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| **DOF: 08/18/2020** |
| **RESOLUTION Final administrative procedure for examination of the validity of the countervailing duties imposed on imports of cold rolled sheet originating in the Russian Federation and the Republic of Kazakhstan, regardless of the country of origin.**  **In the margin a stamp with the National Shield, which reads: United Mexican States.- Ministry of Economy.**  FINAL RESOLUTION OF THE ADMINISTRATIVE PROCEDURE REVIEW OF EFFECTIVENESS OF THE QUOTA COMPENSATORY IMPOSED ON IMPORTS cold - rolled steel ORIGINATING IN THE RUSSIAN FEDERATION AND THE REPUBLIC OF KAZAKHSTAN, REGARDLESS OF THE COUNTRY OF ORIGIN  Seen to resolve in the final stage the administrative file EC 10/19 filed in the International Business Practices Unit of the Ministry of Economy (the " Secretariat " ), this Resolution is issued in accordance with the following  **RESULTS**  **A. Final resolution of the anti-dumping investigation**  **1.**On June 29, 1999, the final resolution of the anti-dumping investigation on imports of cold rolled sheet, originating from the Russian Federation ("Russia"), the Republic, was published in the Official Gazette of the Federation (DOF). from Kazakhstan ("Kazakhstan") and the Republic of Bulgaria ("Bulgaria"), regardless of the country of origin. By means of said Resolution, the following compensatory fees were determined :  **a.**83% for imports from the AO Severstal company and 88% for those from any other Russian company;  **b.**of 34% and 33% for imports originating in Kazakhstan that enter through tariff sections 7209.16.01 and 7209.17.01 of the Tariff of the Law of General Import and Export Taxes (TIGIE), respectively, and  **c.**of 44% and 45% for imports originating in Bulgaria that enter through tariff items 7209.16.01 and 7209.17.01 of the TIGIE, respectively.  **B. Previous validity tests**  **2.**On December 12, 2005, the final resolution of the first examination of the validity of the countervailing duties was published in the DOF . It was decided to extend them for five more years.  **3.**On December 28, 2010, the final resolution of the second examination of the validity of the countervailing duties was published in the DOF . It was determined to modify the compensatory fees, to be as follows, and extend them for five more years:  **a.**15% and 22% for imports originating in Russia and Kazakhstan, respectively, and  **b.**Countervailing duties imposed on imports originating in Bulgaria were eliminated.  **4.**On July 1, 2015, the final resolution of the third examination of the validity of the countervailing duties was published in the DOF . It was decided to extend its validity for five more years.  **C. Notice on the Effectiveness of Countervailing Duties**  **5.**On September 11, 2018, the Notice on the validity of countervailing duties was published in the DOF. By this means, the national producers and any person with a legal interest were informed that the definitive countervailing duties imposed on the products listed in said Notice would be eliminated as of the expiration date indicated in it for each one, except that a domestic producer express in writing its interest in having an examination procedure initiated. The list included the cold rolled sheet , object of this examination.  **D. Expression of interest**  **6.**On May 23 and 24, 2019, Ternium México, SA de CV ("Ternium") and Altos Hornos de México, SAB de CV (AHMSA), respectively, expressed their interest in having the Secretariat begin the examination of the validity of the definitive countervailing duties imposed on imports of cold rolled sheet originating from Russia and Kazakhstan.  **E. Resolution to initiate the fourth examination of the validity of the compensatory quota**  **7.**On June 20, 2019, the Secretariat published in the DOF the Resolution declaring the beginning of the examination of the validity of the countervailing duties imposed on imports of cold rolled sheet originating in Russia and Kazakhstan, regardless of the country of provenance. The examination period was set from April 1, 2018 to March 31, 2019, and the analysis period from April 1, 2014 to March 31, 2019.  **F. Product under review**    **1. Product description**  **8.**The product under examination is the cold rolled sheet. It is also known simply as cold sheet and, in English, as "cold rolled steel sheet coil", "cold rolled coil", or "sheets" or "cold rolled steel sheets".  **2. Features**  **9.**The product under review is manufactured primarily from commercial-grade carbon steels, which are composed of iron ore, carbon, and small amounts of other elements, such as manganese, phosphorus, and sulfur, which provide certain physical characteristics to the products. products, and vary mainly based on carbon content. Cold rolled sheet is manufactured in widths greater than or equal to 600 millimeters (mm) and thicknesses ranging from 0.5 to 3 mm, with matte or glossy finishes.  **3. Tariff treatment**  **10.**The product under examination enters the domestic market through tariff items 7209.16.01 and 7209.17.01 of the TIGIE, the description of which is as follows:   |  |  | | --- | --- | | **Tariff coding** | **Description** | | Chapter 72 | Cast iron, iron and steel | | Game 7209 | Flat rolled products of iron or non-alloy steel, of a width greater than or equal to 600 mm, cold rolled, not plated or coated. | |  | - Rolled, just cold rolled: | | Subheading 7209.16 | - Thickness greater than 1 mm but less than 3 mm. | | Fraction 7209.16.01 | Thicker than 1 mm but less than 3 mm. | | Subheading 7209.17 | - Thickness greater than or equal to 0.5 mm but less than or equal to 1 mm. | | Fraction 7209.17.01 | Thickness greater than or equal to 0.5 mm but less than or equal to 1 mm. |   Source: Tariff Information System Via Internet (SIAVI).  **11.**The unit of measurement used by the TIGIE is the kilogram, although business operations are normally conducted in metric tons.  **12.**According to the SIAVI, imports entering through tariff items 7209.16.01 and 7209.17.01 of the TIGIE are subject to a 15% tariff, applicable as of September 22, 2019, by virtue of the "Decree by which the Rate of the Law of the General Import and Export Taxes is modified ", published in the DOF on September 20, 2019.  **13.**On December 5, 2013, the Agreement that modifies the miscellaneous agreement was published in the DOF by which the Ministry of Economy issues general rules and criteria in Foreign Trade, by means of which they are subject to the presentation of a notice automatic before the Secretariat the merchandise included in the tariff sections 7209.16.01 and 7209.17.01 of the TIGIE, for purposes of commercial statistical monitoring when they are destined to the customs regime of definitive importation.  **4. Production process**  **14.**The manufacturing process of cold rolled sheet is similar throughout the world and only varies in the degree of automation. It begins with the obtaining of liquid steel through smelting, mainly in Basic Oxygen Furnaces (BOF, for the acronym in English " Basic Oxygen Furnace " ) and Electric Arc Furnaces (EF, for the acronym in English of " Electric Furnace " ) .  **15.**The liquid steel that is obtained by any of these furnaces is transported in pots that are emptied in a continuous casting machine to obtain slabs. These products are reheated and passed through a rolling mill that reduces them to form a strip of steel sheet with the desired thickness and width, and finally they are wound into rolls or coils of hot sheet.  **16.**The hot rolled sheet can be sold directly to the customer or used as an input to produce cold rolled sheet. For this, the hot rolled roll is washed and stripped, to later reduce its thickness using cold rolling mills; later the annealing process is carried out, which gives it flexibility and ductility.  **17.**Finally, the annealed cold sheet goes to the tempering mills where its physical properties are modified , such as thickness, resistance and surface finish; that allow it to be used as an input for the white goods, automotive, pipeline and construction industries. Additionally, the matte or glossy finish is printed that distinguishes the cold sheet from the hot one.  **5. Standards**    **18.**The cold - rolled steel normally produced according to the specifications of the rules of the American Society for Testing and Materials (ASTM stands for the " American Society for Testing and Materials " ), the Society of Automotive Engineers (SAE stands for the " Society of Automotive Engineers " ) of Industrial Standards of Japan (JIS by the acronym of " Japan Industrial Standards " ) and the German Standards Institute (DIN, by the acronym in German from " Deutsches Institut für Normung " ), whose compliance facilitates its commercialization, since consumers are sure that it has homogeneous physical and chemical properties, whatever its origin.  **6. Uses and functions**  **19.**Cold rolled sheet is used as a raw material in the white goods , automotive, pipeline and construction industries to manufacture various intermediate and capital goods, eg chassis components , laminations for electric motors, automotive parts unexposed, automotive housings, fenders, exhausts, profiles, idlers, containers, containers, appliances, cabinets, lithographed containers , welded pipe, door and window panels, and wheelbarrow shells. It is also used as an input to produce galvanized, chromed and tinned sheet (zinc, chrome and tin coating, respectively) or tinplate.  **G. Call and notifications**  **20.**By publishing the Initiation Resolution, the Secretariat summoned the national producers, importers, exporters and any person who considered to have a legal interest in the result of this examination, to appear to present the arguments and evidence that they deemed pertinent. .  **21.**The Secretariat notified the initiation of this proceeding to the parties known to it and to the governments of Russia and Kazakhstan.  **H. Appearing interested parties**  **22.**The accredited interested parties, who appeared in due time and form in this proceeding, are the following:  **1. National producers**  Altos Hornos de México, SAB de CV  Av. Campos Elíseos 29, 4th floor  Col. Rincón del Bosque , Bosque de Chapultepec I Section  CP 11580, Mexico City  Ternium México, SA de CV  Av. Munich 101  Col. Cuauhtémoc  CP 66452, San Nicolás de los Garza, Nuevo León  **2. Government**  Ministry of Economic Development of the Russian Federation  Av. José Vasconcelos 204  Col. Hipódromo Condesa  CP 06140, Mexico City  **I. First period for offering evidence**  **23.**At the request of AHMSA, Ternium and the Ministry of Economic Development of the Russian Federation ( " Ministry of Economic Development " ), through the Embassy of the Russian Federation in Mexico ( " Embassy of Russia " ), the Secretariat It granted them an extension of fifteen business days to present their response to the official form, as well as the arguments and evidence corresponding to the first period for offering evidence. On August 20, 2019, AHMSA and Ternium presented their response to the official form , as well as the arguments and evidence agreed to by their law, which appear in the file administrative reference, which were considered for the issuance of this Resolution. The Ministry of Economic Development did not appear  **J. Replicas**  **24.**The Secretariat granted an extension of five business days at the request of the Ministry of Economic Development to present its replies and counter-arguments to the information presented by AHMSA and Ternium. On September 6, 2019, the Ministry of Economic Development presented its replies and counter- arguments to the information presented by its counterparts in this proceeding, which appear in the administrative file of the case, which were considered for the issuance of this present Resolution.  **K. Information requirements**    **1. Extensions**  **25.**At the request of AHMSA and Ternium, the Secretariat granted them an extension of ten business days to present their response to the information requests made on October 3, 2019. On October 30 and 31 , 2019, Ternium and AHMSA, respectively , presented their response.  **26.**At Ternium's request, the Secretariat granted it an extension of ten business days to present its response to the information request made on January 13, 2020. Ternium submitted its response on February 10, 2020.  **2 parts**  **a. AHMSA**  **27.**On October 3, 2019, the Secretariat requested AHMSA to, among other things, complement the information it presented on its sales figures to main customers and on the indicators of the domestic industry with figures for Apparent National Consumption (CNA), both for the analysis period , and will provide the methodology to determine said indicators; provide the documentary support of the statistics of " shipments of cold sheet by consumer markets 2012-2017 " reported in the statistical yearbook of the National Chamber of the Iron and Steel Industry (CANACERO) ; explain the discrepancy reported between the volume of imports from other countries, with respect to the one contained in their spreadsheets and, with respect to the estimate of the import price, indicate how it obtained the value of the freight and provide the documentary support; present the statement of changes in the audited stockholders' equity and the notes to the financial statements corresponding to 2018; the statement of costs, sales and profits of the similar merchandise destined for self-consumption for the period of analysis, as well as the projection for the period April 2019-March 2020, in the scenario where the compensatory fee would be eliminated , and the description of the methodology used in determining the price of the merchandise similar, intended for self-consumption, as well as the support of the installed capacity of cold rolled sheet worldwide and by country, which it presented. She submitted her response on October 31, 2019.  **b. Ternium**  **28.**On October 3, 2019, the Secretariat requested Ternium to, among other things, demonstrate that the freight of the quote it presented, part of the NMLK production company in Russia; in relation to the market study that it submitted for the calculation of normal value, provide a copy of the publications used in estimating prices, both for Russia and Kazakhstan and explain its indexation methodology ; Provide the source and the calculation methodology on the " Relative Percentage Price Evolution " for each of the countries examined and clarify its conclusions on the estimation of prices for Kazakhstan; present the methodology used to obtain the prices used in the reconstruction of normal value; its indicators, projections and their corresponding methodologies and spreadsheets with the information according to the analysis period and the projection period, in a scenario without compensatory quota ; the statement of costs, sales and profits of similar merchandise destined for the domestic market for the periods April 2014-March 2015; April 2015-March 2016 and April 2016-March 2017 and, the description of the methodology used for the projection that it presented; the statement of costs, sales and profits of the similar merchandise destined for self-consumption for the analysis and projected periods, in the scenario where the countervailing duty would be eliminated; provide the description of the methodology used in determining the price of similar merchandise intended for self-consumption; justify why it considered reasonable that the prices of imports from other origins vary according to the estimate of the consulting firm CRU International Limited (CRU) on the behavior of future prices only in Asia; clarify the methodology for calculating the volume of imports from Russia and Kazakhstan, explain why in the non-CVD scenario, to obtain imports from Russia and Kazakhstan, it used different weights, as well as the methodology for calculating the volume of imports from other origins; explain the discrepancies in its annexes when reporting the CNA, and clarify which are the potential markets for cold rolled sheet that imposed some type of barrier to trade. He submitted his response on October 30, 2019.  **29.**On January 13, 2020, the Secretariat requested Ternium to, among other things, provide a new methodology for calculating possible variations in prices from normal value and updating prices in each of the countries; perform a comparison against the costs of production that you proposed in your reconstructed value methodology; sustain that the costs of rail transport in Russia are distorted, as said activity is under the monopoly of a government company; explain the differences observed between the inventory figures reported in the statement of costs, sales and profits of similar merchandise destined for the domestic market and for self-consumption; provide the documents used to accredit the prices of shredded scrap, mineral, iodex, steel (slab), electric power, natural gas and exchange rate, in the projections of the statement of costs, sales and profits of similar merchandise, in the scenario where the compensatory quota, destined to the internal market and self-consumption, would be eliminated ; present the worksheets where you calculated the integrated cost share  and not integrated, in total costs; explain the difference reported when projecting labor in the statement of costs, sales and profits for the case of self-consumption, in relation to that oriented to the domestic market , and the reasonableness of considering twice the period January 2018 in its cost projection From handwork. He submitted his response on February 10, 2020.  **30.**On February 14, 2020, the Secretariat requested Ternium to justify the methodology used to calculate possible variations in normal value in relation to the market study it presented for the calculation of normal value; bring the prices reported in the market study to the examination period , using a deflation methodology based on a price index that reflects the conditions of the domestic market of each country, and make a comparison of these prices against the production costs proposed in its reconstructed value methodology. He submitted his response on February 19 , 2020.  **c. Ministry of Economic Development**  **31.**On October 4, 2019, the Secretariat requested the Ministry of Economic Development to provide the list of prices for exports of cold rolled sheet from Russia to the rest of the world for the examination period; the documentary support of the arguments presented in relation to the cost of transporting the merchandise under examination and that customs costs are an insignificant part of the total cost; the name and participation of the companies producing cold-rolled sheet in Russia, as well as their sales prices of cold-rolled sheet in its domestic market for the period of examination, and the documentary support of the information that it presented on production, capacity installed, CNA, imports and sales to the domestic market of cold rolled sheet in Russia. They submitted their response on October 18, 2020, however, they indicated that they do not have detailed information on the sale prices of cold rolled sheet in the domestic market of Russia.  **32.**On January 13, 2020, the Secretariat requested the Ministry of Economic Development to, among other things, explain what the types of customs costs refer to: customs fees and customs charges, and in relation to the " charter contract " that he presented, provide information about the transport company , indicate if it is a private or governmental company and what means of transport it uses to transport the merchandise. He submitted his response on January 23, 2020.  **d. No part**  **33.**On October 3, 2019, the Secretariat requested CANACERO to provide the production volume of AHMSA and Ternium corresponding to the periods April 2014-March 2015, April 2015-March 2016, April 2016-March 2017, April 2017- March 2018 and April 2018-March 2019. CANACERO submitted its response on October 17, 2019.  **I. Second period for offering evidence**  **34.**On November 4, 2019, the Secretariat notified AHMSA, Ternium, and the Ministry of Economic Development of the opening of the second period for offering evidence, in order for them to present the arguments and complementary evidence they deem pertinent.  **35.**On August 30 and December 13, 2019, only Ternium presented arguments and complementary evidence , which appear in the administrative file of the case, which were considered for the issuance of this Order.  **J. Other appearances**  **36.**On August 30, 2019, Ternium appeared to present its comments on the information presented by AHMSA in the first period for offering evidence in these proceedings. However , this information was considered in the final stage of the procedure, in accordance with the provisions of the previous point of this Resolution, since its statements did not constitute replies or counter-arguments.  **K. Essential facts**  **37.**On March 26, 2020, the Secretariat notified AHMSA, Ternium, and the Ministry of Economic Development of the essential facts of this procedure, which served as the basis for issuing this Resolution, in accordance with Articles 6.9 and 11.4 of the Agreement on to the Application of Article VI of the General Agreement on Tariffs and Trade of 1994 (the " Anti-Dumping Agreement " ). On May 22, 2020, AHMSA and Ternium presented statements regarding the essential facts.  **L. Public hearing**  **38.**On May 15, 2020, the public hearing in this procedure was held. The national producers AHMSA and Ternium participated, as well as the Ministry of Economic Development, who had the opportunity to present their arguments and replicate those of their counterparts, as recorded in the minutes that were drawn up for that reason, which constitutes a public document of full evidentiary effectiveness, in accordance with article 46 section I of the Federal Law on Administrative Litigation Procedure (LFPCA).    **M. Arguments**  **39.**On May 22, 2020, only Ternium and AHMSA presented arguments, which were considered to issue this Resolution.  **N. Opinion of the Foreign Trade Commission**  **40.**Based on articles 89 F section III of the Foreign Trade Law (LCE) and 19 section XI of the Internal Regulations of the Ministry of Economy (RISE), the draft of this Resolution was submitted to the opinion of the Commission of Foreign Trade, which considered it in its session on July 22, 2020. The project received a favorable opinion by the majority.  **CONSIDERING**  **A. Competition**  **41.**The Secretariat is competent to issue this Resolution, in accordance with articles 16 and 34 sections V and XXXIII of the Organic Law of the Federal Public Administration; 1, 2, section A, section II numeral 7 and 19 sections I and IV of the Internal Regulations of the Ministry of Economy; 11.1, 11.3, 11.4, 12.2 and 12.3 of the Anti-Dumping Agreement, and 5 section VII, 67, 70 section II and 89 F of the LCE.  **B. Applicable law**  **42.**For the purposes of this procedure, the Antidumping Agreement, the LCE, the Regulations of the Foreign Trade Law (RLCE), the Fiscal Code of the Federation, the LFPCA applied additionally, in accordance with the Second Transitory Article of the Decree by the one issued by the LFPCA, as well as the Federal Code of Civil Procedures, the latter three of supplementary application.  **C. Protection of confidential information**  **43.**The Secretariat may not publicly disclose the confidential information that the interested parties presented, nor the confidential information that it collected, in accordance with the provisions of Articles 6.5 of the Anti-Dumping Agreement, 80 of the LCE and 152 and 158 of the RLCE .  **D. Right of defense and due process**  **44.**The interested parties had ample opportunity to present all kinds of arguments, exceptions and defenses, as well as the evidence to support them, in accordance with the Anti-Dumping Agreement , the LCE and the RLCE. The Secretariat assessed them subject to the essential formalities of the administrative procedure.  **E. Analysis of continuation or recurrence of dumping**  **45.**The Secretariat conducted the examination of the repetition or continuation of dumping based on the information and evidence submitted by AHMSA, Ternium, and the Ministry of Economic Development, as well as that of the Secretariat, in accordance with the provisions of articles 54 second paragraph and 64 last paragraph of the LCE. During the examination procedure, the Secretariat granted ample opportunity to the exporting-producing companies of Russia and Kazakhstan, as well as the government of Kazakhstan, however, they did not appear.  **1. Export price**  **46.**AHMSA and Ternium stated that during the period of validity of the countervailing duties there were no imports originating from Russia and Kazakhstan.  **47.**In the absence of exports of the product under review to Mexico, AHMSA proposed to consider the average export price of Russia and Kazakhstan to the rest of the world, obtained from the statistics of exports made through subheadings 7209.16 and 7209.17, which publishes the United Nations Comtrade Database (UN Comtrade) statistics system for 2018.  **48.**For its part, Ternium proposed to calculate the export price based on export statistics from Russia and Kazakhstan for the period under review, to the rest of the world, obtained from the International Steel Statistics Bureau (ISSB), a company that offers statistical information of international trade in steel and iron and steel products.  **49.**In this regard, the Ministry of Economic Development argued that the export prices of cold rolled sheet from Russia correspond to the average level of world prices, while the lowest prices correspond to those of China and India. To support it, he presented the link from the site http: // steelbenchmarker.com/files/history.pdf.  **50.**The Secretariat requested the Ministry of Economic Development to provide the list of prices for exports of cold rolled sheet from Russia to the rest of the world during the period from April 1, 2018 to March 31, 2019. In its In response, the Ministry of Economic Development presented monthly prices of exports of cold rolled sheet from Russia to the world, during the period under review, obtained from statistics from the International Trade Center (ITC, for the acronym in English of " International Trade Center " ) and Trade Map, for the examination period. The  The Secretariat confirmed that these are average prices of cold rolled sheet.  **51.**For its part, the Secretariat obtained the import statistics from the Mexican Commercial Information System (SIC-M) and confirmed that during the review period there were no imports of cold rolled sheet originating from Russia and Kazakhstan.  **52.**Likewise, regarding the information provided by AHMSA, Ternium and the Ministry of Economic Development, the Secretariat did the following:  **a.**he consulted the UN Comtrade statistical system in order to corroborate the figures reported by AHMSA, however, he observed that they do not cover the entire examination period;  **b.**analyzed the methodology for obtaining export statistics presented by Ternium, from the ISSB, and confirmed that they are exports from Russia and Kazakhstan to the rest of the world, corresponding to the product and period under examination, obtained from subheadings 7209.16 and 7209.17. Likewise, it observed that the definition of the aforementioned subheadings coincides with that of the tariff fractions, therefore, the lower and upper thickness is the same for the subheading and for the tariff fraction, and  **c.**Regarding the information presented by the Ministry of Economic Development, the Secretariat confirmed that these are average prices of cold rolled sheet exports from Russia to the world, made during the examination period.  **53.**Based on article 40 of the RLCE, the Secretariat calculated the export price in dollars per kilogram for Russia, based on the information provided by Ternium and the Ministry of Economic Development , as the average of both publications. It is important to mention that the price reported in the ISSB is only 0.48% higher than that reported in the ITC-Trade Map. In the case of Kazakhstan, the Secretariat calculated a weighted average export price, based on the information provided by Ternium. In accordance with Articles 6.8 and Annex II of the Anti-Dumping Agreement, and 54 second paragraph and 64 last paragraph of the LCE, the Secretariat considered that the information provided by Ternium and by the Ministry of Economic Development constitute the best information available for calculating the export price, since they reported information for the entire examination period.  **to. Export price adjustments**  **54.**AHMSA proposed to adjust the export price for land freight, and port maneuvers and customs clearance, for both countries. For its part, Ternium stated that the export prices obtained from the ISSB, for both countries, are at a commercial level free on board (FOB, for the acronym in English of " Free On Board " ), for which it proposed to adjust them by concept of internal freight to take them to the ex-factory level. Ternium proposed, like AHMSA, to adjust the export price for port maneuvers and customs clearance.  **i. Internal freight**  **55.**Since UN Comtrade statistics are reported at FOB level, AHMSA adjusted the export price for land freight. It indicated that, since it was unable to obtain information on land freight for both countries, it updated the quotation of land freight used in the previous examination procedure , requested from a Russian transport company. He made the update with the producer price index for economic and industrial activities in Russia, whose source is the Federal Reserve Bank of that country. To convert rubles to US dollars, he used the exchange rate published by the same source, information that was corroborated by the Secretariat.  **56.**Based on the average distances of the production plants in Russia and Kazakhstan to the different ports of departure, and the updated price, AHMSA calculated the expenses for ground freight for both countries.  **57.**In order to estimate the internal freight, Ternium asked a consulting company for a quotation of internal freight in Russia, from the plant of the largest cold rolled sheet producer company, to the port of departure in Saint Petersburg. From this information, he estimated the internal freight in dollars per ton. Also, Ternium pointed out that, in the absence of information on internal freight in Kazakhstan, it used the information available for Russia, considering the distance from the producing company in Kazakhstan to the port of departure in Novorossiysk.  **58.**At the request of the Secretariat, Ternium presented the documentary support that shows that the quotation of the internal freight comes from the Russian production company.  **59.**Due to the fact that the domestic freight price is later than the period examined, Ternium discounted the inflation of Russia with information obtained from the website https://www.inflation.eu/inflation-rates/ russia / historic-inflation /cpi-inflation-russia-2019.aspx. Information that was corroborated by the Secretariat.  **60.**The Secretariat reviewed the website of the consulting company and confirmed that it is a  company that has extensive experience and knowledge of flat steel products and that delivers cold rolled sheet, which is why he considered it to be a reliable source.  **61.**Additionally, Ternium argued that the costs of rail transport in Russia are distorted, as it is under the monopoly of a government company, Russian Railways, which presumably provides support to steel mills. At the request of the Secretariat, it provided information regarding the costs of rail transport in Russia.  **62.