



Canada Border
Services Agency

Agence des services
frontaliers du Canada

OTTAWA, May 27, 2025

SS 2025 IN

STATEMENT OF REASONS

Concerning the initiation of the investigations into the alleged dumping and subsidizing of

STEEL STRAPPING ORIGINATING IN OR EXPORTED FROM CHINA, SOUTH KOREA, TÜRKIYE AND VIETNAM

DECISIONS

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated an investigation on May 12, 2025, respecting the alleged injurious dumping of steel strapping originating in or exported from the People's Republic of China, the Republic of Korea, the Republic of Türkiye and the Socialist Republic of Vietnam, and the injurious subsidizing of steel strapping originating in or exported from the People's Republic of China.

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

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SUMMARY

[1] On March 21, 2025, the Canada Border Services Agency (CBSA) received a written complaint from JEM Strapping Systems Inc. (Brantford, Ontario) (hereinafter, the complainant) alleging that imports of steel strapping originating in or exported from the People's Republic of China (China), the Republic of Korea (South Korea), the Republic of Türkiye (Türkiye) and the Socialist Republic of Vietnam (Vietnam) are being injuriously dumped, and steel strapping originating in or exported from China are being injuriously subsidized.

[2] On April 11, 2025, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. On April 22, 2025, the CBSA informed the Government of China (GOC) that a properly documented complaint had been filed. At that time, the GOC was provided with a non-confidential version of the subsidy complaint and was invited for consultations pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*, prior to the initiation of the subsidy investigation. The CBSA did not receive any request for consultations. On May 5, 2025, the CBSA informed the governments of South Korea, Türkiye and Vietnam that a properly documented complaint had been filed

[3] The complainant provided evidence to support the allegations that steel strapping from China, South Korea, Türkiye and Vietnam have been dumped, and that steel strapping from China has been subsidized, as well as evidence that discloses a reasonable indication that the dumping and subsidizing have caused injury or are threatening to cause injury to the Canadian industry producing like goods.

[4] On May 12, 2025, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of steel strapping from China, South Korea, Türkiye and Vietnam and initiated an investigation respecting the subsidizing of steel strapping from China.

INTERESTED PARTIES

Complainant

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

JEM Strapping Systems Inc.
116 Shaver Rd
Brantford, Ontario, N3T 5M1

Other Producers

[6] The complainant stated that they are the only producer of steel strapping in Canada.¹ The CBSA did its own supplementary research, but could not identify any other producers in Canada.

Trade Union

[7] The complainant stated that it does not belong to any trade associations and its employees are not members of trade unions.²

Exporters

[8] The CBSA identified 38 potential exporters and/or producers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI). Exporters and producers of subject goods in China and Vietnam were also asked to respond to the CBSA's Section 20 RFI. In addition, exporters and producers of subject goods in China were asked to respond to the CBSA's Subsidy RFI.

Importers

[9] The CBSA identified 49 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer RFI.

Government

[10] Upon initiation of the investigation, the GOC and Government of Vietnam (GOV) were sent the CBSA's Government Section 20 RFI and the GOC was sent the Government Subsidy RFI.

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

¹ Exhibit 2 - SS Complaint (NC), para. 38

² Exhibit 2 - SS Complaint (NC), para. 38

PRODUCT INFORMATION

DEFINITION

[12] For the purpose of these investigations, subject goods are defined as:

Steel strapping, of carbon or alloy steel, with or without seals, whether or not in coils, whether or not punched, whether or not waxed, regardless of surface finish (including whether or not coated, painted, galvanized or “blued”), with a nominal width of 9.5 mm (3/8”) to 50.8mm (2”) inclusive, and a nominal thickness of 0.38 mm (0.015”) to 1.12mm (0.044”) inclusive (with all dimensions being plus or minus allowable tolerances), originating in or exported from the People’s Republic of China, the Republic of Türkiye, the Republic of Korea, and the Socialist Republic of Vietnam.

ADDITIONAL PRODUCT INFORMATION³

[13] For greater certainty, subject goods do not overlap with goods subject to the cold-rolled steel (CRS) Order.

[14] In plain terms, steel strapping is a narrow but strong, flat band made of steel. Steel strapping is a product of the flat-rolled steel sector. It is classified under tariff items characterized by “flat” steel products. In addition, steel strapping is largely manufactured from CRS, a flat-rolled product, and maintains its flat dimensions after transformation into strapping. It is typically used for load containment, bundling of goods, or lifting in a variety of industries.

[15] Steel strapping is also known as iron metal hoop strip, metal strapping, strapping band, steel band, steel banding strap, steel tape, baling hoop, metal strap, steel strip, iron tape or iron strip, and flat wire. The above terms are not meant to be exhaustive, and other terms could be used for steel strapping. Various companies also have brand names for steel strapping.

[16] Steel strapping is typically categorized based on the break strength of the steel, its width and thickness, whether it is painted or otherwise coated or galvanized, and whether it is oscillated or ribbon-wound.

[17] Steel strapping seals are small metal clips or fasteners used to secure steel strapping in place after it's been wrapped around a load. Seals help lock the ends of the steel strapping together so it stays tight and does not come loose during shipping or storage.

³ Exhibit 2 - SS Complaint (NC), paras. 10-14

PRODUCTION PROCESS⁴

[18] The primary inputs for steel strapping is CRS. The CRS is processed through a slitter, which cuts it into smaller widths, and then fed through a slitting line and cut into strips of the desired width for strapping. The slitted CRS is then processed through one or more finishing processes depending on the desired qualities and specifications of the finished strapping. These finishing processes include deburring, bluing, painting or epoxy coating, and waxing, then rewinding into smaller coils of finished product, normally 40-50 kg coils.

