of inputs, including billet was one of the main reasons that section 20 conditions existed in the flat rolled steel sector. In 2013 and 2014, the CBSA determined that the Government of China substantially determined prices in the domestic long product steel sector and that these were not substantially the same as they would be in a competitive market.

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[15] Final determination Statement of Reasons for Cold-Rolled Steel – November 15, 2018.
[16] Final determination Statement of Reasons for Concrete Reinforcing Bar – December 10, 2014.
[17] Final determination Statement of Reasons for Steel Galvanized Wire – August 6, 2013.
[18] A semi-finished steel product obtained by rolling ingots on a rolling mill or processed through a continuous caster and cut into various lengths. The billet has a square cross section and is normally used as a starting material for long products like wire rod, merchant bars and other sections.
[19] A semi-finished steel product obtained by rolling ingots on a rolling mill or processed through a continuous caster and cut into various lengths. The slab has a rectangular cross section and is used as a starting material in the production process of flat products, i.e. hot rolled coils or plates.

[99] The substantial amount of information on the record of these previous findings supported the opinion that section 20 conditions exist in the long product steel sector in China for the purposes of this investigation. Notably, two of the findings mentioned above share the same sector as wire rod. There are numerous other findings from anti-dumping investigations that formed the opinion that section 20 conditions exist in China.

[100] On the level of overall administrative control, the direction of the Chinese economy is governed by a complex system of industrial planning which affects all economic activities within the country. The totality of these plans cover a comprehensive and complex matrix of sectors and crosscutting policies and is present in all levels of government. The policies and plans discussed below exemplify how individual sectors such as the long product steel sector and its related projects are being singled out as priorities in line with the government priorities and specific development goals are attributed to industrial progress and growth of export markets.

14th Five-Year Plan for National Economic and Social Development

[101] In 2021, the GOC adopted its *14th Five-Year Plan for National Economic and Social Development and Long Range Objectives for 2035* (*14th Five-Year Plan*) for the period of 2021-2025, which covers the period of investigation, and includes long-range objectives up to the year 2035. The objectives outlined in the *14th Five-Year Plan* continue some of the themes expressed in the *13th Five-Year Plan* and *12th Five-Year Plan*, including the strengthening of state-owned enterprises (SOE) control and optimizing of steel production.

[102] The *14th Five-Year Plan* calls for greater involvement of SOEs in the development of the Chinese economy, stating:

> "Centered on the strategy of serving the country, we will persist in both advancing and retreating, both taking action and being inactive, accelerate the layout optimization, structural adjustment, and strategic reorganization of the state-owned sector, enhance the competitiveness, innovation, control, influence, and anti-risk capabilities of the state-owned sector, and strengthen and optimize state-owned capital and SOEs[20]. We will give full play to the strategic supporting role of the state-owned sector, encourage the state-owned sector to further focus on functions such as strategic security, industry leadership, the national economy and the people's livelihoods, and public services, adjust and revitalize inventory assets, optimize the allocation of incremental capital, concentrate on important industries that are related to national security and the lifelines of the national economy, concentrate on important industries related to the national economy and the people's livelihoods, such as those involved in the provision of public services, emergency capacity building, and public welfare, and concentrate on forward-looking strategic emerging industries. For state-owned entities in fully competitive sectors, we will strengthen capital gains targets and hard financial constraints, enhance liquidity, and improve the optimized allocation mechanisms of state-owned capital. We will establish long-term mechanisms for layout and structural adjustment and dynamically publish guidance for the optimization and structural adjustment of the state-owned sector[21]."

[103] The *14th Five-Year Plan* discusses how the GOC plans on controlling how capital is allocated in a range of industries, stating:

> "We will optimize capital management methods, fully implement list management, deepen the development of differentiated authorization and delegation of authority, focus on performing work duties through the corporate government structure, and strengthen supervision during and after events[22]."

[104] The GOC is heavily invested in all sectors of its economy and influences these markets in order to "effectively prevent the loss of state-owned assets". In order to do this, the GOC intervenes in a variety of ways across each sector of the domestic economy.

[20] Attachment 1 NC – 14th Five-Year Plan on National Economic and Social Development p. 46
[21] Attachment 1 NC – 14th Five-Year Plan on National Economic and Social Development p. 46-47
[22] Attachment 1 NC - 14th Five-Year Plan on National Economic and Social Development p. 48

[105] The *14th Five-Year Plan* explains the GOC's plan to develop private enterprises. The GOC hopes to improve the rights and interests of private companies in China that often compete with SOEs in their domestic industry. Of significance, the GOC "will further relax market restrictions for private enterprises and break down various barriers in areas such as soliciting bids and tendering" and "will provide equal treatment to the credit rating and bond issuance of private enterprises, and reduce overall financing costs[23]". The goals listed in this section of the plan emphasize that the private companies in China struggle to compete against massive state-owned enterprises without the support and influence of the GOC. The presence of state owned enterprises affects private companies who then rely on support from the GOC in order to compete in their domestic industry.

[106] Overall, the *14th Five-Year Plan* shows that the GOC has specific goals for steel producers and that the GOC is heavily involved in the long products steel sector. This plan discusses the abundance of SOEs present in these industries. The necessary propping up of private enterprises is an example of how government plans influence sectors where state owned enterprises are present, like the long product steel sector. The oversight provided in this report suggest that domestic prices are likely to be substantially influenced based on Government of China policies, rather than market forces, and ultimately support the final determination of section 20 conditions existing in the Chinese long product steel sector.

13th Five-Year Plan on National Economic and Social Development

[107] The GOC adopted its *13th Five-Year Plan on National Economic and Social Development* (*13th Five-Year Plan*)[24] on March 15, 2016. The *13th Five-Year Plan* outlines China's goals, principles and targets for its development for the period of 2016-2020. The objectives outlined in the *13th Five-Year Plan* continue the theme expressed in the *12th Five-Year Plan,* which has many of the same themes as 13th and 14th versions. This includes the strengthening of SOEs and control over the economy within the steel industry.

[108] The *13th Five-Year Plan*, which recognizes the staggering impact of over-capacity on the industrial system, calls for reduction in supply in saturated sectors by merging, upgrading, and restructuring underperforming companies; reworking government subsidies that promote unprofitable manufacturing; and, ultimately, bankruptcy and liquidation of unprofitable companies[25].