**Regarding the adjustment for internal freight, the Ministry of Economic Development exhibited a contract between a transport company and a company that produces cold rolled sheet, which establishes the cost of transporting said merchandise.  **63.**Because Ternium pointed out that the costs of rail transport in Russia are distorted, the Secretariat requested from the Ministry of Economic Development information about the transport company referred to in the previous point. The Ministry of Economic Development stated that the transport company is a private company and that the means of transport used is river transport.  **ii. Maneuvers in port and customs clearance**  **64.**AHMSA pointed out that the charges inherent to the dispatch of goods in ports, for concepts of dispatch and inspections, preparation of documentation and handling of cargo in port, are based on Article 2.4 of the Anti-Dumping Agreement, since said expenses affect the comparability of prices, for which he presented information related to these concepts, obtained from the specialized publication Doing Business 2019, for Russia and Kazakhstan, published by the World Bank. The Secretariat analyzed the information in the publication and confirmed the data presented by AHMSA. For its part, Ternium supported AHMSA's proposal to make an adjustment for port maneuvers and customs clearance on the prices of export from Russia and Kazakhstan.  **65.**With regard to adjustments for maneuvers in port and customs clearance, the Ministry of Economic Development indicated that they are insignificant and therefore should not be included in the calculation. He added that there are two types of customs costs in Russia : customs fees and customs charges. The procedure for the payment of customs fees is governed by the Decree of the Government of the Russian Federation of August 30 , 2013 number 754. In accordance with this Decree, the export customs fee is not taxable on sheet rolled in cold.  **66.**He pointed out that the procedure for paying customs charges is governed by the Federal Law of the Russian Federation of August 3, 2018 number 289-FZ, which entered into force on September 4, 2018. It establishes that customs charges are not charged, with the exception of goods subject to customs duties. The Ministry of Economic Development added that producers of cold rolled sheet do not pay customs charges, with the entry into force of such Law. In this regard, it presented an extract of the customs regulation in Russia and of certain changes in the laws of said country.  **67.**The Secretariat requested the Ministry of Economic Development to explain what the concepts of customs fees and charges refer to , and the differences between them. The Ministry of Economic Development pointed out that there are two types of customs payments when exporting merchandise: the mandatory payment that is charged to the State by the customs authority when crossing the border and the payment that is collected by the customs authority for the clearance service of customs. Both payments are not taxable on the cold rolled sheet.  **68.**With regard to the Decree of the government of the Russian Federation of August 30, 2013, despite the fact that the Ministry of Economic Development did not present it, the Secretariat obtained this document and observed that it is a resolution of the government of Russia on customs duties on exported goods. In said Decree the code of the cold rolled sheet does not appear, so said merchandise is exempt from export duties.  **69.**Regarding the cost of customs charges, the Secretariat observed that only in the first half of the examination period was the payment for this item made, since, according to the Ministry of Economic Development , the goods that are not subject to at customs rates they do not pay customs charges as of the entry into force of the Federal Law of the Russian Federation.  **b. Determination**  **70.**In accordance with articles 2.4 of the Anti-Dumping Agreement, 36 of the LCE and 53, 54 and 58 of the RLCE, the Secretariat analyzed the information and methodologies proposed by AHMSA, Ternium and the Ministry of Economic Development and adjusted the export price for Russia for internal freight, based on the information presented by the Ministry of Economic Development and port handling and customs clearance expenses based on the information proposed by AHMSA and Ternium, considering only the part called port management, which is refers exclusively to the handling of the merchandise, in accordance with the provisions of points 65 to 69 of this Resolution.  **71.**The Secretariat adjusted the export price for Kazakhstan for internal freight, based on  the information provided by Ternium and applied all items containing the expenses of maneuvers in port and customs clearance, from the information given by AHMSA, Ternium.  **2. Normal value**  **to. Prices in the domestic market of Russia and Kazakhstan**  **72.**AHMSA proposed to calculate normal value in Russia from internal prices of cold- rolled sheet in that country, obtained from the publication Developing Markets Steel Review, of the consulting company MEPS International Ltd, during October 2018. It stated that they are transaction prices in Russian plants , negotiated between buyers and manufacturers, which do not include discounts, reimbursements, or bonuses and, since they are reported at the ex-factory level, do not require adjustments.  **73.**The Secretariat obtained information obtained from the website https://www.meps.co.uk/gb/ en / products / developing-markets-steel-review and noted that MEPS International Ltd. is an independent company world leader in steel market information, offering a range of services and advice to clients, and providing Russian cold rolled sheet price information .  **74.**AHMSA stated that no specialized source reports information on prices in the domestic market of Kazakhstan, regarding cold rolled sheet. It pointed out that the only company that operates in that country in the markets for the production and distribution of cold rolled sheet maintains a singular secrecy about its operations, for which it proposed to calculate the normal value for Kazakhstan from the export price of rolled sheet in cold from Kazakhstan to a third country, Uzbekistan.  **75.**In this regard, it presented statistics obtained from UN Comtrade for 2018, corresponding to merchandise classified in subheadings 7209.16 and 7209.17 of the harmonized system, for 2018. AHMSA indicated that these statistics are representative due to their volume and because the price is among the most high. In addition, it stated that this price is given in the course of normal commercial operations since the only manufacturing company in this country, belonging to the main world steel producer ArcelorMittal, carried out its operations with a profit. Information that, being public, was corroborated by the Secretariat.  **76.**For its part, Ternium proposed to calculate the normal value for Russia and Kazakhstan from prices in the domestic market of both countries. For this purpose, it provided a market study prepared by a consulting company . These prices are after the examination period, so he applied statistical techniques to deflate them. He noted that prices are at the ex-factory level, so they do not need to be adjusted.  **77.**In the market study, the consulting company identified the main cold rolled sheet producers in Russia and Kazakhstan. He used price lists published on the NLMK company's website , https://nlmk.shop/cold-rolled/cold-rolled-full-hard/, which according to information published by Metal Expert, provided by the Ministry of Economic Development, is one of the most important producers in Russia and confirmed prices through surveys conducted directly with the company. For the Kazakhstan market, the prices were obtained directly from the only producer company in that country, according to the market study.  **78.**Ternium pointed out that the quotations report prices at the ex-factory level and are free of extra charges and taxes. Because the prices reported are after the examination period, it used the price index for cold rolled sheet of the Federal State Statistics Service, in the case of Russia, while for Kazakhstan it used the price index for manufacturing industry, obtained from the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, to take them to the examination period. Sources that were corroborated by the Secretariat.  **79.**The Secretariat obtained information obtained from the Internet page of the Russian production company indicated in the market study and confirmed that it produces and sells cold rolled sheet. It confirmed that the production company in Kazakhstan, indicated in the study, is the only cold-rolled sheet manufacturer in that country. It also corroborated the exchange rates to convert the currencies of Russia and Kazakhstan to dollars, in the Internet pages mentioned above.  **80.**In response to a request for information made by the Secretariat, the Ministry of Economic Development stated that it did not have information on prices in the domestic market of Russia. It pointed out that the average prices of the exported merchandise and the merchandise sold in the domestic market cannot be comparable due to important differences in the conditions of sale, such as payment, supply and security conditions of the merchandise, differences in quality (its steel frame, steel surface , strength characteristics) and other characteristics that significantly affect pricing. However, he did not present any documentary support for his claims.  **81.**In this regard, the Secretariat analyzed and evaluated the proposals of the national producers. For Russia it had the information provided by AHMSA that, although it is about prices that are published  By consulting firms specializing in steel products, the information presented by Ternium turns out to be more suitable, since it is information from a study that comes directly from cold-rolled sheet producers in the domestic Russian market.  **82.**For Kazakhstan, AHMSA presented the export price to Uzbekistan, however, in addition to the fact that UN Comtrade statistics do not cover the entire period of review, the Secretariat considers that, although AHMSA indicated that it was not able to obtain information of internal prices in Kazakhstan, in order to resort to said normal value option, AHMSA had first to discard the internal prices in that country, under the premises established in articles 2.2 of the Anti-Dumping Agreement and 31 of the LCE. Fact that did not happen. Therefore, according to the available information, the Secretariat considers that Ternium's proposal is the most suitable, since they are prices that come directly from the rolled sheet producers. cold in the domestic market of that country.  **83.**Due to the above, and based on articles 2.1 of the Anti-Dumping Agreement, 31, 54 second paragraph and 64 last paragraph of the LCE and 40 and 58 of the RLCE, the Secretariat calculated an average normal value in dollars per kilogram, based on of the information on prices in the domestic market of Russia and Kazakhstan presented by Ternium. The foregoing, due to the fact that the Secretariat found that said information comes from cold rolled sheet manufacturers in both countries, corresponds to the period from April 2018 to March 2019, and refers to prices for consumption in the domestic market from Russia and Kazakhstan.  **b. Adjustments to normal value**  **84.**Based on the information submitted for the calculation of normal value, AHMSA proposed to adjust Kazakhstan's domestic prices for internal freight from the producing plant to the port of departure and customs clearance expenses . However, the Secretariat did not apply the adjustments for internal freight and customs clearance proposed by AHMSA, since it determined to calculate the normal value from the information presented by Ternium, which is reported at the ex-factory level.  **c. Reconstructed value of Russia and Kazakhstan**  **85.**In order for the Secretariat to have more evidence that, if the countervailing duty is eliminated, the practice of dumping by Russia and Kazakhstan would be repeated, as an additional element to the option of prices in the domestic market of Russia and Kazakhstan, Ternium estimated the reconstructed value from hot rolled sheet data in both countries.  **86. It**started from the price published in specialized magazines of the hot rolled sheet that, according to Ternium, represents the input or substrate with which the cold rolled sheet is obtained. These prices come from Steel Business Briefing (SBB) for Russia and Metal Expert for Kazakhstan. It adjusted them from the cost of transforming a hot rolled sheet to a cold rolled sheet based on the cost incurred by Ternium. He added the profit before tax of a producer in Russia and another in Kazakhstan, information that comes from the consolidated financial statements of two of the largest companies producing the product under review in those countries.  **87.**He added that the constructed value, in both countries, is well above the export price of the product under examination, which confirms the well-founded likelihood that dumping will recur .  **88.**The Secretariat reviewed the information on the prices of the publications, the costs and expenses presented, as well as the profit margin for the production companies of both countries, confirming the information reported by Ternium. However, it did not consider the constructed value option for the determination of the normal value calculation, since said methodology suffers from deficiencies, such as that: i) the exercise presented by Ternium is incorrect, since it compared the internal prices against the constructed value, and not against the cost of production plus general expenses, as required by Article 2.2 of the Anti-Dumping Agreement, and ii. Ternium did not fully justify why it is pertinent to use your cost and information structure for various concepts, for calculation purposes. It is important to point out that, in order to resort to this normal value option , it is necessary to discard the information on internal prices, under the premises established in Articles 2.2 of the Anti-Dumping Agreement and 31 of the LCE, a situation that did not occur in this proceeding.  **3. Conclusion**  **89.**In accordance with the information and methodologies described above, and based on Articles 6.8, 11.3, 11.4 and Annex II of the Anti-Dumping Agreement, and 54 second paragraph, 64 last paragraph and 89 F  of the LCE, the Secretariat analyzed the information on export price and normal value, and determined that there are sufficient elements to support that, if the countervailing duty were eliminated, the practice of dumping would be repeated in exports to Mexico of cold rolled sheet originating in Russia and Kazakhstan.  **F. Analysis of continuation or recurrence of damage**  **90.**The Secretariat analyzed the information provided by the parties in the procedure and that is in the administrative file, as well as that which it itself provided, in order to determine whether there are elements to support that the elimination of the final countervailing duties imposed on imports of cold rolled sheet , originating from Russia and Kazakhstan, would result in continuation or recurrence of injury to the domestic cold rolled sheet industry.  **91.**The analysis of the economic and financial indicators includes the information that AHMSA and Ternium provided, since these companies constitute the domestic industry of the product similar to the one under examination, as determined in point 95 of the present Resolution. To carry out this analysis, the Secretariat considered the information for the period from April 1, 2014 to March 31 , 2019, which includes both the period analyzed and the examination period, as well as the information relating to the estimates for the April periods. 2019-March 2020 and April 2020-March 2021. Unless otherwise indicated, the behavior of the economic and financial indicators for a given period is analyzed with respect to the immediately preceding comparable period.  **1. National production branch**  **92.**AHMSA and Ternium stated that, together, they represent 100% of the national production of cold rolled sheet similar to the product under examination. They supported their affirmation with letters from CANACERO, of May 9 and 28, and October 17, 2019, indicating that they are national producers of cold rolled sheet, as well as their market share.  **93.**The Secretariat calculated the national production of cold rolled sheet from the information provided by AHMSA and Ternium; During the analyzed period, the first company represented 16% of national production, while the second one 84%. The CANACERO letter of October 17, 2019 confirms these participations.  **94.**According to the list of import operations of the SIC-M, corresponding to tariff sections 7209.16.01 and 7209.17.01 of the TIGIE, AHMSA did not import cold rolled sheet during the period of validity of the quotas. countervailing, while Ternium does, but originating in countries other than those examined and in a negligible volume (less than 1% of total imports).  **95.**Based on the analysis of the information in the administrative record, the Secretariat determined that AHMSA and Ternium constitute the domestic industry as they represent the entire domestic production of cold-rolled sheet similar to the one under examination. , in accordance with the provisions of Articles 4.1 and 5.4 of the Anti-Dumping Agreement, 40 and 50 of the LCE and 60 and 61 of the RLCE.  **2. International market**  **96.**AHMSA and Ternium argued that during the examination period, the steel market, in general and, in particular, that corresponding to cold rolled sheet under examination, faced a problem of a structural nature, characterized by an overcapacity of production . In this regard, they indicated that in 2018 the world installed capacity of cold rolled sheet was 49% higher than the apparent consumption of this merchandise and it is estimated that between 2018 and 2020 the world installed capacity will be 79% higher than demand, that is, in 2019 and 2020 there will be an average of 218 million tonnes of capacity available after meeting demand. The countries under investigation do not escape this situation, since that in 2018 Russia registered an overcapacity of 50% while Kazakhstan of 88%.  **97.**AHMSA and Ternium added that this excess in world production capacity has pushed down the international prices of cold rolled sheet, in particular, as of 2018 a drop in said prices is observed , a trend that is expected to continue in 2020 and 2021, according to figures from CRU.  **98.**To support their assertions, they provided data on installed capacity, production, consumption and prices of cold-rolled sheet in the international market during the period analyzed, from the Steel Sheet Products Market Outlook Statistical Review publication (January and July 2019), which made by the CRU consulting firm. Additionally, they provided world import and export statistics corresponding to subheadings 7209.16 and 7209.17, where cold rolled sheet is included. AHMSA obtained statistics from UN Comtrade while Ternium from the ISSB.  **99.**According to this information, the world installed capacity to manufacture cold rolled sheet showed a cumulative increase of 5% from 2014 to 2018, going from 470 to 495 million tons. In  This last year this indicator was distributed as follows: Asia 54%, Europe 20%, North America 16%, the Commonwealth of Independent States 3% and the other regions 7%. The country with the highest installed capacity in 2018 was China (29%), followed by the United States (14%), India (6%), South Korea (6%), Japan (6%), Germany (5%) , Taiwan (3%) and Russia (3%); Mexico participated with 1.4% and Kazakhstan with 0.4%.  **100.**In the period from 2014 to 2018, 55% of the world's installed capacity was used, producing 1,339 million tons of cold-rolled sheet. The gross world production of this product went from 261 to 273 million metric tons between 2014 and 2018, which translated into a growth of 4%. During this period, production was concentrated in the same regions that have the largest installed capacities: Asia 60%, Europe 17%, North America 12% and the Commonwealth of Independent States 4%. Between 2014 and 2018, the largest cold rolled sheet producer was China (32%), followed by the United States (10%), Japan (9%), South Korea (8%) and India (6%); Russia, Kazakhstan and Mexico they participated with 3.4%, 0.5 and 1.4%, respectively.  **101.**The world gross consumption of cold rolled sheet registered a similar performance to the gross world production , as it grew 5% from 2014 to 2018. In this period, consumption was concentrated in the main producing regions: Asia, Europe, North America, the Commonwealth of Independent States, as well as Central and South America, with 58%, 19%, 13%, 3% and 3%, respectively. In the same period, China was the largest consumer with 32%, followed by the United States (10%), Japan (8%), India (6%) and South Korea (6%); Russia, Kazakhstan and Mexico consumed 2.8%, 0.3% and 1.8%, respectively, of the world's total cold rolled sheet.  **102.**The balance of gross production minus gross consumption of cold rolled sheet indicates that in the period from 2014 to 2018, South Korea, Japan, Russia, Taiwan and China recorded the highest exportable surpluses of (23, 18, 9, 8 and 7 million tons, respectively), while the United States, Indonesia, Thailand and Mexico had the largest deficits (7, 6.2, 5.9 and 5.2 million tons, respectively). Russia and Kazakhstan, together, recorded an exportable volume of 11 million tons between 2014 and 2018 (2 million tons in the latter year).  **103.**CRU estimates foresee that in the period from 2019 to 2021 the global installed capacity will remain practically constant, since it will have a slight growth of 0.04%, and will continue to be concentrated in the regions of Asia, Europe, North America and the Commonwealth of States. Independent The same publication also estimates a growth in global gross cold sheet production of 2% between 2019 and 2021, and will continue to be concentrated in the regions with the highest installed capacities. In 2021, China, the United States, Japan, India and Korea will produce 31%, 9.3%, 8.7%, 7.9% and 7.6%, respectively. Russia and Kazakhstan together will produce 3.7%, while Mexico 1.3%.  **104.**The same source of information forecasts that global gross consumption will increase 2% between 2019 and 2021, and will continue to be concentrated in the main producing regions. In 2021, China, the United States, India, Japan and South Korea will continue to be the largest consumers with 30%, 10%, 8%, 7% and 6%, respectively; Russia and Kazakhstan together will consume 3%, while Mexico 2%. South Korea, Japan, Taiwan and China will continue to have surpluses, as will the countries examined, which together will record an exportable surplus of 2 million tonnes.  **105.**On the other hand, the UN Comtrade and ISSB statistics on world exports and imports of cold rolled sheet, for the period 2014 to 2018, indicate that the main exporting countries were South Korea, China, Belgium, Japan, Russia and Germany, while the largest importers were the United States, China, Belgium, Germany, Japan and Thailand.  **106.**In particular, in 2018 it was observed that South Korea accounted for 20% of total exports, followed by China (14%), Belgium (9%), Japan (9%) and Russia (5%). Likewise, China accounted for 7% of total imports, followed by the United States (6.5%), Belgium (6.1%), Germany (5.9%) and Thailand (5.6%).  **107.**AHMSA and Ternium stated that Russia and Kazakhstan are among the main exporters of cold sheet worldwide, with a joint participation of 8% of global exports throughout the period analyzed (2014 to 2018), which makes it evident the orientation to the external market that they give to their cold sheet production. They also highlighted that Russia and Kazakhstan are among the countries with the lowest export prices on the international market.  **108.**The Ministry of Economic Development disagreed with the above statement and noted that, according to data from Steel Orbis, Russia recorded prices that correspond to the average level of the world market (between 540 and 634 dollars per ton, FOB port of shipment, during the review period ), although it did not provide the support of said source of information. He added that the countries with the lowest prices are China and India.  **109.**The Secretariat analyzed the average export prices with information from UN Comtrade and ISSB.  He observed that the countries examined are among the countries with the lowest export prices, 14% below the international average price, in contrast to what the Ministry of Economic Development indicates . Indeed, in 2018 the countries that registered the lowest prices were Ukraine, Kazakhstan, Russia, China, South Korea and India; These prices ranged from $ 588 to $ 651 per ton, while the world average price was $ 706 per ton.  **3. National market**  **110.**The information in the administrative file indicates that AHMSA and Ternium are the only national producers of cold rolled sheet, the rest of the offer is concentrated in a variety of foreign suppliers. AHMSA and Ternium are integrated companies, so they use part of their production to manufacture products derived from cold rolled sheet (self-consumption).  **111.**AHMSA indicated that, according to the Statistical Yearbook of the Mexican Steel Industry 2012-2017, prepared by CANACERO, in 2017 the main consumers of cold rolled sheet were the construction industry (24%), distributors and centers service (18%), as well as the automotive industry (sic) (17%). He highlighted that between 2014 and 2017 shipments (sales) to distributors and service centers were reduced by 14 percentage points.  **112.**Regarding the geographic location of the consumers of cold rolled sheet, AHMSA indicated that they are in the industrial poles where the steel transforming companies are based, and to which the imports of cold sheet are also directed. validity; Nuevo León, San Luis Potosí, State and Mexico City. For its part, Ternium stated that it serves clients in practically the entire national territory through an extensive network of service and distribution centers throughout the country.  **113.**On the other hand, AHMSA and Ternium argued that the national market for cold rolled sheet is one of the most open, since Mexico has trade treaties and agreements with countries in America, Europe and Asia. In addition, low most-favored-nation tariffs prevail and some sectors have import preferences, through Sector Promotion Programs (PROSEC), so they do not pay tariffs.  **114.**In this context, the Secretariat observed that the national market for cold rolled sheet registered a growth of 40% during the period analyzed. Indeed, the CNA, calculated as total national production , plus imports, minus exports, grew 22% in the period April 2015-March 2016, 6% in the period April 2016-March 2017, 9% in the period April 2017-March 2018 and 0.1% in the examination period. The performance of the CNA components was as follows:  **a.**Total imports grew 94% in the period analyzed: they increased 32% in the period April 2015-March 2016, decreased 6% in the period April 2016-March 2017 and had an increase of 34% in the period April 2017-March 2018 and 16% in the examination period. In the period analyzed, imports were made from 28 countries, in particular, in the period under review the main supplier was South Korea, a country that accounted for 55% of total imports , followed by the United States (20%) and Japan (13%);  **b.**National production accumulated a growth of 26% throughout the analyzed period: it maintained a growing behavior in the periods April 2015-March 2016 (16%), April 2016-March 2017 (11%) and April 2017 -March 2018 (2%), but decreased 4% in the examination period, and  **c.**Total exports registered a 15% fall throughout the analyzed period: they decreased 44% in the period April 2015-March 2016, increased 90% in the period April 2016-March 2017, fell 33% in the period April 2017-March 2018 and grew 20% in the examination period . It is noteworthy that, during the analyzed period, sales to the foreign market represented an average of 4% of national production.  **115.**As indicated above, AHMSA and Ternium allocate a part of their production for self-consumption and another for sale in the domestic market, where they compete directly with imports of cold rolled sheet. Therefore, the Secretariat also calculated the domestic consumption of this product, calculated as the sum of total imports plus sales to the domestic market.  **116.**The Secretariat observed that domestic consumption accumulated an increase of 50% in the period analyzed: it grew 30% in the period April 2015-March 2016, decreased 2% in the period April 2016- March 2017, increased 16 % in the period April 2017-March 2018 and 2% in the examination period.  **4. Actual and potential analysis of imports**  **117.**AHMSA and Ternium stated that, if the countervailing duties were eliminated, given the export potential of the cold rolled sheet industry in Russia and Kazakhstan, as well as the international context (overcapacity in the cold rolled sheet industry, stagnation of the world economy and restrictive trade measures ), a return of imports from these countries would be expected, under conditions of  price discrimination, which would cause harm to the domestic industry.  **118.**To analyze the behavior of cold rolled sheet imports during the examination period , AHMSA and Ternium provided statistics corresponding to tariff items 7209.16.01 and 7209.17.01 of the TIGIE, which they obtained from CANACERO.  **119.**Based on this information, AHMSA identified and excluded goods other than the product under examination, for example, hot rolled sheets, stainless steel sheets, steel strips, coated sheets, among others. Likewise, it excluded operations in which Mexico is registered as the country of origin. For its part, Ternium excluded those operations with the request keys that could register double counting (A3, A4, F2, F4, K1 and V1), as well as temporary imports. As a result, the national producers observed that during the analyzed period there were no imports of cold rolled sheet originating from Russia and Kazakhstan, only from other origins.  **120.**In order to evaluate the reasonableness of the information that the national producers presented, the Secretariat obtained the statistics from the list of import operations of the SIC-M, corresponding to tariff sections 7209.16.01 and 7209.17.01 of the TIGIE for the period from April 2014 to March 2019. The foregoing, by virtue of the fact that the information contained in said database is obtained after validation of the customs requests that is given in a framework of information exchange between agents and proxies customs, on the one hand, and the customs authority on the other, which is reviewed by the Bank of Mexico and, therefore, is considered the best information available.  **121.**To calculate the value and volume of imports under examination, the Secretariat excluded from the list of import operations of the SIC-M import operations whose description did not correspond to the product under examination, including: hot-rolled products, strapping , stainless steels, sheets and coated products. In addition, it eliminated those imports with petition codes (A4 and F2) that could involve double counting.  **122.**Based on the information indicated in the previous point, the Secretariat confirmed that during the period analyzed there were no imports of cold rolled sheet originating from Russia and Kazakhstan, and observed that total imports of cold rolled sheet grew 94% in the analyzed period: they increased 32% in the period April 2015-March 2016, decreased 6% in the period April 2016-March 2017 and had an increase of 34% in the period April 2017-March 2018 and 16% in the examination period.  **123.**In terms of participation in the domestic market, the Secretariat observed that total imports gained 7 percentage points during the analyzed period, while in relation to domestic consumption they gained 11 percentage points. The share of imports by period is described in the following table.  **Market share of total imports**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Participation (%)** | **Apr 2014-** **Mar 2015** | **Apr 2015-** **Mar 2016** | **Apr 2016-** **Mar 2017** | **Apr 2017-** **Mar 2018** | **Apr 2018-** **Mar 2019** | | CNA | 18 | twenty | 18 | 22 | 25 | | Internal consumption | 37 | 38 | 36 | 42 | 48 |   Source: SIC-M, AHMSA and Ternium.  **124.**In contrast, the participation of national production oriented to the domestic market in the CNA decreased 7 percentage points in the period analyzed, going from a contribution of 82% in the period April 2014-March 2015 to 75% in the period analyzed. examination period, a situation that makes the domestic industry more vulnerable to the elimination of countervailing duties.  **125.**AHMSA and Ternium stated that the countervailing duties imposed on imports of cold-rolled sheet originating in Russia and Kazakhstan have been effective, since during their validity the dumped imports disappeared. They considered that, if CVDs were eliminated , Mexico would be a real destination for exports from Russia and Kazakhstan for the following reasons:  **a.**Russia and Kazakhstan have freely available capacity and significant export potential , which they will seek to place in international markets;  **b.**There is a structural problem in both countries, characterized by production surpluses, which will cause them to look for markets where to place their products;  **c.**According to information from the International Monetary Fund, lower economic growth is expected in Russia and Kazakhstan in 2019, which will induce a lower consumption of steel products, which increases the possibility that both countries will turn to export markets such as Mexico, to place your surplus;    **d.**The global economic slowdown, especially in the Asian and Commonwealth of Independent States regions , the main export destinations for Russia and Kazakhstan, increases the likelihood that producers from these countries will resume their exports to other destinations, including Mexico, if they are eliminate countervailing duties;  **and.**CANACERO foresees that the national consumption of cold sheet will recover in the coming years, with a growth of 2.7% in 2020 and 2.1% in 2021, which makes the national market attractive for Russian and Kazakh exporters, if the compensatory quotas are eliminated ;  **F.**the United States measure under section 232 (consisting of 25% tariffs on steel products , including cold rolled sheet), as well as the trade remedy measures of various countries (for example, in Turkey, Pakistan, the Union Eurasian economic, the Union European and the Council of Cooperation of the Gulf) restrict the options of Russia and Kazakhstan to place their products, making it vulnerable to the domestic industry against a possible desv Ío of trade into the domestic market, and  **g.**China's enormous cold-rolled sheet production capacity generates surpluses that will compete with the surpluses produced by Russia and Kazakhstan, leading them to seek markets where there are more favorable conditions, such as the Mexican market.  **126.**With regard to anti-dumping investigations, the Ministry of Economic Development pointed out that the list of investigations in force or initiated against Russia, presented by Ternium, is not representative because it contains tariff items whose codes, for the most part, do not correspond to the products subject to examination, with the exception of the investigation carried out by the European Union, for which Russia initiated an arbitration procedure in the World Trade Organization (WTO) with the European Union, and the investigation initiated by Pakistan, in which there is still no resolution with compared to Russian production. He noted that the Eurasian Economic Union backstop investigation was terminated without any action and that the non-existence of dumping in its exports is confirmed by the results of the anti-dumping investigation initiated by the United States against Russia, since the dumping margin was 1.04% for one of the largest Russian producers of the product under examination.  **127.**In this regard, according to information obtained from the WTO website, the Secretariat observed that exports of cold rolled sheet originating in Russia face trade restrictions due to dumping practices, imposed by the European Union and Pakistan, which which indicates that they could redirect part of their exports of cold rolled sheet to the domestic market.  **128.**On the other hand, AHMSA and Ternium estimated the volume that imports of cold-rolled sheet would reach in the periods April 2019-March 2020 and April 2020-March 2021, in the event that countervailing duties are eliminated. To do so, they proceeded as follows:  **a.**For the period April 2019-March 2020, AHMSA calculated the average volume of total imports during the period of validity of the countervailing duties and, to said average, it applied the participation that imports from other origins recorded in the antidumping investigation ( 78%), as well as those of Russia and Kazakhstan (12% and 10%, respectively). It proceeded in the same way for the period April 2020-March 2021, but considering the average volume for the period April 2015 to March 2020.  **b.**Ternium supposed a gradual growth for imports from Russia and Kazakhstan in the periods April 2019-March 2020 and April 2020-March 2021, in such a way that in the first projected period they would have a participation of 6% and 5% of the total imports, while in the second period their participation would be equal to that of the anti-dumping investigation (12% Russia and 10% Kazakhstan). On the other hand, it considered that South Korea (country with the highest volume of imports) would maintain the same volume that it registered in the review period (given that import quotas have been maintained since 2013), both in the period April 2019- March 2020 as     in the period April 2020-March 2021. Finally, Ternium estimated that imports from countries other than South Korea, Russia and Kazakhstan would grow, in the two projected periods, equivalent to the average annual growth rate (7 %) observed in the period April 2014 to March 2019.  **129.**For its part, the Ministry of Economic Development disagreed with the projections of the volume that Russia's imports would reach in the event that countervailing duties were eliminated , in particular with AHMSA's estimate. In this regard, he stated that, according to the geographical structure of Russia's exports to the world, as well as the 15% tariff that Mexico has for imports from countries with which it does not have a free trade agreement, it would not be likely that I know  reach the volume that AHMSA estimates. He considered that, in any case, they would have the same level of their exports to Brazil, that is, no more than 10,000 tons per year.  **130.**Regarding the arguments of the Ministry of Economic Development, AHMSA stated that it was unable to distort its projections on the potential behavior of imports.  **131.**In this regard, the Secretariat analyzed the information contained in the administrative file and considered the methodologies that Ternium and AHMSA used to project the imports under review to be adequate , since they are based on the share they reached in total imports during the anti-dumping investigation. when they were carried out under conditions of price discrimination, as well as in growth rates and the behavior of cold rolled sheet imports in Mexico during the period of validity of the countervailing duties .  **132.**The Secretariat considers that, contrary to what the Ministry of Economic Development argues, if countervailing duties are eliminated on imports from the countries examined, and in particular from Russia, it is likely that the volume of imports will be reached projected by AHMSA in the period April 2019-March 2020, for the following reasons:  **a.**the projected volume of imports represented 11% of Russia's total volume of exports to the world during 2018;  **b.**In relation to the size of the production and installed capacity of Russia in 2019, the projected volume represented 1.1% and 0.8%, respectively;  **c.**the projected volume of imports represented 2.5% of Russia's freely available capacity in 2019, and  **d.**the projected import volume would reach a 3% share in the CNA in the April 2019-March 2020 period. This share is feasible, taking into account Russia's export profile, as well as its export potential and freely available capacity .  **133.**With regard to the potential behavior of imports from Russia and Kazakhstan, in the case of the compensatory quotas are eliminated, the Secretariat noted that according to the estimate of AHMSA reach a stake in CNA 5% in the period April of 2019-March 2020 and 6% in the period April 2020-March 2021, while with Ternium's estimate they would have a participation of 3% in the period April 2019-March 2020 and 6% in the period April 2020-March 2021.  **134.**In domestic consumption, imports from Russia and Kazakhstan, estimated by AHMSA, would register a participation of 11% in the April 2019-March 2020 period and 12% in the April 2020-March 2021 period, while the Imports estimated by Ternium would have a 6% share in the April 2019-March 2020 period and 12% in the April 2020-March 2021 period.  **135.**Based on the information and the results of the analysis described above, the Secretariat concluded that there are sufficient elements to support that, if the countervailing duties imposed on imports of cold rolled sheet originating in Russia and Kazakhstan are eliminated, the These would once again enter the domestic market in considerable volumes and under dumping conditions, which would displace domestic sales and, therefore, would achieve a significant market share, which would negatively impact the performance of economic and financial indicators of the branch. of national production.  **5. Actual and potential effects on prices**  **136.**AHMSA and Ternium stated that, despite the fact that there were no imports of cold rolled sheet originating in Russia and Kazakhstan during the period analyzed, the behavior of the prices of exports from these countries sustains that, by eliminating the countervailing duties in force, the practice of price discrimination would be repeated and, with it, the damage to the national industry.  **137.**The foregoing, due to the fact that the imports under examination would enter the Mexican market at prices lower than those of similar products of national manufacture, which would force the domestic industry to reduce its prices in order to compete with the originating imports. from Russia and Kazakhstan.  **138.**To support their assertions, AHMSA and Ternium analyzed the behavior of the price of exports from Russia and Kazakhstan to third countries during the period of validity of the countervailing duties, based on information from ISSB and UN Comtrade. Additionally, they provided an estimate of the price that the examined imports would reach if countervailing duties were eliminated , and their effect on national prices for the periods April 2019-March 2020 and April 2020-March 2021.  **139.**AHMSA stated that, according to information from UN Comtrade, the prices of the  Cold rolled sheet exports from Russia and Kazakhstan were among the lowest worldwide, between 2014 and 2018. In this last year they were at 3rd . and 2nd . place of the lowest prices in the international market . For its part, Ternium stated that, according to the ISSB figures, the export prices of Russia and Kazakhstan were in 6th position . and 5th . , respectively, of the countries with the lowest prices, of 65 countries.  **140.**Given these low prices, AHMSA and Ternium pointed out that during the analyzed period it was observed that the export prices of cold rolled sheet from Russia and Kazakhstan to the world registered a margin of undervaluation in relation to the prices of other exports. countries. According to Ternium, the undervaluation ranged between 12% and 25% during the analysis period (12% in the examination period).  **141.**On the other hand, to determine whether there would have been undervaluation in the event that imports had been made from the countries examined during the period analyzed, AHMSA and Ternium compared the average price of exports from Russia and Kazakhstan to third countries, adjusted with the , customs processing fee and import taxes (to carry the Mexican market), ocean freight with the price of similar domestically manufactured product and the price of imports from other sources.  **142.**As a result, AHMSA indicated that the average export price of Russia and Kazakhstan registered a margin of undervaluation of 30% with respect to the national price in the examination period and 36% with respect to the import price of other origins in the period analyzed, while Ternium pointed out that during the analyzed period there were levels of undervaluation in relation to the national price, between 33% and 41% (34% in the examination period), and between 17% and 42% with respect to the prices of imports from other origins (17% in the examination period).  **143.**On the other hand, AHMSA and Ternium analyzed whether the potential behavior of the prices of imports from Russia and Kazakhstan, if the countervailing duties are eliminated, would lead to undervaluation margins. To do this, they estimated domestic prices and imports (both from Russia and Kazakhstan and from other sources) for the periods April 2019-March 2020 and April 2020- March 2021.  **144.**Ternium estimated the price of the imports under review based on ISSB export figures , as well as CRU cold-rolled sheet price projections, for the Commonwealth of Independent States . He calculated the FOB prices of exports from Russia and Kazakhstan during the review period and adjusted them with an ocean freight to take them to Mexico. Subsequently, the growth rate projected by the CRU consulting firm was applied to each price (a drop of 6% for the period April 2019-March 2020 and of 3% for the period April 2020-March 2021). Finally, he calculated a weighted average price for the countries examined. According to his estimate, imports of cold rolled sheet originating from Russia and Kazakhstan would enter the market at a lower price than the national one.  **145.**When comparing Ternium's projected sales price to the domestic market, with the price that imports from Russia and Kazakhstan would reach, if the countervailing duties are eliminated, a margin of undervaluation of 17% would be recorded in the April period. 2019-March 2020 and 1% in the period April 2020-March 2021. Therefore, Ternium considered that, to compete against prices under unfair conditions, the domestic price would have to decrease in the immediate future.  **146.**For its part, AHMSA projected the price that the imports under examination would reach from the price (FOB) of exports from Russia and Kazakhstan, obtained from UN Comtrade, during the period analyzed. He calculated the average annual variation of the export price of both countries from 2014 to 2018 (0.49%) and applied this variation to the weighted average export price of Russia and Kazakhstan in 2018. He adjusted the price obtained with sea freight, insurance, tariff and the right of customs procedure. As a result of its estimation, the price of imports of cold rolled sheet originating in Russia and Kazakhstan would be 790 dollars per ton in the period April 2019-March 2020 and 793 during the period period April 2020-March 2021.  **147.