[19] Deburring is the process of removing unwanted sharp edges, burrs, or protrusions that remain on metal parts after slitting. Deburring ensures that steel components are smooth, safe to handle, and fit properly with other parts in an assembly. Most steel strapping is deburred using mechanical processes, i.e., by filing or scraping the steel to remove burs.

[20] Bluing is a heat treatment process applied to steel to remove dirt and or oil so that the slit steel strapping can be painted. Sometimes blued strapping is sold when a customer does not want a coating on the steel strapping.

CLASSIFICATION OF IMPORTS

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

7212.20.00.30	7212.40.00.29	7217.10.00.55
7212.30.00.10	7212.40.00.90	7217.20.00.10
7212.30.00.30	7212.50.00.50	7217.30.00.10
7212.40.00.10	7212.60.00.00	7226.99.00.93
7312.90.00.00	7326.20.00.00	

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

⁴ Exhibit 2 - SS Complaint (NC), paras. 15-19

LIKE GOODS AND CLASS OF GOODS⁵

[23] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as “... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any such goods..., goods the uses and other characteristics of which closely resemble those of the other goods.” In considering the issue of like goods, the Canadian International Trade Tribunal (CITT) typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics, and whether the domestic goods fulfill the same customer needs as the subject goods.

[24] With respect to the definition of like goods, the complainant stated that the like and subject goods in this case are commodity products that compete with one another in the Canadian marketplace and are fully interchangeable with respect to key considerations including product quality, technical specifications, qualification by customers, reliability of supply and packaging. As a result, purchasing decisions are made primarily on the basis of price.

[25] For the purposes of this analysis, like goods consist of domestically produced steel strapping described in the product definition.

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

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[27] Besides the complainant, there are no other known producers of subject steel strapping in Canada.

ESTIMATES OF DOMESTIC PRODUCTION⁶

[28] The complaint includes the annual production of like goods for the complainant from January 1, 2022 through December 31, 2024. As the complainant is the only producer in Canada, the complainant accounts for 100% of the production of steel strapping in Canada.

⁵ Exhibit 2 - SS Complaint (NC), paras. 71-73

⁶ Exhibit 2 - SS Complaint (NC), para. 39

STANDING

[29] Pursuant to subsection 31(2) of SIMA, the following conditions must be met in order for an investigation to be initiated:

- (a) the complaint is supported by domestic producers whose production represents more than 50% of the total production of like goods by those domestic producers who express either support for or opposition to the complaint, and
- (b) the production of the domestic producers who support the complaint represents 25% or more of the total production of like goods by the domestic industry.

[30] Based on an analysis of information provided in the complaint, as well as the information gathered by the CBSA, the CBSA is satisfied that the standing requirements of subsection 31(2) of SIMA have been met.

THE CANADIAN MARKET

[31] The complainant presented Statistics Canada import value and volume data under tariff items 7212.40.00.10, 7212.40.00.29, and 7212.40.00.90. While these tariff items do not cover all steel strapping exported to Canada, the complainant presented this import information as the best available data that approximates year-over-year trends for steel strapping imports applying a consistent methodology from 2022-2024.

[32] The CBSA conducted its own independent review of imports of steel strapping from the CBSA's Facility Information Retrieval Management (FIRM) database and the CBSA Assessment and Revenue Management (CARM) system using the tariff classification numbers under which the subject goods are imported from China, South Korea, Türkiye, Vietnam and all other countries. In addition, the CBSA reviewed its Accelerated Commercial Release Operations Support System (ACROSS) data to correct any errors and remove non-subject imports.

[33] Detailed information regarding the sales from domestic production by the complainant cannot be divulged for confidentiality reasons. However, the CBSA has prepared the following tables to show the estimated import share of subject goods in Canada.

Table 1:
CBSA's Estimate of Steel Strapping Import Value

	2022	2023	2024
China	6.5%	6.8%	2.6%
South Korea	7.7%	8.8%	10.2%
Türkiye	18.2%	16.9%	14.5%
Vietnam	13.9%	4.1%	4.2%
US	52.2%	61.4%	66.2%
Other	1.5%	1.9%	2.4%
Total	100%	100%	100%

Table 2:
CBSA's Estimate of Steel Strapping Import Volumes

	2022	2023	2024
China	9.3%	9.6%	4.1%
South Korea	9.3%	10.8%	13.0%
Türkiye	22.7%	17.9%	17.1%
Vietnam	14.4%	4.9%	4.9%
US	42.7%	55.1%	58.1%
Other	1.5%	1.6%	2.7%
Total	100%	100%	100%

[34] The CBSA will continue to gather and analyze information on the volume of imports during the Period of Investigation (POI) of April 1, 2024 to March 31, 2025 as part of the preliminary phase of the dumping and subsidy investigations and will refine these estimates.

EVIDENCE OF DUMPING

[35] The complainant alleged that the subject goods from China, South Korea, Türkiye and Vietnam have been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

[36] Normal values are generally based on the domestic selling price of like goods in the country of export where competitive market conditions exist or as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[37] The complainant alleged that the steel strapping sectors in China and Vietnam may not be operating under competitive market conditions and as such, the domestic market for steel strapping may not be relied upon for the purpose of determining normal values. Accordingly, the complainant submitted that normal values should be determined under section 20 of SIMA.

[38] The export price of goods sold to importers in Canada is generally the lesser of the exporter's selling price and the importer's purchase price, less all costs, charges and expenses resulting from the exportation of the goods.

[39] Estimates of normal values and export prices by both the complainant and the CBSA are discussed below.

[40] The complainant calculated margins of dumping for the period of January 1, 2024 to December 31, 2024. The information available made it possible for the CBSA to calculate normal values and export prices for the period of January 1, 2024 to December 31, 2024.