[109] The *Five-Year Plan also* urges steel companies and others with declining domestic demand to find international markets. However, sending capacity to foreign markets will offer temporary relief for the struggling domestic industries, but will reduce the urgency to lower production capacity or reform company operations[26].

[110] The *13th Five-Year Plan* calls for greater involvement of SOEs in the development of the Chinese economy. Specifically, Chapter 11 of the plan states:

[23] Attachment 1 NC - 14th Five-Year Plan on National Economic and Social Development p. 48
[24] Attachment 2 NC – *13th Five-Year Plan on National Economic and Social Development*
[25] Attachment 2 NC – *13th Five Year Plan Stresses Economic Restructuring*
[26] Ibid.

> "We will ensure that public ownership is dominant and that economic entities under diverse forms of ownership develop side by side ... We will exercise oversight over economic entities under all forms of ownership in accordance with the law … We will remain firmly committed to ensuring that SOEs grow stronger, better, and bigger and work to see that a number of such enterprises develop their capacity for innovation and become internationally competitive, thereby injecting greater life into the state-owned sector, helping it exercise a greater level of influence and control over the economy, increasing its resilience against risk, and enabling it to contribute more effectively to accomplishing national strategic objectives[27]."

[111] In 2016, China's two largest steelmakers, Baosteel Group and Wuhan Iron and Steel Group, merged into the world's second-largest steelmaker. Baowu Steel Group is now the largest steelmaker in the world.

[112] The GOC also expressly reiterated its intention to proactively interfere with market dynamics, in an effort to quickly resolve various inefficiencies:

> "We will set up a fund to provide rewards and subsidies for structural adjustments in industrial enterprises; move more quickly to address overcapacity in industries such as steel and coal through mergers, reorganizations, debt restructurings, bankruptcy liquidations, and better asset utilization; actively and prudently handle the winding up of enterprises in an organized way on the basis of classification[28]."

[113] Given the overcapacity in the Chinese steel industry causing excess supply, the above statement supports GOC intentions to further consolidate the steel industry through mergers and restructuring and that the GOC views SOEs as having an important role to play in the economy. The oversight provided in this plan suggest that domestic prices are likely to be substantially influenced based on GOC policies, rather than market forces, and ultimately support the final determination of section 20 conditions existing in the Chinese long product steel sector.

Made in China 2025

[114] In 2015, the GOC initiated *Made in China 2025* (MIC 2025), a strategic plan to reduce China's dependence on foreign technology and promote Chinese technological manufacturers in the global marketplace through setting explicit targets, government subsidies, and the mobilization of SOEs.

[115] Although the MIC 2025 does call for reform to SOEs, curbing overcapacity, and encouraging market forces to be the main driver of the economy, the overall plan signals an increase in the current state-led approach where it influences the market in so many ways. MIC 2025 constitutes a broader strategy to use state resources to alter and create comparative advantages in the ten targeted sectors on a global scale[29].

[27] Attachment 2 NC – *13th Five-Year Plan on National Economic and Social Development*, Chapter 11
[28] Attachment 2 NC – *13th Five-Year Plan on National Economic and Social Development*, Chapter 22, section 5.
[29] Attachment 3 NC – Made in China 2025 – US Chamber of Commerce Report pg. 4-6

[116] MIC 2025 appears to reaffirm the government's central role in economic planning. It also establishes an inter-ministerial leading small group, headed by Vice Premier Ma Kai, to ensure coordination and implementation[30].

[117] MIC 2025 illustrates the state's intent to leverage China's legal and regulatory systems to favor domestic Chinese companies over foreign ones in targeted sectors. It also indicates that MIC 2025 targeted industries will likely receive hundreds of billions of RMB in government support over the coming years that could substantially distort domestic and global markets[31].

[118] The United States Chamber of Commerce report on the MIC 2025 policy states that "MIC 2025 raises significant concerns not only for China's domestic economy but its economic partners. MIC 2025 aims to leverage the power of the state to alter competitive dynamics in global markets in industries core to economic competitiveness. By targeting and channeling capital to specific technologies and industries, MIC 2025 risks precipitating market inefficiencies and sparking overcapacity globally[32]."

[119] Given the summary of this report, MIC 2025 suggests that GOC policies substantially influence the prices of steel in the domestic industry in question in China and support the final determination of section 20 conditions existing in the Chinese long product steel sector.

Ownership and control over the domestic steel industry

[120] According to the most recent trade policy review report of China by the World Trade Organization, in China's economy, state ownership of companies is important and coexists with diverse forms of private ownership. State participation varies from wholly owned SOEs and majority state ownership to the State acting as another shareholder. The state encourages the development of a mixed-ownership economy, which involves cross-ownership holdings and an integration between state-owned, private and other types of capital. Authorities indicated that the number of state-owned industrial enterprises increased slightly in years leading up to the most recent policy review report[33]. The trade policy review report suggests that "SOEs in China often benefit from credits extended by state banks or other forms of financing, capital injections, and are given preferential access to inputs[34]".

[30] Attachment 3 NC – Made in China 2025 – US Chamber of Commerce Report pg. 6
[31] Attachment 3 NC – Made in China 2025 – US Chamber of Commerce Report pg. 6
[32] Attachment 3 NC – Made in China 2025 – US Chamber of Commerce Report pg. 7
[33] Attachment 4 NC – WTO Trade Policy Review Report – China pg. 97, section 3.3.5
[34] Attachment 4 NC – WTO Trade Policy Review Report – China pg. 99, section 3.3.5

[121] The CBSA has noted in prior dumping cases that the presence and size of SOEs contribute a significant amount of price distortion to the domestic long product steel sector in China. In the 2014 concrete reinforcing bar investigation, the CBSA found evidence supporting the claim that the GOC substantially determines domestic prices of rebar through SOEs. Information on the record for that proceeding indicated that in 2010, eight of the top ten steel companies in China were state-owned and that they accounted for 45% of the total Chinese steel production. The CBSA concluded that the GOC exerts control over the Chinese steel industry through these SOEs at the conclusion of the investigation[35].

[122] The complaint provided statistics of the total production of the global top steel producers in 2021. The CBSA found updated information from 2022 by the World Steel Association (WSA). The information shown in the table below shows that the significant role SOEs play in the steel industry in China is still present to this day. In particular, China Baowu Steel Group, Ansteel Group, HBIS Group, and Shougang Group are four of the nine largest steel producers in the world and are all SOEs[36].