**To estimate the selling price to the domestic market, in the event of eliminating the countervailing duties , AHMSA considered a constant undervaluation margin with respect to the national price for the periods April 2019-March 2020 and April 2020-March 2021 According to AHMSA, the behavior in the prices of the imports under examination would cause a containment effect on national prices , since the manufacturing cost per ton will increase 12% in the projected period, while the national price will increase. will reduce 0.2%.  **148.**The Secretariat considered the methodology that Ternium and AHMSA used to estimate domestic prices and prices of cold rolled sheet imports from Russia and Kazakhstan acceptable , on the grounds that they are based on the trend in the prices of exports from these countries to other markets, as well as the forecasts of the CRU consultancy, specialized in steel products. He noted that it is feasible that, if countervailing duties are eliminated, significant levels of  undervaluation in the projected periods.  **149.**The Secretariat observed that, although no imports were made from the countries under review during the validity of the countervailing duties, the results of point 89 of this Resolution provide elements on which it is sustained that, if the measures are eliminated , the practice of dumping would be repeated in exports to Mexico of cold rolled sheet originating in Russia and Kazakhstan.  **150.**In order to assess whether there are elements of conviction to foresee a significant undervaluation of prices with respect to the domestic ones, the Secretariat calculated the sales price to the domestic market put into the plant of the domestic industry, and compared it with the average price of exports from Russia and Kazakhstan by subheadings 7209.16 and 7209.17, calculated from the values ​​and volumes reported by the ISSB and UN Comtrade. It adjusted these export prices with the maritime freight that AHMSA and Ternium provided, as well as incremental expenses, tariff and customs processing rights . Likewise, the Secretariat calculated the average implicit price of imports from other origins During the period analyzed, based on the value and volume of imports from the SIC-M that it obtained, in accordance with the provisions of points 120 and 121 of this Resolution, all these prices expressed in dollars.  **151.**The results indicate that, if imports of cold rolled sheet from Russia and Kazakhstan had entered during the period analyzed, their price would have undervalued levels between 3% and 30% below the national average price, and between 2% and 32% below the price of cold rolled sheet imports from countries other than those examined. The following table summarizes the undervaluation margins.  **Undervaluation of the export price of Russia and Kazakhstan vs the national price and imports of other origins**  https://www.dof.gob.mx/imagenes_diarios/2020/08/18/MAT/seeco11_Cimg_1902.png  Source: AHMSA, Ternium, SIC-M, ISSB and Un Comtrade.  Export prices correspond to annual figures reported in the period from 2014 to 2018.  **152.**Additionally, the Secretariat analyzed the potential behavior that the prices of cold rolled sheet imports from Russia and Kazakhstan would have if the countervailing duties were eliminated, as well as the selling price to the domestic market of the domestic industry. to determine if there would be an undervaluation in the immediate future. To do this, it considered the average price projected by AHMSA and Ternium for imports of cold rolled sheet from Russia and Kazakhstan as a valid reference for the price at which the imports under examination could reach , and compared it with the estimated average price of the domestic industry.  **153.**The results indicate that the price of the imports under examination would be 12% below the sales price to the domestic market of the domestic industry in the period April 2019- March 2020 and 5% in the period April 2020-March 2021, which sustains that if the countervailing duties are eliminated, the price would constitute a determining factor to stimulate the demand for new imports of the product under review and, therefore, would force the domestic industry to reduce their prices by 14% in the period April 2019-March 2020 and 21% in the period April 2020-March 2021, in order to compete with imports originating in Russia and Kazakhstan.  **154.**Based on the results of the analysis described above, the Secretariat concluded that there is a well- founded probability that, if the countervailing duties are eliminated, the prices of imports of cold-rolled sheet originating in Russia and Kazakhstan will go to the domestic market. with undervaluation margins that would have a negative impact on domestic prices in the domestic market and would increase the demand for new imports of cold rolled sheet originating in those countries, which would have negative effects on sales to the domestic market and profits of the industry. National Production.  **6. Actual and potential effects on the domestic industry**    **155.**AHMSA and Ternium stated that the countervailing duties imposed on imports of cold rolled sheet originating in Russia and Kazakhstan have been timely and effective, since during their validity the dumped imports disappeared. However, they considered that, given the installed capacity and export potential, as well as the export prices of cold rolled sheet from Russia and Kazakhstan, the elimination or suppression of countervailing duties would cause the resumption of imports under conditions of discrimination of prices, which would result in an impact on the main economic and financial indicators of the national industry, such as production, sales, market share, utilization of installed capacity, inventories, employment, sales income and operating profit, which together would lead to the repetition of damage to the national industry in the immediate future .  **156.**To support their assertions, AHMSA and Ternium provided information on their economic and financial indicators (statements of costs, sales and profits of cold rolled sheet destined for both the national market and for self-consumption) for the periods April 2014-March 2015 , April 2015-March 2016, April 2016-March 2017, April 2017-March 2018 and April 2018-March 2019. They also provided projections on the behavior that these indicators would have in the periods April 2019 -March 2020 and April 2020-March 2021, in case countervailing duties are eliminated .  **157.**The Secretariat analyzed the performance of the domestic cold rolled sheet industry during the analyzed period, based on the economic and financial indicators of AHMSA and Ternium corresponding to the product similar to the one examined. Except for those factors that, for accounting reasons, it is not feasible to identify with the same level of specificity (cash flow, ability to raise capital or return on investment), these last variables were evaluated from the audited financial statements of the companies. companies that are members of the domestic industry, which constitute the production of the most restricted group or range of products that include the product like the object under examination, corresponding to fiscal years 2014 to 2018. The Secretariat updated the financial information using the method of changes in the general price level to make the financial figures comparable, based on the National Consumer Price Index determined by the National Institute of Statistics and Geography (INEGI).  **158.**As indicated in points 114 and 116 of this Resolution, during the period analyzed the national market for cold rolled sheet registered a positive behavior: the CNA had an increase of 40% while the internal consumption of 50% . In this context, production grew 26% in the analyzed period ; increased 16% in the period April 2015-March 2016, 11% in the period April 2016-March 2017, 2% in the period April 2017-March 2018, but decreased 4% in the examination period.  **159.**This performance is explained both by production for sale, as well as that destined for self-consumption.  **a.**production for sale grew 19% in the analyzed period: it increased 20% in the April 2015-March 2016 period, 4% in the April 2016-March 2017 period, 6% in the April 2017-March period 2018 and decreased 10% in the review period, and  **b.**Self-consumption increased 30% in the period analyzed: it grew 13% in the period April 2015-March 2016, 15% in the period April 2016-March 2017, and remained practically at the same level in the period April 2017-March 2018 and in the examination period.  **160.**The behavior of the production for sale was reflected in turn in the performance of the total sales of the domestic industry, which increased 20% in the analyzed period: they grew 19% in the period April 2015-March of 2016, 6% in the period April 2016-March 2017, 1% in the period April 2017-March 2018 and decreased 6% in the examination period. This behavior is explained by sales to the domestic market, since they represented 91% of total sales in the analyzed period:  **to.**Sales to the domestic market grew 25% in the analyzed period: they increased 29% in the period April 2015-March 2016, they remained unchanged in the period April 2016-March 2017, they grew 6% in the period April 2017-March 2018 and decreased 9% in the review period , and  **b.**Sales to the foreign market fell 15% in the analyzed period: they fell 44% in the period April 2015-March 2016, increased 90% in the period April 2016-March 2017, decreased 33% in the period April 2017-March 2018 and grew 20% in the examination period . It should be noted that, during the analyzed period, sales to the foreign market of the domestic industry represented on average 9% of its total sales, which indicates that the domestic industry depends to a greater extent on the domestic market, in which would compete with imports of the product under examination under conditions of dumping, if  countervailing duties be eliminated.  **161.**For its part, national production oriented to the domestic market (calculated as the volume of total production minus sales for export) grew 29% in the period analyzed: it increased 19% in the period April 2015-March 2016 , 8% in the period April 2016-March 2017, 4% in the period April 2017-March 2018, but decreased 4% in the examination period.  **162.**It highlights that during the period under review, a drop is observed in production for sale, production oriented to the domestic market, as well as in sales to the domestic market, which makes the domestic industry more vulnerable to a possible return of the imports under review.  **163.**The above behavior is associated with a loss of market share of the domestic industry in favor of imports from other origins. Indeed:  **a.**The participation in the CNA of the national production oriented to the domestic market of the domestic industry went from 82% in the period April 2014-March 2015 to 75% in the period April 2018-March 2019, while the imports from countries other than those examined went from a share of 18% to 25% in the same periods, and  **b.**Similarly, sales to the domestic market lost their share in domestic consumption: they went from 63% in the April 2014-March 2015 period to 52% in the April 2018-March 2019 period, while imports of Countries other than those examined contributed 37% and 48% in the same periods.  **164.**On the other hand, employment in the domestic industry accumulated a fall of 6% in the period analyzed: it grew 2% in the period April 2015-March 2016, it decreased 3% in the period April 2016- March of 2017, remained unchanged in the period April 2017-March 2018 and decreased 4% in the examination period. On the contrary, the wage bill increased 46% in the analyzed period: it grew 13% both in the April 2015-March 2016 period and in the April 2016-March 2017 period, 8% in the April 2017 period- March 2018 and 6% in the examination period.  **165.**The performance of production and employment of the domestic industry was reflected in productivity growth, measured as the ratio of these indicators, of 34% in the period analyzed: it grew 14%, both in the April period 2015-March 2016, as in the period April 2016- March 2017, 2% in the period April 2017-March 2018 and 1% in the examination period.  **166.**Average inventories of the domestic industry accumulated an increase of 2% in the analyzed period: they grew 6% in the period April 2015-March 2016, they decreased 27% in the period April 2016-March 2017, increased 43% in the period April 2017-March 2018 and decreased 8% in the examination period.  **167.**The installed capacity of the domestic industry remained practically constant during the period analyzed, while its use increased 11 percentage points in the period analyzed: it went from 42% in the period April 2014-March 2015, to 48 % in the period April 2015-March 2016, 53% in the period April 2016-March 2017, 55% in the period April 2017-March 2018 and 53% in the examination period.  **168.**The described behavior of the sales volumes to the domestic market of the domestic industry and their prices was reflected in the performance of their income. In effect, the Secretariat observed that sales income (expressed in pesos) accumulated an increase of 68.1% in the analyzed period: they increased 14.8% in the period April 2015-March 2016, 32.4% in the period April 2016- March 2017, 11.4% in the period April 2017-March 2018 and decreased 0.7% in the examination period.  **169.**The operating costs of the domestic industry increased 49.1% in the period analyzed: they grew 18.9% in the period April 2015-March 2016, 4.5% in the period April 2016- March 2017, 20.3% in period April 2017-March 2018 and decreased 0.3% in the period of examination.  **170.**As a result of the behavior of income and operating costs, the Secretariat observed that the operating profits of the domestic industry grew 5 times during the analyzed period : they decreased 78.7% in the period April 2015-March 2016 , increased 35.7 times in the April 2016-March 2017 period, decreased 20.5% in the April 2017-March 2018 period and 3.2% in the examination period.  **171.**Consequently, the operating margin decreased 3.4 percentage points in the April 2015- March 2016 period, increased 20.9 percentage points in the April 2016-March 2017 period, and decreased 6.2 percentage points in the April 2017 period -March 2018 and 0.4 percentage points in the examination period , for which it accumulated a growth of 10.8 percentage points in the analyzed period, going from 4.2% in the April 2014-March 2015 period to 15% in the period exam.  **172.**The domestic industry clarified that, in order to value the merchandise destined for self-consumption, it assigns the cost of production in such a way that it does not report operating results, however, it is possible to observe, in the period analyzed, the growing behavior of self-consumption in 49.8%.    **173.**In relation to the variables return on investment in assets (ROA, for the acronym in English of Return of the Investment in Assets), cash flow and ability to raise capital, in accordance with that described in articles 3.6 of the Agreement Anti-dumping and 66 of the RLCE, the effects of the imports under examination were evaluated from the audited financial statements from 2014 to 2018 of the national producing companies , which consider the production of the most restricted group or range of products that include the like product .  **174.**The return on investment of the domestic industry, calculated at the operational level, was positive in all the years analyzed, with an increase of 10.7 percentage points during the period analyzed as shown in the following table:  **Return on investments**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Index** | **2014** | **2015** | **2016** | **2017** | **2018** | | Return on assets | 2.5% | 0.3% | 8.0% | 9.3% | 13.2% |   Source: Financial statements of AHMSA and TERNIUM companies.  **175.