SECTION 20 ALLEGATIONS

[41] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market⁷.

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

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

[44] The complainant alleges that the conditions described in section 20 of SIMA prevail in the steel sectors in China and Vietnam, including the flat-rolled steel sectors. That is, the complainant alleges that these sectors in China and in Vietnam do not operate under competitive market conditions and consequently, the domestic prices of steel strapping established in China and in Vietnam would not be reliable for determining normal values.

⁷ China and Vietnam are prescribed countries under Section 17.1 of the *Special Import Measures Regulations*.

[45] The complainant provided a variety of evidence to support the claim that the GOC and GOV substantially determine domestic prices of steel strapping and that the prices are substantially different than they would be in a competitive market. Specifically, the complainant cited specific policies implemented by the GOC and GOV, and provided evidence of state ownership and subsidization in the respective steel sectors, including the flat-rolled steel sectors.

[46] The CBSA has reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA believes that there is reasonable evidence to support an inquiry into the allegations that the measures taken by the GOC and GOV substantially influence prices in the steel sectors, including the flat-rolled steel sectors in the respective countries, and that the prices are substantially different than they would be in a competitive market.

[47] Consequently, on May 12, 2025, the CBSA included in its investigation, section 20 inquiries in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the flat-rolled steel sectors in China and in Vietnam.

[48] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of steel strapping in China and in Vietnam, as well as to the GOC and the GOV, requesting detailed information related to the flat-rolled steel sectors respectively in China and in Vietnam.

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

[50] For the purposes of obtaining information necessary to calculate normal values pursuant to subparagraph 20(1)(c) of SIMA, the CBSA requested information from producers in surrogate countries. As such, the CBSA requested information from producers in the United States (US), in addition to requesting information from producers in South Korea as part of the investigations.

[51] In the event that the CBSA does not receive sufficient information from producers and exporters of subject goods in US or South Korea for the purposes of determining normal values pursuant to section 20, the CBSA may identify other surrogate countries at a later date.

[52] Importers will be requested to provide information on sales of like goods produced in the surrogate countries, in the event that normal values must be determined under paragraph 20(1)(d) of SIMA.

[53] In the event that the CBSA forms an opinion that domestic prices of steel strapping in China and in Vietnam are substantially determined by the government, and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be if they were determined in a competitive market, the normal values of the goods under investigation will be determined, pursuant to paragraph 20(1)(c) of SIMA, where such information is available, on the basis of the domestic selling prices or the aggregate of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits of like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or, pursuant to paragraph 20(1)(d) of SIMA, where such information is available, on the basis of the selling price in Canada of like goods produced and imported from any country designated by the CBSA and adjusted for price comparability.

[54] For the purposes of initiation, the CBSA has made a conservative estimate of the margin of dumping for China and Vietnam and therefore did not utilize the section 20 methodology.

NORMAL VALUE

Complainant's Estimates of Normal Value

Section 15

[55] The pricing information for steel strapping in subject countries needed to estimate normal values under section 15 of SIMA was not reasonably available to the complainant. The complainant does not operate in the subject countries and was not aware of any domestic price lists of subject goods producers. Therefore, the complainant provided estimates of normal values consistent with SIMA's section 19 constructed cost approach.

Section 19(b)

[56] The complainant estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA for China, South Korea, Türkiye and Vietnam. The calculations were based on the aggregate of estimates of the cost of production of the subject goods, a reasonable amount for administrative selling and all other costs and a reasonable amount for profits.

[57] The complainant stated that information with respect to the costs of production for producers of steel strapping from subject countries was not publicly available. Instead, the complainant estimated the cost of production of the subject goods from subject countries based on the following methodology.

Complainant's Estimate of Cost of Production

[58] To determine a raw material cost for steel strapping from China, the complainant used the unadjusted ex-works CRS pricing reported by Benchmarker.⁸

[59] The complainant stated that the China CRS price data was not an appropriate benchmark for CRS prices for the remaining subject countries as alleged non-market economy conditions exist in China's CRS market making domestic CRS prices in China unreliable. As CRS pricing in South Korea, Türkiye and Vietnam was not reasonably available to the complainant, the complainant estimated CRS prices for the remaining countries based on the average unit value (AUV) of Chinese exports of CRS in coils to these countries.

[60] For South Korea and Vietnam, the complainant used the unadjusted AUV of exports of CRS from China to the respective countries. For Türkiye, the complainant estimated CRS prices as being equal to the AUV of Chinese exports of CRS in coils to Türkiye. The complainant applied an upward adjustment to these export prices which was calculated as being the average difference between ex-works CRS prices in Türkiye and CRS import prices from China as reported by industry publication Fastmarkets.⁹ The complainant considered this information to be a more reasonable proxy for the prices strapping producers pay for CRS in South Korea, Turkey and Vietnam.

[61] CRS accounts for approximately 75-80% of raw material costs, the remaining raw material costs largely comprise of paint, wax and packaging materials, as well as standard scrap loss and waste. The complainant sources these raw materials competitively and believes its other material costs would be similar to the other raw material costs of exporters from the subject countries. However, for the purpose of estimating normal values, the complainant estimated steel strapping producers other raw material as a percentage of their CRS costs.¹⁰

[62] For the cost of labour, the complainant used their own labour costs adjusted by a factor based on publicly available data from the International Labour Organization regarding monthly wages in the manufacturing sector. The adjustment was made by calculating a ratio based on the difference between the comparable Canadian and subject country labour or wage rates for 2022 and, where available, for 2023.¹¹