Top 10 Steel Producers in China in 2022 by Volume[37]	**2022 Production (MT)**	**State-Owned**
China Baowu Group	131.84	Yes
AnSteel Group	55.65	Yes
Jiangsu Shagang Group	41.45	No
HBIS Group (HeBei Iron and Steel Group Co., Ltd.) (a.k.a. Hesteel)	41.00	Yes
Jianlong Group	36.56	No
Shougang Group	33.82	Yes
Shandong Steel Group	29.42	Yes
Hunan Steel Group (Formerly Valin Group)	26.43	Yes
Jiangxi Fangda Steel Group	19.70	No
Guangxi Liuzhou Iron and Steel Group	18.21	Yes
Sum of Production of Top 10 Steel Producers		434.08
Steel Production All China 2022		1,018.0
% Top 10 of Total China Steel Production in 2022		42.6%
% Top 7 SOEs of Total China Steel Production in 2022		33.1%

[35] RB 2013 IN FD – Statement of Reasons – para. 99-127
[36] Wire Rod Complaint NC – Annex A - para. 10-14
[37] Attachment 6 – 2022 World Steel in Figures – World Steel Association

[123] In April 2024, fifteen of China's major steel long product producers unanimously called on authorities for measures to restrict steel bar output to support prices, according to the China Iron and Steel Industry Association. Steel bar demand from infrastructure construction contracted due to spending cutbacks by indebted local governments that delayed or halted projects. Accordingly, these major steel producers requested that the government of China intervene and restrict output to avoid continued price falling. This request from major steel producers clearly points to the significant control and influence available to the government of China over its long product steel producers.[38]

[124] In June 2024, China's National Development and Reform Commission (NDRC) instructed each province to submit its steel reduction targets for the current year.[39] Although the reason for the reduced steel production measures is said to be a reduction of carbon emissions, the government of China is responding to calls from major steel producers as an intervention to a flooded steel market that has seen reduced profit margins due to overproduction.

[125] The degree to which companies in China are owned by the government of China varies from fully government-owned entities to stock companies with the State or state agencies as the dominant stockholder. Many large companies publicly traded have the State as an important or major shareholder. According to the most recent World Trade Organization (WTO) trade policy review of China, the total assets of SOEs make up 38.9% of the total assets across all ownership structures of businesses in China. The State remains a majority shareholder in 16 of the 100 largest publicly listed companies in China.[40]

[126] The CBSA acknowledges that the extent of state-ownership and control in the long products steel sector is not publically available. Notwithstanding this information, the presence of state-owned and state-controlled enterprises that produce wire rod in the long products steel sector would necessitate that private companies supplying wire rod would have to compete with these state-owned and stated-controlled enterprises operating under non-market conditions. As a result, the domestic selling prices of wire rod in China may not be substantially the same as they would be if they were determined in a competitive market. Ultimately, the significant presence of SOEs in the steel industry support the final determination of section 20 conditions existing in the long product steel sector in China.

Direct subsidies to the domestic wire rod industry

[127] The complainant argues that the GOC provides direct financial support to the domestic wire rod industry. The complainant cites public reporting requirements accumulated in an article from Global Trade Alert showing that 383 million USD worth of direct subsidies from the GOC were provided to steel producers between 2021 and 2022[41].

[38] Attachment 7 (NC) – China Steel Bar Producers call for authorities to restrict output amid price slump - Reuters
[39] Attachment 8 (NC) – Chinese Provinces discuss targets to reduce steel production
[40] Attachment 9 (NC) – WTO Trade Policy Review – China – report by the secretatriat para. 3.199 to 3.209
[41] Table 34: GOC Grants Provided to Chinese Producers of Wire Rod

[128] The CBSA has found that in the past the GOC heavily subsidizes the steel industry in China and that these subsidies distort the domestic selling price of steel in China, which contribute to the final determination of section 20 conditions existing in the long product steel sector in China.

[129] The CBSA acknowledges that although the extent of direct subsidies provided to Chinese exporters is unclear without a response to the CBSA's questionnaire sent to the GOC, a longstanding history of direct subsidies made available to state-owned enterprises in the steel industry supports the final determination of section 20 conditions existing in the domestic long products steel sector.

Influence over inputs

[130] The complaint submits that the Chinese domestic price of wire rod is influenced by the GOC because the GOC influences the prices of inputs in a number of ways to keep costs low and provide a competitive advantage for Chinese wire rod producers.

[131] The GOC maintains export controls on raw materials for long products (i.e., steel scrap, steel billets, iron ore, etc.). These GOC measures limit or prevent the export of the raw materials resulting in an increasing supply in the Chinese domestic market causing downward pressure on domestic prices.

[132] In 2021, amid concerns over tax evasion, the GOC eliminated the VAT rebate for export that was available to exporters of certain steel goods including wire rod. At the same time, in May of 2021, the GOC eliminated import duties on scrap and billet, allowing for an even greater supply of cheaper billet in China[42].

[133] Furthermore, the GOC actively pursues strategies to lower the price of iron ore, a key input in the manufacture of steel, to assist the Chinese steel industry and by extension, to indirectly determine the price of domestically produced wire rod. It has demonstrated that it will not hesitate to take measures to control prices, as is evident from the National Development and Reform Commission's (NDRC) March 2023 warning that it would again look at measures to curb unreasonable iron ore prices and its call to trading firms to avoid hoarding and inflating prices[43].

[134] Government influence over raw materials contributes to the CBSA's final determination that section 20 conditions exist in the long products steel sector in China.

[42] Wire Rod Complaint (NC) - Public Exhibit A-46, Steel Orbis, "China cuts billet, scrap, pig iron import tax to zero"
[43] Wire Rod Complaint (NC) - Public Exhibit A-47, Mining.com, "Iron ore price falls on China warning, production controls in Tangshan" (March 20, 2023).

Summary of government control analysis

[135] The CBSA has previously ruled that the GOC's measures, policies and vested interest in the long product industry substantially determine the prices of long steel products in the domestic industry and that these prices are substantially different than if they were determined in a competitive market. In its early analysis the CBSA considered this as supporting evidence that section 20 conditions exist in the long products sector in China.

[136] The *14th Five-Year plan*, the *13th Five-Year plan*, and the *Made-in-China 2025* policy support the position that section 20 conditions exist in the long products steel sector in China. These plans shows that the GOC has specific goals for steel producers which are heavily involved in the long products steel sector and with the abundance of SOEs present in these industries, decisions are likely to be made based on GOC policies, rather than market forces. Based on the information on the record to date, the scope of the GOC's macro-economic policies and measures provide a compelling factual basis that the GOC is influencing the Chinese steel industry, which encompasses the long products steel sector which includes wire rod. The use of such policies, combined with the GOC's ownership in the steel industry can dramatically change the demand and supply balance in the domestic market and could materially alter the domestic prices of steel products such as wire rod.

