

CERTAIN STEEL GOODS

GC-2018-001-E2

MARCH 13, 2020

FOREWORD

On May 9, 2019, by the *Order Referring to the Canadian International Trade Tribunal, for Inquiry into and Reporting on, the Matter of the Exclusion of Certain Steel Goods from the Order Imposing a Surtax on the Importation of Certain Steel Goods*, the Canadian International Trade Tribunal was directed by Her Excellency the Governor in Council, on the recommendation of the Minister of Finance, to conduct inquiries regarding exclusion requests concerning certain heavy plate and stainless steel wire which are subject to safeguard measures enacted in the *Order Imposing a Surtax on the Importation of Certain Steel Goods*.

The present report of the Tribunal is in respect of the second inquiry in response to the *Order Referring to the Canadian International Trade Tribunal, for Inquiry into and Reporting on, the Matter of the Exclusion of Certain Steel Goods from the Order Imposing a Surtax on the Importation of Certain Steel Goods*.

Rose Ann Ritcey

Rose Ann Ritcey
Presiding Member

Serge Fréchette

Serge Fréchette
Member

Susan D. Beaubien

Susan D. Beaubien
Member

EXECUTIVE SUMMARY

On May 9, 2019, by the *Order Referring to the Canadian International Trade Tribunal, for Inquiry into and Reporting on, the Matter of the Exclusion of Certain Steel Goods from the Order Imposing a Surtax on the Importation of Certain Steel Goods (Exclusions Inquiry Order)*, the Canadian International Trade Tribunal was directed by Her Excellency the Governor in Council, on the recommendation of the Minister of Finance, to commence an inquiry regarding exclusion requests concerning certain heavy plate and stainless steel wire which are subject to safeguard measures enacted in the *Order Imposing a Surtax on the Importation of Certain Steel Goods (Surtax Order)* within six months of issuing its report in the first inquiry, dated July 15, 2019.

The Tribunal was directed to submit to the Governor in Council, within 60 days of the commencement of this inquiry, i.e. by March 13, 2020, a report including the Tribunal's determination, reasons and any recommendations in respect of exclusion requests made concerning the above-mentioned steel goods.

The Tribunal received a request for exclusion from one company.¹ The Tribunal recommends that the exclusion be granted as follows:

Stainless steel wire, made in accordance to NACE MR0175, with a maximum hardness of 22 HRC, in the following dimensions and shapes:

- 0.090 inch width, 0.090 inch height, triangular-shaped wire;
- 0.090 inch width, 0.105 inch height, triangular-shaped wire;
- 0.090 inch width, 0.140 inch height, house shaped wire.

¹ A second exclusion request, related to heavy plate, was filed but was later withdrawn by the requester, Olbert Metal Sales Limited, after the domestic industry's response to the request.

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PART I

INTRODUCTION

[1] On October 10, 2018, the Governor in Council adopted the *Surtax Order*, thereby imposing a temporary surtax on the importation of certain classes of steel products that were alleged to have been imported into Canada in increased quantities and to have caused or threatened to cause serious injury to domestic producers of like or directly competitive goods.

[2] On the same day, the Tribunal was directed by the *Order Referring to the Canadian International Trade Tribunal, for Inquiry into and Reporting on, the Matter of the Importation of Certain Steel Goods*, P.C. 2018-1275 (*Safeguard Inquiry Order*), to conduct a safeguard inquiry concerning the importation into Canada of certain steel goods subject to the *Surtax Order*. The classes of goods subject to the inquiry were: (1) heavy plate, (2) concrete reinforcing bar, (3) energy tubular products; (4) hot-rolled sheet, (5) pre-painted steel, (6) stainless steel wire, and (7) wire rod.

[3] On April 3, 2019, the Tribunal published its report in response to the *Safeguard Inquiry Order*. The Tribunal's determinations and recommendations were as follows:

- Heavy plate from the subject countries (other than goods originating in Korea, Panama, Peru, Colombia and Honduras) was being imported in such increased quantities and under such conditions as to be a principal cause of a threat of serious injury to the domestic industry. The Tribunal therefore recommended a remedy in the form of a tariff rate quota (TRQ) on imports of heavy plate from subject countries, other than goods originating in Korea, Panama, Peru, Colombia, Honduras, or countries whose goods are eligible for *General Preferential Tariff* (GPT) treatment.
- Stainless steel wire imported from the subject countries (other than goods originating in Korea, Panama, Peru, Colombia and Honduras) was being imported in such increased quantities and under such conditions as to be a principal cause of a threat of serious injury to the domestic industry. Therefore, the Tribunal recommended a remedy in the form of a TRQ on imports of stainless steel wire from subject countries, other than goods originating in Korea, Panama, Peru, Colombia, Honduras, or countries whose goods are eligible for GPT treatment.
- The Tribunal did not recommend remedies with respect to the other five classes of goods.