⁸ Exhibit 2 - SS Complaint (NC), paras. 57-59

⁹ Exhibit 2 - SS Complaint (NC), paras. 60-61

¹⁰ Exhibit 2 - SS Complaint (NC), para. 63

¹¹ Exhibit 2 - SS Complaint (NC), paras. 64-66

[63] Factory overhead costs were based on the complainant's own factory overhead costs as a percentage of the cost of production (i.e., raw material and direct labour). However, the complainant has conservatively assumed that subject goods producers have only half of the complainant's fixed overhead costs per kg of steel strapping produced on the basis that they may have higher capacity utilizations. Therefore, a downward adjustment was made to the complainant's fixed overhead costs when determining a factory overhead cost for producers in the subject countries.¹²

SG&A, Financial Expenses and Amount for Profit

[64] To estimate a reasonable amount for selling, general and administrative costs (SG&A) and a reasonable amount for profit for steel strapping from each of the subject countries, the complainant relied on publicly available financial reports from three companies known to produce steel strapping that are based in South Korea, Samhwan Kangup Co., Ltd, (Samhwan), Signode Korea Co., Ltd. (Signode Korea), and Hankum Company Ltd (Hankum). According to the complainant, there was no other publicly available financial information for exporters in the other subject countries.

[65] For China and Türkiye, the complainant estimated a reasonable amount for SG&A, and a reasonable amount for profit, based on an average of the data provided for all three of the above mentioned producers based in Korea.

[66] For South Korea, as the complainant relied on specific commercial intelligence as part of the estimates of export price for South Korea, and as this commercial intelligence focused on one specific producer of subject goods from South Korea, the complaint relied only on the financial report of that producer for estimating an amount for SG&A and profit.¹³

[67] For Vietnam, to estimate an amount for SG&A and profit the complainant used only the financial reports publically available for Samhwan. According to the complainant, Samhwan owns a known Vietnamese steel strapping producer, Sam Hwan Vina.¹⁴

[68] Based on the information outlined above, the complainant estimated a reasonable amount for SG&A and a reasonable amount for profit for each subject country. The table below includes the specific amounts for each subject country.

**Table 3:
Complainant's Estimates of SG&A and Profits by Subject Country**

	China	South Korea	Türkiye	Vietnam
SG&A	13.6%	6.9%	13.6%	20.2%
Amount for Profit	5.4%	1.3%	5.4%	10.1%

¹² Exhibit 2 - SS Complaint (NC), para. 67

¹³ Exhibit 2 - SS Complaint (NC), para. 70

¹⁴ Exhibit 2 - SS Complaint (NC), para. 71

[69] Based on this methodology described above, the complainant estimated normal values for a list of reference products as set out in Table 7 of the complaint.¹⁵ This estimated normal value is the same for all reference products because the complainant has not differentiated between the relatively small cost variances for producing steel strapping of the same grade with slightly different dimensions. Additionally, the complainant submits that they have been conservative in not adjusting for higher raw materials and production costs associated with high-tensile strapping.

Section 20

[70] The complainant submitted that domestic selling prices of steel strapping in China and Vietnam are substantially influenced by government policies and should not be used in the calculation of normal values since the prices are not reflective of competitive market conditions. As a result, the complainant also estimated normal values for exporters in China and Vietnam using the methodology of section 20 based on surrogate country information.

[71] The complainant submitted that the US would be an appropriate surrogate country.¹⁶ Alternatively, the complainant also suggested using South Korea as a surrogate country.¹⁷

[72] The complainant provided two methodologies in order to estimate section 20 surrogate normal values; one methodology utilized US market prices while the other methodology was similar to the one described in section 19(b) of SIMA.

CBSA's Estimate of Normal Value

[73] For the purposes of initiation, the CBSA estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA, calculated based on the aggregate of an estimate of the cost of production of the subject goods, an estimate for a reasonable amount for administrative selling and other costs and an estimate for a reasonable amount for profits.

[74] In addition, the CBSA estimated normal values for China and Vietnam using a section 20 of SIMA methodology and based on surrogate country data from Türkiye and South Korea. Where possible, in accordance with section 20 of SIMA, the CBSA will estimate normal values based on data from a single surrogate country. However, given domestic raw material pricing was not available for South Korea at the time of initiation, the CBSA relied upon best information available resulting in estimating raw material costs using pricing data from Türkiye.

[75] In estimating normal values for subject goods from China, South Korea, Türkiye and Vietnam based on the methodology of paragraph 19(b) of SIMA, the CBSA:

¹⁵ Exhibit 2 - SS Complaint (NC), para. 55, Table 7

¹⁶ Exhibit 2 - SS Complaint (NC), paras. 207-208

¹⁷ Exhibit 2 - SS Complaint (NC), para. 209

- Estimated raw material cost for Chinese producers using China domestic ex-works cold-rolled coil pricing data published by Fastmarkets. For South Korea, Türkiye and Vietnam, raw material costs were estimated using Türkiye domestic ex-works cold-rolled coil pricing published by Fastmarkets.
- Used the labour costs of subject goods as estimated by the complainant.
- Estimated overhead costs based on information available in the complaint as it represented the best available data.
- Estimated a reasonable amount for SG&A in the same manner as the complainant. The only exception being that for South Korea, the CBSA based this estimate on the average of all three of the Korea based companies. This adjustment was made as the CBSA's estimates of export price did not rely on information from one specific steel strapping producer in South Korea. As such, there was no reason to base this estimated on the publicly available financial information of one company.
- Estimated a reasonable amount for financial expenses for the subject countries based on information provided in the complaint. Specifically, the CBSA estimated a financial expense ratio based on the financial information provided in the complaint for the three companies identified above.
- Estimated a reasonable amount for profit in the same manner as the complainant. The only exception being that for South Korea, the CBSA based this estimate on the average of all three of the Korea based companies. This adjustment was made as the CBSA's estimates of export price did not rely on information from one specific steel strapping producer in South Korea. As such, there was no reason to base this estimated on the publicly available financial information of one company.