**Regarding the cash flow at the operating level, the Secretariat observed that it was positive and registered a growing trend during the period from 2014 to 2018, registering an increase of 25.3%, due to the increase in profits before taxes in the same period.  **176.**On the other hand, the ability to raise capital measures the ability of a producer to obtain the financial resources necessary to carry out the productive activity. The Secretariat analyzed said ability through the behavior of working capital indices, proof of acid, leverage and debt. Solvency and liquidity levels are normally considered adequate if the ratio of current assets to current liabilities is one to one or greater. Regarding the level of leverage, it is considered that a proportion of the total liabilities with respect to the stockholders' equity of less than 100% is manageable.  **177.**The Secretariat observed that the domestic industry had a limited capacity to raise capital , due to the fact that the working capital ratio (except in 2016, 2017 and 2018), the acid test and the leverage reported inadequate ratios, such as as seen in the following table.  **Solvency and leverage ratios**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Index** | **2014** | **2015** | **2016** | **2017** | **2018** | | **Solvency** | | | | | | | Currency Ratio 1 / | 0.82 | 0.66 | 1.18 | 1.79 | 1.11 | | Acid Test 2 /(ratio) | 0.37 | 0.23 | 0.51 | 0.90 | 0.50 | | **Leverage and debt** | | | | | | | Leverage 3 /(ratio) | 1.89 | 1.59 | 1.07 | 1.40 | 0.97 | | Debt 4 /(%) | 65% | 61% | 52% | 58% | 49% |   Source: Financial statements of AHMSA and TERNIUM companies.  1 /Current assets / short-term liabilities  2 /Current Assets-Inventory value / short-term liabilities  3 /Total Liabilities /Stockholders' Equity  4 /Total Liabilities / Total Assets  **178.**Based on the performance of the economic and financial indicators of the domestic industry, described in the previous points, the Secretariat observed that, during the period analyzed, some indicators of the domestic industry registered a positive behavior, although It was also observed that during the examination period indicators such as production, production for sale, sales to the domestic market, market share, utilization of installed capacity, employment and operating profits , registered an adverse performance. The foregoing, associated with the market displacement derived from imports from other origins. Therefore, the Secretariat considered that the status of the The domestic industry is vulnerable to the elimination of countervailing duties.  **179.**Regarding the potential effects that the elimination of countervailing duties would have on economic and financial indicators, AHMSA and Ternium argued that, as a consequence of the low prices at which the imports under examination would enter, their demand would increase, therefore, they would have negative effects on its relevant indicators such as market share, sales to the domestic market, production, production for sale, use of installed capacity, inventories, employment, prices, sales income and operating margin.    **180.**To support their assertions, AHMSA and Ternium provided projections for the periods April 2019-March 2020 and April 2020-March 2021. For their estimates, both national producers considered that the national market would have a growth equivalent to the forecast of the CANACERO on cold rolled sheet, a medium scenario, for the projected periods. Likewise, they estimated the volume that total imports would reach as described in point 128 of this Resolution.  **181.**AHMSA considered that, according to the forecasts of selected steel products made by CANACERO, corresponding to the month of August 2019, the CNA of cold rolled sheet would grow 2.7% in the period April 2019-March 2020 and 2.1% in the period April 2020-March 2021. Regarding the behavior that its economic indicators would have, AHMSA was based on its historical behavior, for this:  **a.**considered that its installed capacity remains constant for the projected periods;  **b.**estimated its own consumption and exports for the period April 2019-March 2020, applying the average growth rate of each indicator observed during the period analyzed, to the volume of the corresponding indicator for the period under review. It proceeded in the same way for the period April 2020-March 2021, but considered the average growth rate corresponding to the period from April 2015-March 2016 to April 2019-March 2020.  **c.**it projected its sales volume to the domestic market based on the methodology described in the previous paragraph , but, in addition, it subtracted from its sales the volume of projected imports that it considers would affect its sales to the domestic market;  **d.**obtained total sales by adding the projection of sales to the domestic market and exports;  **and.**calculated the production for sale as the result of adding to the total projected sales, the difference between the inventories of the examination period and the projected one;  **F.**determined its inventories by dividing its sales volume to the domestic market, projected in the April 2019-March 2020 period, by the inventory turnover factor. He proceeded in the same way to calculate the inventory for the period April 2020-March 2021, and  **g.**estimated employment by dividing projected production for sale by productivity for the period under review.  **182.**Regarding the projections of the operating benefits of the sales destined for the domestic market and self-consumption for the period April 2019-March 2020, in the scenario where the compensatory fee would be repealed , AHMSA calculated the average annual percentage variation of the Unit costs and expenses of the analyzed period for raw materials, labor, indirect manufacturing expenses, selling and administrative expenses , the variation of each item was applied to the unit cost of the examination period, and obtained the unit costs and expenses of the period of projection, the result obtained was multiplied, in the case of the domestic market , by the volume of sales to the national market projected and in the case of self-consumption, by the projected volume destined to it. The Secretariat replicated the methodology without finding differences.  **183.**For its part, Ternium considered that, according to the forecasts of selected steel products of CANACERO of March 2019, the CNA of cold rolled sheet would grow 3.3% in the period April 2019-March 2020 and 2.9% in the period April 2020-March 2021. Once the CNA was determined , it estimated its indicators considering their historical behavior or the average participation recorded in the period April 2017-March 2019, for this it considered the following criteria:  **a.**its installed capacity remains constant for the projected periods;  **b.**estimated self-consumption from the average volume observed in the periods April 2017-March 2018 and April 2018-March 2019;  **c.**determined production for sale as a result of total production minus projected self-consumption ;  **d.**calculated their sales to the domestic market based on the average share they had in domestic sales in the periods April 2017-March 2018 and April 2018-March 2019; applied said participation to the projected volume of sales of the national industry; in a similar way it proceeded to estimate its exports;  **and.**estimated inventories from the average share they had in their total sales in the periods April 2017-March 2018 and April 2018-March 2019, and applied this share to their total projected sales, and  **F.**determined the level of employment based on the participation of said indicator in its total production during the examination period, for which it considered that it would maintain the same proportion in the two projected periods.  **184.**With respect to the projections of the operating benefits of sales destined for the domestic market and self-consumption for the period April 2019-March 2020, in the scenario where the  compensatory quota, Ternium provided the unit costs of raw material, electricity, natural gas , scrap, mineral, zinc and others, incurred in the period April 2018-March 2019, these multiplied by the estimated dispatched volume for the period April 2018-March 2019. To determine the workforce, it calculated the average of the total cost incurred in the examination period and multiplied it by the expected inflation rate for the projected period. For the indirect manufacturing costs, he calculated the unit costs for the examination period, which was multiplied by the volume shipped estimated for the period April 2018-March 2019.  **185.**For selling expenses and administrative expenses, it calculated the unit expenses of each one for the period April 2018-March 2019, these multiplied by the volume dispatched estimated for the projected period. The Secretariat replicated the calculations without finding differences.  **186.**The Ministry of Economic Development considered that the projections of AHMSA and Ternium are unrealizable, since the sustainable financial statements of the Mexican producers, the reduction in imports, as well as the inability of Russia to substantially increase the supplies to Mexico, do not sustain a threat of material injury to the domestic industry. In particular, it indicated that according to Ternium's 2018 Sustainability Report, EBITDA and net profit increased; In addition, for two years Ternium has applied an investment program to start up new plants.  **187.**The Secretariat considers that the financial statements that the Ministry of Economic Development analyzed are not relevant to support its assertion that the domestic industry would not register injury upon the re-entry of the imports under examination, since such information is not specific for merchandise similar to the one under examination; they do not correspond to the period analyzed; they do not include the entire domestic cold-rolled sheet industry; and includes products that do not correspond exclusively to the similar product of national manufacture. In fact, as indicated in point 162 of this Resolution, the domestic industry faces a vulnerable condition that indicates a high probability that, given the elimination of countervailing duties and the re-entry of imports from Russia and Kazakhstan under dumped conditions, the injury will be repeated. On the other hand, in contrast to what the Ministry of Economic Development indicates about a Ternium investment program, said company indicated that it does not have defined investment projects for merchandise similar to the one under examination.  **188.**The Secretariat analyzed the methodologies of the projections of the economic and financial indicators of AHMSA and Ternium, and considered them acceptable, since they are based on the CNA forecasts of cold rolled sheet estimated by CANACERO, as well as on the behavior and participations of its indicators during the analyzed period.  **189.**Therefore, the Secretariat analyzed the expected behavior of the domestic industry based on AHMSA and Ternium's estimates, and added the projections of their economic indicators. However , the Secretariat calculated an increase in the CNA for the periods April 2019-March 2020 and April 2020-March 2021 based on the average of CANACERO's March and August publications, given the downward adjustments in expected growth for Mexico, estimated by the International Monetary Fund and the Bank of Mexico. According to this exercise, the CNA of cold rolled sheet would grow 1.5% in the April 2019-March 2020 period and 2.7% in the April 2020-March 2021 period.  **190.**As a result, the Secretariat observed that, given the elimination of countervailing duties, in the projected period April 2019-March 2020, there would be an impact on the relevant indicators of the domestic industry with respect to the levels recorded in the examination period. The most important decreases would be registered in the total production volume (5%), production for sale (14%), production oriented to the domestic market (5%), sales to the domestic market (10%), use of installed capacity ( 3 percentage points), employment (16%), salaries (52%), sales revenue (24.2%), market share (5 percentage points in CNA), operating profit (101%) and operating margin (15.1 percentage points) going from 15% to -0.1%. The deterioration in the indicators of the domestic industry would deepen in the period April 2020-March 2021.  **191.**Based on the information and the results of the analysis described in the previous points of this Resolution, the Secretariat concluded that the estimated potential volumes of imports originating in Russia and Kazakhstan, as well as the margin of undervaluation that could reach with respect to at the domestic price, constitute objective elements that allow establishing the well-founded probability that, upon the elimination of the countervailing duties, the domestic industry would experience negative effects on the relevant economic and financial indicators, which would lead to the repetition of injury to the national cold rolled sheet industry.  **7. Export potential of Russia and Kazakhstan**  **192.**Ternium and AHMSA argued that Russia and Kazakhstan have considerable freely available capacity and export potential exceeding the size of the Mexican industry and market, which would allow them to increase their exports of cold rolled sheet to Mexico in the event of that countervailing duties be eliminated, thus displacing domestic production.    **193.**Ternium added that Russia and Kazakhstan have structural overcapacity problems in the cold rolled steel sheet industry, as their installed capacity exceeds the size of their local market. In this context, in early 2019 ArcelorMittal announced that it planned to increase the production capacity of its plant in Kazakhstan by 18% , which would exacerbate overproduction problems and the export potential of the countries under review. Therefore, it considered that, which would be a " marginal " deviation for Russia and Kazakhstan in their exports, could represent a serious risk to the domestic industry that would lead to the repetition of injury.  **194.**To support the export potential of Russia and Kazakhstan, AHMSA and Ternium provided information on production, consumption and installed capacity of cold rolled sheet, obtained from the CRU publication, Steel Sheet Products Market Outlook Statistical Review, of January and July 2019 , as well as export statistics for Russia and Kazakhstan, by subheadings 7209.16 and 7209.17, obtained from UN Comtrade and ISSB. Based on this information, they argued that:  **a.**Russia and Kazakhstan are among the countries with the highest levels of installed cold-rolled sheet capacity , jointly ranking 7th worldwide. Their joint installed capacity went from 14.1 million tons in 2014 to 15.2 million in 2018; an increase of 7%. The installed capacity of 2018 was equivalent to 3.1 times the installed capacity of Mexico;  **b.**In relation to the use of installed capacity of the investigated countries , in 2018 Kazakhstan only used 57.7% (of the million 241 thousand metric tons it has), while Russia used 71.9% (of the nine million 390 thousand metric tons that it has). In all, they had an installed capacity of 15.2 million tons and 69.9% utilization;  **c.**Although the domestic consumption of Russia and Kazakhstan grew from 2014 to 2018, their export potential (installed capacity less consumption) also increased, from 6.2 to 6.4 million tons, equivalent to 3.7 times the Mexican national consumption in 2018 ;  **d.**Freely available capacity (installed capacity minus production) of Russia and Kazakhstan grew 21% from 2014 to 2018, going from 3.8 to 4.6 million tons. In the review period, it increased 1.1%, going from 4.67 to 4.72 million tons;  **and.**For the projected periods (April 2019-March 2020 and April 2020-March 2021) it is calculated that the joint production of cold sheet exceeds its internal consumption by 2 million tons (average) , while the exportable capacity will be 6.8 million tons on average, giving Russia and Kazakhstan extensive export potential in the near future, and  **F.