[4] On May 9, 2019, the Governor in Council, on the recommendation of the Minister of Finance, adopted the *Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods (Order amending the Surtax Order)*, thereby implementing the recommendations of the Tribunal to impose final safeguard measures with respect to heavy plate and stainless steel wire.²

[5] Also on May 9, 2019, the Tribunal was directed under the terms of the *Exclusions Inquiry Order* to conduct inquiries regarding exclusion requests concerning heavy plate and

2. The provisional measures regarding the other classes of goods expired on April 29, 2019.

stainless steel wire products which are subject to the *Surtax Order*, which inquiries are to occur every six months. Subject countries are all countries except the United States, Mexico, Chile, Israel, Korea, Colombia, Honduras, Panama, Peru and all countries benefitting from the GPT (as listed in Appendix B to the Notice of Commencement of Exclusions Inquiry).

[6] The present report of the Tribunal is regarding the second inquiry conducted in response to the *Exclusions Inquiry Order*.

LEGAL FRAMEWORK

[7] The purpose of this inquiry is to determine whether certain heavy plate and stainless steel wire products for which exclusion requests were submitted should be excluded from the safeguard measures imposed by the *Surtax Order*. The details of the legal framework under which the inquiry is conducted were described in the Tribunal's report in GC-2018-001-E1 and are adopted for the purposes of the current report.

PART II

EXCLUSION REQUESTS AND RECOMMENDATIONS

[8] The Tribunal received a request for exclusions from one company in this inquiry. The request is briefly discussed below.

Heavy Plate

[9] There were no requests regarding heavy plate other than the request of Olbert Metal Sales Limited, which was withdrawn.³ The Tribunal therefore does not recommend that any exclusions regarding heavy plate be granted.

Stainless Steel Wire

[10] The *Surtax Order* defined “stainless steel wire” as follows:

Cold drawn and cold drawn and annealed, stainless steel round wire, up to 0.256 inches (6.50 mm) in maximum solid cross-sectional dimension; and cold drawn, and cold drawn and annealed, stainless steel cold-rolled profile wire, up to 0.031 square inches (0.787 sq. mm) in maximum solid cross-sectional area.

[11] An exclusion was implemented by the *Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods* as a result of the Tribunal’s recommendations in GC-2018-001-E1. Thus, the “stainless steel wire” class of goods excludes “439 copper-coated TiCu stainless steel wire in diameters of 0.030 inch to 0.187 inch”.

Request by RGL Reservoir Management Inc.

[12] There was a single exclusion request in respect of stainless steel wire. RGL Reservoir Management Inc. (RGL), an importer, purchaser and end user of stainless steel wire, filed an exclusion request for “inter-annealed shaped stainless steel wire (“Shaped Wire”)”. The reasons for the request were, *inter alia*, as follows:

Based on RGL’s prior experience, RGL does not believe that the sole domestic producer has the capability to produce the Shaped Wire to the technical specification that RGL requires, in the quantity that RGL requires, in the timely fashion that RGL requires.⁴

[13] The sole domestic producer of stainless steel wire, Central Wire Industries (CWI), responded to the exclusion request and stated that it did not oppose it.

[14] As set out in the Legal Framework in the first exclusions inquiry report, “where the domestic industry consents to an exclusion request, the Tribunal takes this to mean that there is no current or imminent domestic source of supply and recommends that the exclusion be

³ Exhibit GC-2018-001-E2-11.01, Vol. 13 at 1.

⁴ Exhibit GC-2018-001-E2-05.01, Vol. 13 at 6 *et seq.*

granted”.⁵ Given the reasons for the request and the domestic industry’s response, the Tribunal recommends that RGL’s exclusion request be granted.

⁵ *Certain Steel Goods* (15 July 2019), GC-2018-001-E1 (CITT) at para. 15.

APPENDIX I**LIST OF PARTICIPANTS****Domestic Producers**

Algoma Steel Inc.

Central Wire Industries

SSAB Central Inc.

Importers/Exporters/Others

Olbert Metal Sales Limited

RGL Reservoir Management Inc.

Wire Mesh Belt Company of Canada

Governments

Government of Brazil

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APPENDIX II

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INVOLVED IN THE INQUIRY**

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