[76] The revised amounts are summarized below:

Table 4:
CBSA's Estimates of SG&A, Financial Expenses and Profits by Subject Country

	China	South Korea	Türkiye	Vietnam
SG&A	13.6%	13.6%	13.6%	20.2%
Financial Expenses	0.73%	0.73%	0.73%	0.73%
Amount for Profit	5.4%	5.4%	5.4%	10.1%

[77] The CBSA conducted research to collect financial statements of other companies in the subject countries but were unable to identify producers of steel strapping in those countries with publically available financial statements. As such, the CBSA accepted the information provided by the complainant.

[78] Additionally, the CBSA agrees with the complainant regarding the lead time for a customer to receive subject goods in Canada. Therefore, the CBSA also applied a lag of one quarter to its estimated normal values to account for delivery time between the subject countries and Canada

[79] With respect to the complainant's allegations that the conditions of section 20 prevail in the flat-rolled steel sector in China and Vietnam, the CBSA will endeavor to gather additional information from exporters, government, and other relevant sources in order to enable the CBSA to form an opinion as to whether the conditions of section 20 exist in the domestic market for flat-rolled steel products in China and Vietnam.

[80] While the CBSA acknowledges that there is reasonable evidence that the conditions of section 20 exist in the flat-rolled steel sector in China and Vietnam, the CBSA finds the methodology of section 19 to be a conservative and reasonable basis for estimating normal values at this stage.

EXPORT PRICE

Complainant's Estimates of Export Price

[81] The export price of goods sold to an importer in Canada is generally determined in accordance with section 24 of SIMA as being an amount equal to the lesser of the exporter's sale price for the goods and the price at which the importer has purchased or agreed to purchase the goods adjusted by deducting all costs, charges, expenses, and duties and taxes resulting from the exportation of the goods.

[82] The complainant estimated export prices based on price quotes received for various steel strapping products from producers in China, South Korea, and Turkey. As the quoted prices are Canadian selling prices, the complainant stated that it was necessary to deduct the export costs to obtain an estimated export price as one the main export costs is the cost to shipping the goods to Canada.¹⁸

[83] With respect to Vietnam, the complainant was not able to obtain pricing quotes for specific products from Vietnamese producers. For Vietnam, the complainant estimated export prices as the average unit value of imports from Vietnam of steel strapping.¹⁹

CBSA's Estimates of Export Price

[84] In order to estimate export prices, the CBSA relied on information available through FIRM, CARM and ACROSS for the period of January 1, 2024 to December 31, 2024. The CBSA reviewed customs data for goods imported within the tariff classification numbers in which steel strapping are imported under.

¹⁸ Exhibit 2 - SS Complaint (NC), paras. 46-49

¹⁹ Exhibit 2 - SS Complaint (NC), para. 51

ESTIMATED MARGINS OF DUMPING

[85] For the purposes of the initiation of the investigation, as previously mentioned, the CBSA has estimated margin of dumping using normal values based on the methodology of section 19 of SIMA for all subject countries.

[86] Based on the normal values estimated under section 19, the CBSA estimated the margin of dumping for subject goods from the subject countries by comparing the estimated normal values with the estimated export prices for the period of January 1, 2024 to December 31, 2024. The CBSA estimates that subject goods from subject countries were dumped in the range of 4.1% to 19.2%, expressed as a percentage of the export price, as follows:

**Table 5:
CBSA Estimated Margins of Dumping**

Country	Margin of Dumping
China	12.0%
South Korea	19.2%
Türkiye	4.1%
Vietnam	10.5%

EVIDENCE OF SUBSIDIZING

[87] In accordance with section 2 of SIMA, a subsidy exists where there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade, 1994, being part of Annex 1A to the World Trade Organization (WTO) Agreement that confers a benefit.

[88] Pursuant to subsection 2(1.6) of SIMA, a financial contribution exists where:

- practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) above where the right or obligation to

do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[89] A state-owned enterprise (SOE) may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with, governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or 4) some combination thereof.

[90] If a subsidy is found to exist, it may be subject to countervailing measures if it is specific. A subsidy is considered to be specific when it is limited, in law or in fact, to a particular enterprise or is a prohibited subsidy. An “enterprise” is defined under SIMA as also including a “group of enterprises, an industry and a group of industries”. Any subsidy which is contingent, in whole or in part, on export performance or on the use of goods that are produced or that originate in the country of export is considered to be a prohibited subsidy and is, therefore, specific according to subsection 2(7.2) of SIMA for the purposes of a subsidy investigation.

[91] In accordance with subsection 2(7.3) of SIMA, notwithstanding that a subsidy is not specific in law, a subsidy may also be considered specific in fact, having regard as to whether:

- there is exclusive use of the subsidy by a limited number of enterprises;
- there is predominant use of the subsidy by a particular enterprise;
- disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and
- the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[92] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy”, meaning that it is countervailable.

SUBSIDY PROGRAMS IN CHINA

[93] In alleging that actionable subsidies were applicable to the subject goods imported from China, the complainant mainly relied on previous CBSA subsidy investigation findings, publications issued by the GOC, publically available financial records, and general news articles and publications.