[137] In addition to the industrial policies and plans, the GOC has significant ownership in the long products steel sector in China. The complainant and CBSA research list many of the largest steel producers in the world being SOEs and producing wire rod. In summary, the presence of state-owned and state-controlled enterprises that produce wire rod in the long products steel sector would necessitate that private companies supplying wire rod would have to compete with these state-owned and stated-controlled enterprises operating under non-market conditions. As a result, the domestic selling prices of wire rod in China may not be substantially the same as they would be if they were determined in a competitive market.

[138] The CBSA has found that in the past the GOC heavily subsidizes the steel industry in China and that these subsidies distort the domestic selling price of steel in China, which contribute to the section 20 conditions.

[139] Finally, the complainant and CBSA research showing that GOC intervention in providing low priced inputs for the production of wire rod support the argument that section 20 conditions exist in the long products steel sector in China.

[140] In conclusion, the cumulative impact of these GOC actions, measures and control clearly indicate that prices of wire rod in China are being indirectly determined by the GOC such that they may not be substantially the same as they would be if they were determined in a competitive market.

Chinese domestic price analysis

[141] The complainant provides a comparison of wire rod prices in China to prices in markets that are determined by market conditions. It demonstrates that prices of wire rod in China are significantly lower than in other countries suggesting the GOC's involvement in the long products sector is affecting prices of wire rod.

[142] The CBSA was able to obtain 2023 information from Fastmarkets which collects and analyzes ex-mills prices of long steel products in China, USA and other regions.[44] Based on this information, the CBSA concluded that FOB mill prices of wire rod in China were generally lower than those in Europe, Turkey and Latin America, which is consistent with the analysis provided in the complaint[45].

[143] Price information contained in the domestic sales database of Chinese exporters were compared with similar products sold by producers in Egypt and Vietnam. The comparison showed that wire rod prices are noticeably lower than prices in the above mentioned countries.

[144] The information found by the CBSA supports the conclusion that the domestic prices of wire rod in China are not substantially the same as they would be if they were determined in a competitive market. For the purposes of the final determination, the price analysis of Chinese wire rod supports the determination that section 20 conditions exist in the long product steel sector of China.

Summary of the results of the section 20 inquiry

[145] Based on the analysis as presented above, the scope of the GOC's macro-economic policies and initiatives provide a compelling factual basis that the GOC is likely influencing the Chinese long product steel sector. The CBSA believes that there is sufficient evidence to support section 20 conditions existing in the long product steel sector and that measures taken by the GOC substantially influence prices in the long products steel sector and that prices of wire rod in China are substantially different than they would be in a competitive market.

[146] Based on the above analysis, for the purpose of the final determination, the CBSA affirmed the opinion rendered at the preliminary determination that the conditions of paragraph 20(1)(a) of SIMA exist in the long products steel sector in China:

- Domestic prices in the long products steel sector in China are substantially determined by the GOC; and
- There is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market

[44] Attachment 8 PRO – Fastmarkets Wire Rod Date – China - Protected
[45] Attachment 8 PRO – Fastmarkets Wire Rod – Price Analysis China, Europe and others

FINAL RESULTS OF THE DUMPING INVESTIGATION

China

Normal Values

[147] Where section 20 conditions exist, the CBSA may determine normal values using the selling prices, or the total costs and profit, of like goods sold by producers in a surrogate country designated by the President in accordance with the provisions of paragraph 20(1)(c) of SIMA. While the CBSA has received information from producers of wire rod in Egypt and Vietnam, the goods produced and sold by these producers are not like goods to the goods exported from China to Canada. Specifically, the physical characteristics of the goods exported to Canada from China differ from the goods from the surrogate country such that they are not identical or similar goods but rather fall in the same general category.

[148] Where normal values cannot be determined under paragraph 20(1)(c), SIMA provides an alternative methodology to calculate normal values under paragraph 20(1)(d), using re-sales in Canada of like goods imported from a third country. The CBSA determined that this provision could also not be used given that the importers did not provide sufficient re-sale information.

[149] As a result, and in the absence of sufficient information to determine normal values under section 20 of SIMA, normal values were determined pursuant to a ministerial specification in accordance with subsection 29(1) of SIMA, on the basis of facts available.

[150] In establishing the methodology for determining normal values, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by interested parties and CBSA import documentation.

[151] The CBSA determined normal values for the subject goods from China using a similar approach that reflects the methodologies of subparagraphs 20(1)(c)(i) and (ii) of SIMA, based on the domestic selling prices of wire rod in the surrogate countries and the aggregate of the cost of production of wire rod sold for consumption in the surrogate countries, plus a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[152] Accordingly, the CBSA has used an alternate method to determine normal values on the basis of the best information available. This alternate method is considered to be a representative and a reasonable approach and is based on the information provided by exporters/producers in countries subject to this investigation for which the conditions of section 20 have not been found to exist.

[153] The CBSA used information contained in the RFI responses provided by Hoa Phat Dung Quat Steel Joint Stock Company, Hoa Phat Hai Duong Steel Joint Stock Company and Suez Steel as surrogate information for the purposes of determining normal values, where information was available to do so. The CBSA finds Egypt and Vietnam to be appropriate surrogate countries as they have significant domestic production of wire rod and similar levels of development as China. The information on the record suggests that prices and costs of wire rod in Egypt and Vietnam are determined in competitive markets, allowing them to be considered as a reliable and fair source for purposes of the final determination. Further, as a limited number of exporters/producers in each surrogate country provided sufficient information in response to the CBSA's Dumping RFI, the use of two surrogate countries reduces concerns with respect to confidentiality.

[154] The CBSA determined normal values for wire rod based on the information available on the record. Specifically, the CBSA determined a per/metric tonne (MT) normal value for each 60-day period during the POI for exporters from China, calculated as the weighted average per/MT value of all normal values determined for producers/exporters from Egypt and Vietnam for each respective 60-day period of the POI.

[155] As described above, for the purposes of the final determination, the normal values were determined using a constructed normal value based on the combined information of the exporters/producers in Egypt and Vietnam.