**According to CRU figures, it is estimated that the export potential of cold sheet from Russia and Kazakhstan will go from 6.3 million tons in the examination period to 6.9 million in the period April 2019-March 2020 and 6.7 million in the period April 2020-March 2021.  **195.**Additionally, AHMSA and Ternium reiterated that, according to the factors described in point 125 of this Resolution, the Mexican market is a real destination for exports of cold rolled sheet from Russia and Kazakhstan, if the Countervailing duties since both countries have production surpluses and a drop in consumption is expected due to the low expectations of world economic growth, which will cause them to look for markets where to place their products. Likewise, the trade remedy measures against Russia and Kazakhstan, as well as the United States measure under section 232, will restrict the options of the countries examined to place their products, making the domestic industry vulnerable to a possible diversion of trade to the domestic market .  **196.**For its part, the Ministry of Economic Development disagreed with the analysis of the freely available capacity and the export potential of Russia, in particular with that of Ternium. In this regard, it argued that according to information from the consultancy Metal Expert, it observed the following:  **a.**Russia's installed capacity remained constant from 2014 to 2018 (13.06 million tons), in addition this capacity includes other products with higher added value and that are not under examination (flat rolled products of magnetic silicon and stainless steel), Therefore, the installed capacity for the product under examination is lower than that reported by Ternium (1.6 million tons). In addition, the percentages of use of said capacity range from 69% to 76% in the same period, and  **b.**Sales to the domestic market of Russia grew 10% from 2014 to 2018, while exportable capacity (production minus sales to the domestic market) decreased 22%.  **197.**Based on the information available in the administrative file, the Secretariat analyzed the  behavior of the cold-rolled sheet industry in Russia and Kazakhstan, in order to assess whether they have available capacity or export potential that allows us to assume that, if the countervailing duties are eliminated , they could send exports of the product subject to exam. For this, it used the information on production, consumption and installed capacity from the specialized consulting firm CRU, as well as that provided by the Ministry of Economic Development. It also considered statistics from UN Comtrade on world exports of cold rolled sheet (which is consistent with the information provided by the Ministry of Economic Development).  **198.**According to information from CRU, the production of cold rolled sheet in Russia and Kazakhstan increased 2% from 2014 to 2018, from 10.4 to 10.6 million tons (decreased 0.3% in 2015 and 2.5% in 2016 , but it increased 2.5% and 2.6% in 2017 and 2018, respectively), in the examination period it decreased 0.5%. For its part, the consumption of this merchandise in these countries increased 10% from 2014 to 2018, going from 8.0 to 8.8 million tons; in the examination period it grew 9%. The balance of production less consumption of cold rolled sheet, indicates that the countries examined as a whole have surpluses, they registered a surplus of 1.9 million tons in 2018, this volume represented more 50% of the CNA of the examination period, 95% of domestic consumption and 70% of national production.  **199.**With regard to the installed capacity of Russia and Kazakhstan to manufacture cold rolled sheet, CRU figures indicate an increase of 7% from 2014 to 2018, going from 14.2 to 15.2 million tons. This last volume was equivalent to more than three times the national installed capacity in the examination period.  **200.**On the other hand, the available information indicates that the cold rolled sheet manufacturing industry in Russia and Kazakhstan had considerable export potential and freely available capacity, relative to the size of production and the domestic market of the like product. . Indeed:  **a.**the export potential (installed capacity minus consumption) grew 3.5% from 2014 to 2018, going from 6.2 to 6.4 million tons; This last volume was equivalent to more than 1.5, 3.5 and 2.2 times the size of the CNA, the internal consumption and the national production in the period under review, respectively;  **b.**freely available capacity (installed capacity minus production) grew 21% from 2014 to 2018, from 3.8 to 4.6 million tons; This last volume represented more than 1.3, 2.5 and 1.5 times the CNA, the internal consumption and the national production of cold rolled sheet in the period of examination, respectively, and  **c.**The projections of the CRU publication foresee that in the period April 2019-March 2020 the installed capacity of cold rolled sheet of the investigated countries will remain at the same level that it reached in the examination period, while production will decrease 3% in April 2019- March 2020, going from 10.5 to 10.2 million tons. Consequently, in the projected period, freely available capacity will increase 7%, from 4.7 to 5 million tons; This last volume is considerably higher than the volume of imports, originating from Russia and Kazakhstan, that AHMSA and Ternium estimate for the periods April 2019-March 2020 and April 2020-March 2021, in the absence of countervailing duties.  **201.**Regarding the exporter profile of the countries examined, the Secretariat noted that the information available on UN Comtrade exports by subheadings 7209.16 and 7209.17, where the product examined is included , indicates that exports from Russia and Kazakhstan accounted for 8 % of global totals during the period from 2014 to 2018. In this period, its exports decreased 31%, from 1.6 to 1.1 million tons. However, this last volume represented more than 30%, 60% and 40% of the CNA, the internal consumption and the national production of the period under review, respectively.  **National market vs export potential and freely available capacity of Russia and Kazakhstan**  (Millions of tons)    https://www.dof.gob.mx/imagenes_diarios/2020/08/18/MAT/seeco11_Cimg_23329.png  Source: AHMSA, Ternium, SIC-M, CRU and estimates from the Secretariat.  **202.**On the other hand, in relation to the information provided by the Ministry of Economic Development, the Secretariat was unable to calculate the freely available capacity and specific export potential for cold rolled steel sheet , since the installed capacity obtained from Metal Expert includes products other than the object of examination (galvanized sheet, polymer-coated and tinplate). However, according to the analysis of the rest of the indicators, it is observed that Russia has a considerable production capacity and export capacity in relation to the size of the domestic cold- rolled sheet market . Indeed:  **a.**During the validity of the countervailing duties (2014 to 2018), Russia's installed capacity to manufacture cold rolled sheet remained constant (13 million tons), however, this volume was equivalent to more than 2 times the national installed capacity in the examination period. The information also indicates that Russia has idle capacity to manufacture cold rolled sheet , since during the period from 2014 to 2018 its average utilization was 72%;  **b.**Russia's cold rolled steel sheet production decreased 4% during the period from 2014 to 2018, from 5 to 4.8 million tons. For its part, the consumption of cold sheet steel grew 15% in the same period; went from 3.3 million tons in 2014 to 3.8 million tons in 2018. Despite this behavior of production and consumption, Russia maintained a production surplus of more than one million tons during the entire period of the quotas. compensatory. It highlights that in the period under review , Russia's cold- rolled steel sheet production surplus represented more than 30% of CNA, 50% of domestic consumption and 35% of domestic production, and  **c.**Regarding Russia's export capacity (production minus sales to the domestic market of cold steel sheet), a 22% drop was observed in this indicator between 2014 and 2018, since it went from 2.1 to 1.6 million tons. However, this last volume represented more than 40% of CNA, 90% of domestic consumption, and 60% of domestic production, during the review period.  **203.**Based on the information and analysis described in the previous points, the Secretariat concluded that the cold rolled sheet manufacturing industries of Russia and Kazakhstan jointly have a freely available capacity and an export potential that is higher than the national production. and the size of the Mexican market for the like product. The foregoing, together with the low prices at which they would attend due to the dumping conditions in which they would enter the domestic market, constitute sufficient elements to consider that, in the event of elimination of countervailing duties , they would encourage the return of exports of cold rolled sheet from Russia and Kazakhstan to the Mexican market in volumes significant, which would lead to a recurrence of injury to the domestic industry.  **G. Conclusion**  **204.**Based on the analysis and the results described in this Resolution, the Secretariat concluded that there are sufficient elements to determine that the elimination of countervailing duties on imports of cold rolled sheet originating in Russia and Kazakhstan would lead to the repetition of dumping and injury to the domestic industry. Among the elements that led to this conclusion, without limiting the aspects that were indicated throughout this Resolution, are the following:    **a.**There are sufficient elements to support that if the countervailing duty were eliminated, dumping would be repeated in exports to Mexico of cold rolled sheet, originating in Russia and Kazakhstan.  **b.**Despite the fact that, during the period analyzed, the application of the countervailing duties was effective and discouraged the concurrence of imports of cold rolled sheet originating in Russia and Kazakhstan under conditions of price discrimination to the domestic market, the projections of these imports in the face of the possible elimination of the countervailing duty, confirm the well- founded probability that the elimination of the countervailing duties would lead to a new entry into the domestic market in considerable volumes, which would displace domestic production and achieve a significant market share.  **c.**There is a well-founded probability that, given the elimination of the compensatory quota, the prices of potential exports of cold-rolled sheet originating in Russia and Kazakhstan, placed on the domestic market, will register margins of undervaluation with respect to national prices, of 12% in the period April 2019-March 2020 and 5% in the period April 2020-March 2021, which would have a negative impact on domestic prices, since it would force the domestic industry to reduce them by 14% and 21% in the same periods, in order to compete to stay in the market due to the increase in demand for new imports.  **d.**Given the prices at which concur imports of rolled sheet cold of Russia and Kazakhstan, it is expected that distort domestic prices and displace domestic merchandise the market, which would affect the performance of economic and financial indicators of the domestic production national and would lead to repeat damage.  **and.**The elimination of countervailing duties and the likely increase in imports originating in Russia and Kazakhstan would lead to negative effects on the domestic industry. Among the most important effects on the domestic industry that would be caused by the elimination of countervailing duties in the April 2019-March 2020 period, with respect to the levels recorded in the review period, there are decreases in the total production volume (5 %) , production for sale (14%), production oriented to the domestic market (5%), sales to the domestic market (10%), utilization of installed capacity (3 percentage points), employment (16%), wages      (52%), sales revenue (24.2%), market share (5 percentage points in CNA), operating profit (101%) and operating margin (15.1 percentage points) going from 15% to - 0.1%.  **F.**Russia and Kazakhstan together have considerable cold rolled sheet export potential relative to the size of the Mexican market, either in absolute terms or relative to domestic consumption and domestic production. In effect, this indicator in 2018 was equivalent to more than 2.2, 1.5 and 3.5 times the volume of national production, the size of the Mexican market and domestic consumption, respectively, in the period under review.  **g.**The countries under review, as a whole, are among the main exporters of cold-rolled sheet, since from 2014 to 2018 their exports represented 8% of the total worldwide. Also, as a group, these countries have a surplus: the balance of production minus consumption reached 1.9 million tons in 2018, which is significant with respect to the level of national production and the size of the Mexican market during the period under review.  **h.**Exports of flat steel products from Russia and Kazakhstan, which include cold rolled sheet , face restrictions in some markets due to anti-dumping measures (European Union and Pakistan), which makes it possible to presume that the investigated countries redirect their shipments of rolled sheet cold towards more open markets such as Mexico.  **205.**Due to the foregoing and based on articles 11.1 and 11.3 of the Anti-Dumping Agreement , and 67, 70 section II and 89 F section IV literal a of the LCE, the following is issued  **RESOLUTION**  **206.**The administrative procedure for examining the validity of the countervailing duty imposed on imports of cold rolled sheet originating in Russia and Kazakhstan, regardless of the country of origin, which enter through tariff sections 7209.16.01 and 7209.17, is declared concluded. .01 of the TIGIE or any other.  **207.**The validity of the definitive compensatory quota referred to in point 3 of this Resolution is extended for five more years, as of June 30, 2019.  **208.**It is the responsibility of the Ministry of Finance and Public Credit to apply the definitive compensatory quota referred to in point 3 of this Resolution throughout the national territory.    **209.**In accordance with the provisions of article 66 of the LCE, importers who, according to this Resolution, must pay the compensatory fee, will not be obliged to pay the same if they verify that the country of origin of the merchandise is different from Russia or Kazakhstan The verification of the origin of the merchandise will be carried out in accordance with the provisions of the Agreement that establishes the rules for determining the country of origin of imported merchandise and the provisions for its certification, for non-preferential purposes (previously Agreement by the that establish the rules for determining the country of origin of imported goods and the provisions for their certification, in terms of quotas compensatory) published in the DOF on August 30, 1994, and its modifications published in the same broadcasting agency on November 11, 1996, October 12, 1998, July 30, 1999, June 30, 2000, 1 and March 23, 2001, June 29, 2001, September 6, 2002, May 30, 2003, July 14 , 2004, May 19, 2005, July 17, 2008, and October 16, 2008.  **210.**Notify the present Resolution to the interested parties appearing.  **211.**Communicate this Resolution to the Tax Administration Service, for the corresponding legal effects .  **212.**This Resolution will enter into force the day after its publication in the DOF.  **213.**File as a totally and definitely concluded case.  Mexico City, 5 August 2020.- The Ministry of Economy, **Graciela Marquez Colín**.- Signature. |

<https://www.dof.gob.mx/nota_detalle.php?codigo=5598517&fecha=18/08/2020>