[94] The complainant referred to the CBSA's investigations in regards to the subsidizing of Aluminum Extrusions, Cold-Rolled Steel, Concrete Reinforcing Bar, Copper Tube, Galvanized Steel Wire, Large Diameter Carbon and Alloy Steel Line Pipe, Photovoltaic Modules and Laminates, Silicon Metal, Stainless Steel Sinks, Steel Grating, Sucker Rods, Unitized Wall Modules.²⁰ Additionally, the complainant provided other potentially actionable subsidy programs specifically conferred to China's steel strapping producers based on their own research.²¹

[95] The complainant listed a number of alleged subsidy programs, explained how the subsidy is alleged to constitute a financial contribution and why it would be considered to be specific, and therefore actionable. The complainant alleged that each program is either used by or is available for use by producers and exporters of steel strapping in China. The documents that formed the basis for these allegations were appended to the complaint.²²

[96] Given that the complainant's principal evidence with respect to the subsidy programs availability and/or use by steel strapping producers/exporters in China consists of references to other subsidy investigations by either the CBSA or the Australian Anti-Dumping Commission, the CBSA reviewed the relevant public decision documents for said investigations.

[97] As a result, based on the information available, the CBSA identified 32 potentially actionable subsidy programs that may have benefited Chinese producers/exporters of steel strapping. Many of these are programs the CBSA has already countervailed in respect of previous subsidy investigations concerning goods from China. These programs have been grouped into the following five categories:

- a. Grants and Grant Equivalents;
- b. Preferential Tax Programs;
- c. Relief from Duties and Taxes
- d. Good/Services Provided by the Government at Less Than Fair Market Value
- e. Preferential loans and loan guarantees

[98] The CBSA's analysis revealed that the alleged subsidy programs constitute potential financial contributions by the GOC that may have conferred benefits to producers/exporters of steel strapping. In addition, the programs were further examined and were considered to be potentially specific either in law or in fact within the meaning of subsections 2(7.2) and 2(7.3) of SIMA.

[99] The description of the identified programs to be investigated are found in the Appendix.

²⁰ Exhibit 2 - SS Complaint (NC), paras. 221-272

²¹ Exhibit 2 - SS Complaint (NC), paras. 256-260

²² Exhibit 2 - SS Complaint (NC), Public Exhibits 39, 44, 65, 90,

[100] If more information becomes available during the investigation process that indicates that some exporters/producers of subject goods may have benefited from any other programs during the POI that are not included in the Appendix, the CBSA will request complete information from the GOC and exporters/producers of subject goods to pursue the investigation of these programs.

CBSA's CONCLUSION

[101] Sufficient evidence is available to support the allegations that steel strapping originating in or exported from China have been subsidized. In investigating these programs, the CBSA has requested information from the GOC, exporters and producers to determine whether exporters/producers of subject goods received benefits under these programs and whether these programs, or any other programs, are actionable subsidies and, therefore, countervailable under SIMA.

ESTIMATED AMOUNT OF SUBSIDY

[102] The complainant was unable to estimate the amounts of subsidy on a program basis for the subject goods imported from China. Instead, the complainant estimated the amount of subsidy as being equal to the difference between the estimated total cost of production and the export price for Chinese steel strapping.²³

[103] The CBSA estimated the amount of subsidy conferred to exporters of the subject goods from China by comparing the estimated full costs of the subject goods with their total estimated export prices, using the costing and export price methodologies explained in the "Evidence of Dumping" section.

[104] It is the CBSA's understanding that subsidies have the effect of lowering the cost of production of goods which allows exporters to pass-through the subsidy benefits in reducing the selling price of those goods to Canada. Therefore, the CBSA is satisfied that the exporter's ability to sell subject goods to Canada at prices substantially below their estimated costs supports the complainant's allegations that the imported goods are subsidized.

[105] The CBSA's analysis of the information indicates that subject goods imported into Canada during the period of January 1, 2024 to December 31, 2024 were subsidized and that the estimated amount of subsidy is 6.5% of the export price.

EVIDENCE OF INJURY

[106] The complainant alleged that the subject goods have been dumped and subsidized and that such dumping and subsidizing have caused and are threatening to cause material injury to the steel strapping industry in Canada.

²³ Exhibit 2 - SS Complaint (NC), para. 220, Confidential Exhibit 08

[107] SIMA refers to material injury caused to the domestic producers of like goods in Canada. The CBSA has concluded that steel strapping produced by the domestic industry are like goods to the subject goods from China, South Korea, Türkiye and Vietnam.

[108] Given concerns with respect to the confidentiality of the information of the domestic producer, the CBSA is limited in its ability to discuss certain information contained in the complaint.

[109] In support of their allegations, the complainant provided evidence of:

- Increased subject imports, loss of market share, lost sales;
- Price undercutting, price depression and price suppression;
- Reduced profitability;
- Decline in capacity utilization; and
- Negative effects on employment.²⁴

INCREASED SUBJECT IMPORTS, LOSS OF MARKET SHARE & LOST SALES

[110] The complainant alleged that the subject imports from subject countries have increased, directly contributing to its lost market share and lost sales. To support their allegations, the complainant provided their estimates of imports from 2022 to 2024²⁵ and their sales from Canadian production for the domestic market from 2022 to 2024.²⁶

[111] As it relates to the volume of imports into Canada during the period of 2022 to 2024, the complainant provided their estimates based on both Statistics Canada data and limited data shared by the CBSA.

[112] Based on the CBSA's analysis of its own import data, both total apparent Canadian market for steel strapping and imports from subject countries decreased from 2022 to 2024. While imports from subject countries have decreased, their rate of decline was slower than that of domestic sales from domestic production.

[113] The complainant claimed that the presence of unfairly traded steel strapping in the Canadian market has caused JEM to lose potential sales to the subject goods. JEM provided detailed account specific examples of lost sales to subject imports.²⁷

[114] Based on above, the CBSA finds that the injury factor of increased volume of subject goods is not well supported by evidence; however, the injury factors of lost market share and lost sales are sufficiently supported and linked to the allegedly dumped and subsidized goods.