Jiangsu Shagang Group Co., Ltd.

[156] Jiangsu Shagang Group Co., Ltd. is the parent company of three vendors, Jiangsu Shagang International Trade Co. (Shagang International), Shagang South-Asia (Hong Kong) Trading Co., and Shagang International (Singapore) Pte. Ltd. in addition to two manufacturers, Jiangsu Shagang Steel Co. and Zhangjiagang Rongsheng Special Steel Co.

[157] Based on the information provided, for purposes of the final determination, Shagang International was determined to be the exporter on behalf of the Group for SIMA purposes. All of the subject goods shipped to Canada by Shagang International were produced at the Zhangjiagang Rongsheng Special Steel Co., Ltd. facility located in Jinfeng Town, Zhangjiagang City, Jiangsu province, China. Jiangsu Shagang Steel Co., Ltd. is a related producer of wire rod but no subject goods produced by this company were exported to Canada during the POI.

[158] Shagang International represents 74.7% of the volume of subject goods exported to Canada from China during the POI. Shagang International, as well as the other related traders and producers, provided complete responses to the Dumping RFI. In addition, the group provided responses to the CBSA's Section 20 RFI on behalf of Jiangsu Shagang Steel Co. and Zhangjiagang Rongsheng Special Steel Co.

[159] As detailed in the Normal Values section above, for the purposes of obtaining information necessary to determine normal values following the methodology of subparagraph 20(1)(c) of SIMA, the CBSA relied on information from producers/exporters located in Vietnam and Egypt, that participated in the current investigation.

[160] During the POI, all of the subject goods exported to Canada by Shagang International were sold to unrelated importers. Export prices were determined pursuant to section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[161] The total normal value compared to the total export price results in a margin of dumping of 34.0% for Shagang International, expressed as a percentage of the export price.

All other exporters – China

[162] In establishing the methodology for determining the normal values and export prices for all other exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by parties who responded to the Dumping RFI, and CBSA customs entry documentation.

[163] The CBSA decided that the normal values and export prices determined for the exporter from China whose submission was complete for purposes of the final determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values for all other exporters of subject goods from China since it is more relevant and reflects the trading practices of a Chinese exporter of subject goods during the POI.

[164] The CBSA examined the difference between the normal value and the export price for each individual transaction, and considered that the highest amount for the exporter (expressed as a percentage of the export price), was an appropriate basis for determining normal values. This methodology relies on information related to goods that originated in China and in general, provides an incentive for exporters to participate by ensuring that exporters who have provided the necessary information requested in a dumping investigation will always have a more favourable outcome than those who have not participated.

[165] As a result, based on the facts available, for all other exporters that did not provide a response to the Dumping RFI, normal values of subject goods originating in or exported from China were determined based on the highest amount by which a normal value exceeded the export price, on an individual transaction for the cooperative exporter during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[166] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to determine the export price of the goods as it reflects actual import data.

[167] Using the above methodologies, for the final determination, the margin of dumping for all other exporters in China is 46.2%, expressed as a percentage of the export price.

Egypt

Suez Steel Co., Ltd.

[168] Suez Steel Co., Ltd. (Suez Steel) is an Egyptian producer and exporter of the subject goods. Suez Steel has one production facility in Suez, Egypt. All of the subject goods shipped to Canada by Suez Steel were produced at its production facility in Suez. The company also maintains a sales and administration office in Cairo, Egypt.

[169] Suez Steel represents 91.2% of the volume of subject goods exported to Canada from Egypt during the POI. Suez Steel provided a complete response to the Dumping RFI.

[170] Suez Steel's response to the Dumping RFI included a database of domestic sales of wire rod during the PAP. These sales were generally profitable and sold to unrelated customers. Suez Steel did not have sufficient domestic sales made to the same trade level as the sales to the importer in Canada which met the conditions of sections 15 and 16 of SIMA. As such, the CBSA substituted sales made to the nearest and subsequent trade level, pursuant to paragraph 16(1)(b) of SIMA. Based on the information on the record, no adjustment to account for the differences in trade level was required.

[171] There were sufficient sales of like goods that were produced and sold in the domestic market to the nearest and subsequent trade level by Suez Steel for the purposes of determining normal values pursuant to section 15 of SIMA. As such, the CBSA determined normal values pursuant to paragraph 15 of SIMA where possible. In instances where there were not sufficient sales to determine normal values pursuant to section 15 of SIMA, the CBSA determined normal values pursuant to section 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was determined pursuant to paragraph 11(1)(a) of the *Special Import Measures Regulations* (SIMR), based on the costs associated with the production of the subject goods. The amount for administrative, selling, and all other costs, was determined based on subparagraph 11(1)(c)(ii), based on those costs incurred that were reasonably attributable to the production and sale of the goods. The amount for profit was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Suez Steel's sales of wire rod in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[172] Suez Steel provided information regarding a discount offered to domestic producers that were generally available. The CBSA determined that this discount is generally granted and would be available to the importer in Canada if they were located in their domestic market. As such, the CBSA accepted the discount and adjusted normal values according to paragraph 6 of the SIMR.

[173] During the POI, all of the subject goods exported to Canada by Suez Steel were sold to unrelated importers. Export prices were determined pursuant to section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[174] The total normal value compared to the total export price results in a margin of dumping of 8.6% for Suez Steel, expressed as a percentage of the export price.

All other exporters – Egypt

[175] In establishing the methodology for determining normal values and export prices for all other exporters from Egypt, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by parties who responded to the Dumping RFI, and CBSA customs entry documentation.

[176] The CBSA decided that the normal values and export prices determined for the exporter from Egypt whose submission was complete for purposes of the final determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values for all other exporters of subject goods from Egypt since it is more relevant and reflects the trading practices of an Egyptian exporter of subject goods during the POI.

[177] The CBSA examined the difference between the normal value and the export price for each individual transaction, and considered that the highest amount for the exporter (expressed as a percentage of the export price), was an appropriate basis for determining normal values. This methodology relies on information related to goods that originated in Egypt and in general, provides an incentive for exporters to participate by ensuring that exporters who have provided the necessary information requested in a dumping investigation will always have a more favourable outcome than those who have not participated.

[178] As a result, based on the facts available, for all other exporters that did not provide a response to the Dumping RFI, normal values of subject goods originating in or exported from Egypt were determined based on the highest amount by which a normal value exceeded the export price, on an individual transaction for the cooperative exporter during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[179] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to determine the export price of the goods as it reflects actual import data.