²⁴ Exhibit 2 - SS Complaint (NC), paras. 273-337

²⁵ Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 46, Estimated Steel Strapping Imports

²⁶ Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 73, JEM Production, Capacity, Sales, and Income Statement

²⁷ Exhibit 2 - SS Complaint (NC), paras. 299-323

PRICE UNDERCUTTING, PRICE DEPRESSION AND PRICE SUPPRESSION

[115] The complainant argued that the allegedly dumped and subsidized goods have captured market share by undercutting the prices of the Canadian producer. To support this allegation the complainant has provided information regarding pricing quotes for steel strapping from Chinese, Turkish, and South Korean steel strapping producers.²⁸ Further, JEM provided information regarding price quotes that one of its customers received from a Vietnamese producer.²⁹

[116] Based on the price quotes from producers in subject countries, JEM provided a comparison of the quoted prices and JEM's prices for the same products in 2024.³⁰

[117] The result of the above comparison demonstrates significant and widespread undercutting from the subject goods from all subject countries.

[118] In addition to the evidence discussed above, the complainant stated that price depression and suppression are also evident in their average selling prices and costs over the longer-term horizon from 2022 to 2024. In that time period, JEM has been buying Canadian and US steel, which forms the main part of its product cost. JEM has been unable to reflect steel cost increases in 2023 in its strapping prices, due to price pressure from subject goods imports.³¹

[119] The CBSA has examined the complainant's allegations of price undercutting by comparing the complainant's weighted average price per kilogram for steel strapping to the CBSA's estimated weighted average unit import prices for subject goods during 2024. The average prices calculated by the CBSA reveal that the weighted average prices of subject goods have been significantly less than the complainant's weighted average unit domestic selling price.

[120] Based on the CBSA's analysis of the information detailing price undercutting, price depression and price suppression contained in the complaint, as well as the CBSA's estimate of imports and market share, the CBSA finds that the complainant's claim of price undercutting, price depression and price suppression be reasonable and well supported.

²⁸ Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 03, Confidential Exhibit 04, Confidential Exhibit 05

²⁹ Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 79

³⁰ Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 76

³¹ Exhibit 2 - SS Complaint (NC), para. 295

REDUCED PROFITABILITY

[121] The complainant alleged that the injurious impact of the dumped and subsidized goods is demonstrated by reduced profits. Specifically, the volume of imports and loss of market share, combined with falling prices and lost sales have resulted in a decline in JEM's profitability. To support this allegation, the complainant has provided income statements for the period of 2021 to 2024.³²

[122] The CBSA has reviewed the complainant's financial results and found that the information contained in the complaint generally establishes a trend of a worsening financial situation, thereby supporting the complainant's allegations of impacted financial results and reduced profitability. As such, the CBSA finds that the injury factor of reduced profitability is sufficiently supported and reasonably linked to the alleged dumped and subsidized goods.

DECLINE IN CAPACITY UTILIZATION

[123] The complainant alleged that the dumped and subsidized goods had a material negative impact on the capacity utilization at their production facilities. The complainant provided information concerning their production and capacity from 2022 to 2024.³³

[124] The available evidence supports the complainant's claim of low capacity utilization. The CBSA finds that the injury factor of a decline to capacity utilization is sufficiently supported and reasonably linked to the alleged dumped and subsidized goods.

NEGATIVE IMPACT ON EMPLOYMENT

[125] The complainant submitted that the decline in its production of steel strapping due to subject imports has forced it to reduce the number of shift per day leading to a corresponding significant decline in the number of workers it employs whose work is attributable to the production of steel strapping.³⁴

[126] The available evidence supports the complainant's claim of a negative effect on employment. The CBSA finds that this injury factor is sufficiently supported and reasonably linked to the allegedly dumped and subsidized goods.

³² Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 73

³³ Exhibit 2 - SS Complaint (PRO), Confidential Exhibit 73

³⁴ Exhibit 2 - SS Complaint (NC), para. 335

CBSA'S CONCLUSION - INJURY

[127] Overall, based on the evidence provided in the complaint, and supplementary data available to the CBSA through its own research and customs documentation, the CBSA finds that the evidence discloses a reasonable indication that the dumping of the subject goods from China, South Korea, Türkiye and Vietnam, and the subsidizing of the subject goods from China, have caused injury to the steel strapping industry in Canada in the form of loss of market share, lost sales; price undercutting, price depression and price suppression; reduced profitability; decline in capacity utilization; and negative effects on employment.

THREAT OF INJURY

[128] The complainant alleges that the dumped and subsidized goods threaten to cause further material injury to the domestic producers of steel strapping. The complainant provided the following information to support the allegation that imports of subject goods threaten to cause further injury to the Canadian industry.

INCREASE IN SUBJECT GOODS IMPORT VOLUMES

[129] According to the complainant, volume of dumped and subsidized subject goods imports has increased over the last year especially as relative to market size. The complainant further argued that subject imports may not have declined as much as the statistics estimates.³⁵ The complainant emphasized that it is now the only producer of steel strapping remaining in Canada. The complainant asserted that without trade protection, it is very likely that these imports will continue to flood into the Canadian market at prices with which the domestic industry cannot compete.³⁶

[130] Based on the CBSA's analysis, while imports from subject countries remain material over the years from 2022 to 2024, the CBSA does not find that the evidence provided by the complainant and the CBSA's own import data sufficiently support the notion of increased imports.