[180] Using the above methodologies, for the final determination, the margin of dumping for all other exporters in Egypt is 21.3%, expressed as a percentage of the export price.

Vietnam

Hoa Phat Dung Quat Steel Joint Stock Company (Hoa Phat Dung Quat)

[181] Hoa Phat Dung Quat is a producer and exporter of the subject goods. Hoa Phat Dung Quat has one production facility in Vietnam. All of the subject goods shipped to Canada by Hoa Phat Dung Quat were produced at this production facility.

[182] Hoa Phat Dung Quat represents 98.4% of the volume of subject goods exported to Canada from Vietnam during the POI. Hoa Phat Dung Quat provided a complete response to the Dumping RFI.

[183] Hoa Phat Dung Quat purchased significant factor inputs from a number of related input suppliers. These related suppliers provided responses to the relevant sections of the Dumping RFI.

[184] Hoa Phat Dung Quat's response to the Dumping RFI included a database of domestic sales of wire rod during the PAP. However, Hoa Phat Dung Quat's domestic sales of wire rod did not meet the conditions of section 15 of SIMA and, as such, these sales could not be used for the purposes of determining normal values.

[185] The CBSA determined normal values pursuant to paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The costs of production were determined pursuant to paragraph 11(1)(a) of SIMR, based on the costs incurred by Hoa Phat Dung Quat associated with the production of the subject goods. As Hoa Phat Dung Quat purchased significant factor inputs from associated suppliers, the cost of the inputs were determined in accordance with paragraph 11.2(1) of SIMR. The amount for administrative, selling, and all other costs, was determined based on subparagraph 11(1)(c)(ii), based on those costs incurred by Hoa Phat Dung Quat that are reasonably attributable to the production and sale of the goods. The amount for profit was determined in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on sales of wire rod in the domestic market by producers, other than the exporter, during the PAP, of the same general category as the subject goods sold to Canada.

[186] During the POI, all of the subject goods exported to Canada by Hoa Phat Dung Quat were sold to unrelated importers. Export prices were determined pursuant to section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[187] The total normal value compared to the total export price results in a margin of dumping of 17.7% for Hoa Phat Dung Quat, expressed as a percentage of the export price.

Hoa Phat Hai Duong Steel Joint Stock Company (Hoa Phat Hai Duong)

[188] Hoa Phat Hai Duong is a producer and exporter of the subject goods. Hoa Phat Hai Duong has one production facility in Vietnam. All of the subject goods shipped to Canada by Hoa Phat Hai Duong were produced at this production facility.

[189] Hoa Phat Hai Duong represents 1.6% of the volume of subject goods exported to Canada from Vietnam during the POI. Hoa Phat Hai Duong provided a complete response to the Dumping RFI.

[190] Hoa Phat Hai Duong purchased significant factor inputs from a number of related input suppliers. These related suppliers provided responses to the relevant sections of the Dumping RFI.

[191] Hoa Phat Hai Duong's response to the Dumping RFI included a database of domestic sales of wire rod during the PAP. However, Hoa Phat Hai Duong's domestic sales of wire rod did not meet the conditions of section 15 of SIMA and, as such, these sales could not be used for the purposes of determining normal values.

[192] The CBSA determined normal values pursuant to paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The costs of production were determined pursuant to paragraph 11(1)(a) of SIMR, based on the costs incurred by Hoa Phat Hai Duong associated with the production of the subject goods. As Hoa Phat Hai Duong purchased significant factor inputs from associated suppliers, the cost of the inputs were determined in accordance with paragraph 11.2(1) of SIMR. The amount for administrative, selling, and all other costs, was determined based on subparagraph 11(1)(c)(ii), based on those costs incurred by Hoa Phat Hai Duong that are reasonably attributable to the production and sale of the goods. The amount for profit was determined in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on sales of wire rod in the domestic market by producers, other than the exporter, during the PAP, of the same general category as the subject goods sold to Canada.

[193] During the POI, all of the subject goods exported to Canada by Hoa Phat Hai Duong were sold to unrelated importers. Export prices were determined pursuant to section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[194] The total normal value compared to the total export price results in a margin of dumping of 13.5% for Hoa Phat Hai Duong, expressed as a percentage of the export price.

All other exporters - Vietnam

[195] Although no evidence was found regarding other exporters who exported subject goods to Canada during the POI, anti-dumping duties are applicable should new exporters begin selling subject goods to Canada.

[196] In establishing the methodology for determining the normal values and export prices for other potential exporters from Vietnam, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by parties who responded to the Dumping RFI, and CBSA customs entry documentation.

[197] The CBSA decided that the normal values and export prices determined for the exporters from Vietnam whose submissions were substantially complete, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values for all other potential exporters of subject goods from Vietnam since it is more relevant and reflects the trading practices of a Vietnamese exporter of subject goods during the POI.

[198] The CBSA examined the difference between the normal value and the export price for each individual transaction, and considered that the highest amount for the exporter (expressed as a percentage of the export price), was an appropriate basis for determining normal values. This methodology relies on information related to goods that originated in Vietnam and in general, provides an incentive for exporters to participate by ensuring that exporters who have provided the necessary information requested in a dumping investigation will have a more favourable outcome than those who have not participated.

[199] As a result, based on the facts available, for potential exporters that did not provide a response to the Dumping RFI, normal values of subject goods originating in or exported from Vietnam will be determined based on the highest amount by which a normal value exceeded the export price, on an individual transaction for the cooperative exporter during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[200] If the CITT finds that the dumped imports from China, Egypt and Vietnam are causing injury, the CBSA will impose anti-dumping duty on these goods. Based on the methodology described above, in the event of a finding by the CITT, the normal value for all other exporters from Vietnam will be determined by advancing the export price by 38.1%, pursuant to a ministerial specification under subsection 29(1) of SIMA.

Summary of Results - Dumping

The margins of dumping during the POI are summarized below:

Margin of Dumping, Negligibility and Insignificance Test
(January 1, 2023 to December 31, 2023)

Country of Origin or Export	**% of Total Imports for POI** (by volume)	**Margin of Dumping** (% of Export Price)
China	**17.3%**	**N/A**
Shagang	12.9%	34.0%
All Other Exporters	4.4%	46.2%
Egypt	**11.6%**	**N/A**
Suez Steel	10.6%	8.6%
All Other Exporters	1.0%	21.3%
Vietnam	**33.6%**	**N/A**
Hoa Phat Dung Quat	33.1%	17.7%
Hoa Phat Hai Duong	0.5%	13.5%
All Other Exporters	0.0%	**N/A**
All Other Countries	**37.5%**	**N/A**
Total	**100%**	**N/A**

Conditions to be fulfilled in making a Final Determination of Dumping

[201] In order to make a final determination of dumping, the CBSA must be satisfied that:

i) the subject goods have been dumped; and,
ii) that the margin of dumping of a particular exporter is not insignificant.

[202] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if it is satisfied that the goods have not been dumped or the margin of dumping of the goods of that exporter is insignificant, meaning a margin of dumping that is less than 2% of the export price of the goods.

[203] The margin of dumping determined for the cooperative exporters of subject goods originating in or exported from China, Egypt and Vietnam is greater than the threshold of 2% and is therefore not considered insignificant. As a result, the legislative requirements are satisfied for making a final determination of dumping respecting wire rod from China, Egypt and Vietnam.

[204] A summary of the results of the dumping investigation respecting the subject goods released into Canada during the POI is presented in **Appendix 1.**

DECISION

[205] On September 4, 2024, pursuant to paragraph 41(1)(b) of SIMA, the CBSA made a final determination of dumping respecting wire rod originating in or exported from China, Egypt and Vietnam.

FUTURE ACTION

[206] The provisional period began on June 6, 2024, and will end on the date the CITT issues its finding. The CITT is expected to issue its decision by October 4, 2024. Provisional duties will continue to apply until this date on imports of subject goods from China, Egypt and Vietnam. For further details on the application of provisional duty, refer to the *Statement of Reasons* issued for the preliminary determination.

[207] If the CITT finds that the dumped goods have not caused injury and do not threaten to cause injury, all proceedings will be terminated. In this situation, all provisional duty paid or security posted by importers will be returned.

[208] If the CITT finds that the dumped goods have caused injury, the anti-dumping duty payable on subject goods released by the CBSA during the provisional period will be finalized pursuant to section 55 of SIMA. Imports released by the CBSA after the date of the CITT's finding will be subject to anti-dumping duty equal to the margin of dumping.

[209] The importer in Canada shall pay all applicable duties. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the customs documents, an administrative monetary penalty could be imposed. The provisions of the Customs Act apply with respect to the payment, collection or refund of any duty collected under SIMA. As a result, failure to pay duty within the prescribed time will result in the application of interest.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[210] Under certain circumstances, anti-dumping duty can be imposed retroactively on subject goods imported into Canada. When the CITT conducts its inquiry on material injury to the Canadian industry, it may consider if dumped goods that were imported close to or after the initiation of the investigation constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the CITT issue a finding that there were recent massive importations of dumped goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determinations could be subject to anti-dumping duty.

PUBLICATION

[211] A notice of this preliminary determination of dumping will be published in the *Canada Gazette* pursuant to paragraph 41(3)(a) of SIMA.

CONTACT US

[212] 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 100 Metcalfe Street, 11th floor Ottawa, Ontario K1A 0L8 Canada	
Telephone:	Shawn Ryan Jordan Harris	902-943-9978 343 573 3003
Email:	simaregistry@cbsa-asfc.gc.ca	
Website:	www.cbsa-asfc.gc.ca/sima-lmsi	

Doug Band
Director General
Trade and Anti-dumping Programs Directorate

ATTACHMENTS

Appendix 1: Summary of Margins of Dumping
Appendix 2: Summary of Dumping Representations

APPENDIX 1 – SUMMARY OF MARGINS OF DUMPING

Country of Origin or Export	Margin of Dumping (% of Export Price)
China	
Shagang	34.0%
All Other Exporters	46.2%
Egypt	
Suez Steel	8.6%
All Other Exporters	21.3%
Vietnam	
Hoa Phat Dung Quat	17.7%
Hoa Phat Hai Duong	13.5%

Note: The margins of dumping reported in the table above were determined by the CBSA for the purposes of the final determination. These margins may not reflect the amount of anti-dumping duties to be levied on future importations of dumped goods. In the event of an injury finding by the CITT, normal values for future shipments to Canada have been provided to the exporters who provided sufficient information in their response to the CBSA RFIs, as appropriate. These normal values would come into effect the day after an injury finding. Information regarding normal values of the subject goods should be obtained from the exporters. Imports from any other exporters will be subject to an anti-dumping duty rate, as applicable, in accordance with a ministerial specification and in an amount equal to the margin of dumping found for "all other exporters" at the final determination.

Normally, normal values will not be applied retroactively. However, normal values may be applied retroactively in cases where the exporter does not adjust export prices to account for increases in domestic prices and/or costs, or the parties have not advised the CBSA in a timely manner of substantial changes that affect values for SIMA purposes. Therefore, where substantial changes occur in prices, market conditions, costs associated with production and sales of the goods, the onus is on the concerned parties to increase the export price accordingly to ensure that any sale made to Canada is not only above the normal value but at or above selling prices and full costs and profit of the goods in the exporter's domestic market, and advise the CBSA of any substantial changes.

Please consult the SIMA Self-Assessment Guide for more detailed information explaining how to determine the amount of SIMA duties owing.

APPENDIX 2 – DUMPING REPRESENTATIONS

Following the closing of the record on July 15, 2024, case arguments, and subsequently reply submissions, were received on behalf of the following parties:

- Hoa Phat Dung Quat Steel Joint Stock Company (Hoa Phat Dung Quat)[46]
- Hoa Phat Hai Duong Steel Joint Stock Company (Hoa Phat Hai Duong)[47]
- Hoa Phat Hung Yen Steel Limited Liability Company (Hoa Phat Hung Yen)[48]
- The complainant, Ivaco Rolling Mills 2004 LP (Ivaco)[49]

Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss all issues raised in these submissions.

The material issues raised by the parties are summarized as follows:

Dumping Representations

Rate of Exchange (Vietnam)

Case Briefs

Counsel for Hoa Phat Dung Quat and Hoa Phat Hai Duong submitted that the rate of exchange used between the Vietnamese Dong and Canadian Dollar is specifically for Customs Valuation purposes and not for establishing margins under SIMA. Counsel argued that the Vietnamese Dong/Canadian Dollar conversion rates for transmission to the ports of entry must be the information that is the best available and is not aberrational. Counsel has provided several examples of exchange rates which counsel believes properly reflect the value of the Vietnam Dong in Canadian currency.

[46] Exhibits 167 (PRO) and 168 (NC) – Case brief filed on behalf of Hoa Phat Dung Quat Steel Joint Stock Company (HPDQ); Exhibits 175 (PRO) and 176 (NC) – Reply submission filed on behalf of Hoa Phat Dung Quat Steel Joint Stock Company (“HPDQ”), Hoa Phat Hai Duong Steel Joint Stock Company (“HPHD”) and Hoa Phat Hung Yen Steel Limited Liability Company (“HPHY”), (collectively "Hoa Phat Companies")
[47] Exhibits 169 (PRO) and 170 (NC) – Case brief filed on behalf of Hoa Phat Hai Duong Steel Joint Stock Company (HPHD); Exhibits 175 (PRO) and 176 (NC) – Reply submission filed on behalf of Hoa Phat Dung Quat Steel Joint Stock Company (“HPDQ”), Hoa Phat Hai Duong Steel Joint Stock Company (“HPHD”) and Hoa Phat Hung Yen Steel Limited Liability Company (“HPHY”), (collectively "Hoa Phat Companies")
[48] Exhibits 175 (PRO) and 176 (NC) – Reply submission filed on behalf of Hoa Phat Dung Quat Steel Joint Stock Company (“HPDQ”), Hoa Phat Hai Duong Steel Joint Stock Company (“HPHD”) and Hoa Phat Hung Yen Steel Limited Liability Company (“HPHY”), (collectively "Hoa Phat Companies")
[49] Exhibits 171 (PRO) and 172 (NC) – Case brief filed on behalf of Ivaco Rolling Mills 2004 LP (“IRM”); Exhibits 173 (PRO) and 174 (NC) – Reply submission filed on behalf of Rolling Mills 2004 LP (“IRM”)

Reply Submissions

Counsel for the complainant, Ivaco, submitted that the *Currency Exchange Regulations* do not allow the CBSA to use one of the exchange rates proposed by counsel for the Hoa Phat Group Companies, as the CBSA does not have the ability to deviate from the exchange rate that was communicated to the ports of entry by the Minister of Finance pursuant to section 5.

CBSA's Response

In determining the rate of exchange for the conversion of a currency of a country other than Canada, the CBSA referred to the rate of exchange for that currency, as communicated to the ports of entry by the Minister for the respective date. These rates were requested by the CBSA from the ports of entry in accordance with paragraph 5 of the Currency Exchange for Customs Valuation Regulations, which states:

> ***5*** *For the purposes of sections 3 and 4, rate prevailing on a date means, in respect of a currency of any country other than Canada, the rate of exchange for that currency, as communicated to the ports of entry by the Minister for that date.*

The requirement to refer to the *Currency Exchange for Customs Valuation Regulations* is noted in Paragraph 44(1) of the SIMR, which states:

44 (1) Subject to subsection (2) and section 45, where an amount that is used or taken into account for any purpose in the administration or enforcement of the Act is expressed in the currency of a country other than Canada, the equivalent dollar value of that amount shall be calculated by multiplying that other currency amount by the prevailing rate of exchange referred to in section 5 of the Currency Exchange for Customs Valuation Regulations in respect of that currency for the date of sale.

Based on the description above, the CBSA finds that the methodologies proposed by counsel for Hoa Phat Dung Quat and Hoa Phat Hai Duong do not adhere to the requirements of the *Currency Exchange for Customs Valuation Regulations* or the SIMR.

Amounts for Profit (Hoa Phat Group)

Case Briefs

Counsel for the Hoa Phat group submitted that there is sufficient information on the administrative record for the CBSA to determine an amount for profit based on Hoa Phat Hung Yen's sales of goods produced by that company and sales goods purchased by Hoa Phat Hung Yen for re-sale.

Counsel for the complainant argued that the CBSA should not determine an amount for profit for Hoa Phat Dung Quat or Hoa Phat Hai Duong based on information on the record with respect to sales from Vietnam. Counsel for the complainant submits that the CBSA should determine normal values for Hoa Phat Dung Quat and Hoa Phat Hai Duong pursuant to a ministerial Specification under subsection 29(1) of SIMA, using profit data from Suez Steel.

Reply Submissions

Counsel for Ivaco submitted that the CBSA should not rely on Hoa Phat Hung Yen's trading sales in determining the amount for profit for purposes of calculating Hoa Phat Hai Duong and Hoa Phat Dung Quat's normal values as the trading sales are not comparable to the export sales made by Hoa Phat Hai Duong and Hoa Phat Dung Quat to Canada during the POI.

CBSA's Response

The CBSA has verified the domestic sales databases provided by Hoa Phat Dung Quat, Hoa Phat Hai Duong and Hoa Phat Hung Yen and found this information to be accurate and complete for the purposes of the final determination. As such, this information was considered for the purposes of determining an amount for profit pursuant to paragraph 11(1)(b) of the SIMR.

Based on the information on the record, there was insufficient sales to determine an amount for profit pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. However, there was sufficient information to determine an amount for profit pursuant to 11(1)(b)(iv) of the SIMR. In determining this amount for profit, and in accordance with that subparagraph, the CBSA did not consider sales of goods which were purchased from other vendors, and relied only on the sales of the goods which were produced by that producer. In the view of the CBSA, the determination of an amount for profit pursuant to subparagraph 11(1)(b)(iv) must be based on sales made by the producer of the goods. As such, the CBSA did not include sales of goods produced by other producers, and purchased for re-sale, in the calculation of the amount for profit.

Margin of Dumping (Formosa)

Case Briefs

With respect to the response submitted by Formosa Ha Tinh Steel Corporation (Formosa), counsel for the complainant submitted that the CBSA should determine a margin of dumping for Formosa pursuant to a Ministerial Specification as Formosa did not make any export sales to Canada during the POI.

CBSA's Response

As Formosa did not export to Canada during the POI, it was not possible for the CBSA to determine a specific margin of dumping for Formosa, and their response was not considered for purposes of the final determination.

Section 20 (China)

Case Briefs

Counsel for the complainants submitted that the CBSA should reaffirm its opinion from the preliminary determination that section 20 conditions exist in the Chinese wire rod sector. Counsel submitted that no new information has been submitted since the preliminary determination that would justify changing the opinion.

CBSA's Response

The CBSA is of the opinion that the conditions of section 20 exist in the long product steel sector in China based on available evidence on the record. A summary of the analyses and findings are included in the section 20 analysis above.