PERSISTENT STEEL OVERCAPACITY GLOBALLY AND IN SUBJECT COUNTRIES

[131] The complainant argued that overcapacity continues to characterize the global steel industry as well as the steel industries in Subject Countries. It quoted CBSA's recent expiry review determination in *Cold-Rolled Steel*, which noted that "current international market conditions are volatile, and that there is significant excess global steel capacity."³⁷ The complainant also stated that overcapacity issues characterize CRS markets in South Korea and Vietnam, which was also noted in the CBSA Statement of Reasons issued for the recent expiry review determination in *Cold-Rolled Steel*.³⁸

³⁵ Exhibit 2 - SS Complaint (NC), para. 341

³⁶ Exhibit 2 - SS Complaint (NC), para. 342

³⁷ Exhibit 2 - SS Complaint (NC), para. 343

³⁸ Exhibit 2 - SS Complaint (NC), para. 344

[132] The complainant asserted that the CBSA's conclusions would extend to steel strapping because it is a downstream CRS product; it further asserts that subject goods producers are incentivized to maintain high capacity utilization rates, which in turn incentivizes the offloading of as much steel strapping as possible to export markets.³⁹ With the decrease in China's steel demand for 2024 and 2025 forecasted by the World Steel Association, the complainant argued that steel producers will continue to export aggressively, which has already impacted steel markets in South Korea, Türkiye and Vietnam.⁴⁰

[133] The complainant presented known exporters' production capacity and indicated that any one of the larger producers can subsume the amount of the market it maintains.⁴¹

[134] The CBSA finds that the information available suggests there is likely significant excess production capacity for steel strapping in subject countries.

ADVERSE EFFECTS OF SUBJECT GOODS' PRICING

[135] The complainant submitted that subject goods have undercut its prices and forced it to lower its prices. It submitted that it cannot compete with the prices from subject countries and could eventually be forced out of the market.⁴²

[136] In light of the above and evidence on lost sales, price undercutting and price depression previously discussed, the CBSA finds the continued presence of subject goods at low prices is likely to cause negative price effects in the future and threaten to injure the Canadian domestic industry.

IMPOSITION OF ANTI-DUMPING DUTIES AND DIVERSION OF SUBJECT GOODS TO CANADA

[137] The complainant submitted that tariffs, anti-dumping, and countervailing measures around the world pose the risk that subject goods will be diverted to Canada.

[138] Specifically, the complainant listed the following tariffs and measures:

- The Australian Anti-Dumping Commission made an affirmative determination in respect of dumped and subsidized steel strapping from China.⁴³
- The United States imposed various tariffs on steel products from China and Vietnam including: under section 301 of the *Trade Act of 1974*, under section 232 of the *Trade Expansion Act of 1962*, tariff on global imports into the United States.⁴⁴

³⁹ Exhibit 2 - SS Complaint (NC), para. 345

⁴⁰ Exhibit 2 - SS Complaint (NC), para. 346; Public Exhibit 67; Public Exhibit 68

⁴¹ Exhibit 2 - SS Complaint (NC), table 40

⁴² Exhibit 2 - SS Complaint (NC), para. 348

⁴³ Exhibit 2 - SS Complaint (NC), Public Exhibit 75

⁴⁴ Exhibit 2 - SS Complaint (NC), para. 350

[139] The complainant further argued that the threat of United States tariffs on goods imported from Canada could result in Canadian importers switching to subject country suppliers.⁴⁵

[140] The CBSA finds that the imposition of anti-dumping and countervailing measures in Australia and various tariffs imposed on steel products by the United States may lead to subject goods being diverted into Canada. The CBSA also finds that the existence of various tariffs, anti-dumping and countervailing measures could lead to increased exports of subject goods into Canada in the future and threaten to injure the Canadian domestic industry.

CBSA'S CONCLUSION - THREAT OF INJURY

[141] The complaint contains evidence that discloses a reasonable indication that there is a threat of injury to the steel strapping industry in Canada. The information provided in the complaint indicates that the alleged dumping of the subject goods from China, South Korea, Türkiye and Vietnam, and the alleged subsidizing of the subject goods from China are posing a threat of injury to the Canadian domestic industry. Given the presence of the risk factors discussed above, the CBSA believes that the allegation of threat of injury is reasonably supported.

CAUSAL LINK - DUMPING/SUBSIDIZING AND INJURY/THREAT OF INJURY

[142] The CBSA finds that the complainant has sufficiently linked the injury it has suffered to the alleged dumping and subsidizing of the subject goods imported into Canada. This injury includes loss of market share, lost sales, price undercutting, price depression and price suppression, reduced profitability, decline in capacity utilization, and negative effects on employment.

[143] The complainant submitted that the continued dumping and subsidizing of goods from China, South Korea, Türkiye and Vietnam will cause further injury to the Canadian domestic industry in the future. As discussed above, the CBSA is of the opinion that this allegation of threat of injury is reasonably supported.

[144] In summary, the CBSA is of the opinion that the information provided in the complaint has disclosed a reasonable indication that the alleged dumping and subsidizing have caused injury and is threatening to cause injury to the Canadian domestic industry.

SCOPE OF THE INVESTIGATIONS

[145] The CBSA is conducting investigations to determine whether the subject goods have been dumped and/or subsidized.

⁴⁵ Exhibit 2 - SS Complaint (NC), para. 352

[146] The CBSA has requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the POI of April 1, 2024 to March 31, 2025 were dumped and/or subsidized. The information requested will be used to determine the normal values, export prices, margins of dumping, if any. The CBSA also requested information from the GOC and GOV with respect to the possibility that the conditions of section 20 of SIMA exist in the flat-rolled steel sector in China and Vietnam.

[147] The CBSA has also requested information from the GOC and all potential producers/exporters to determine whether or not subject goods imported into Canada during the POI of April 1, 2024 to March 31, 2025 were subsidized. The information requested will be used to determine the amounts of subsidy, if any.

[148] All parties have been clearly advised of the CBSA's information requirements and the time frames for providing their responses.

FUTURE ACTION

[149] The CITT will conduct a preliminary inquiry to determine whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of the goods has caused or is threatening to cause injury to the Canadian industry. The CITT must make its decision on or before the 60th day after the date of the initiation of the investigations. If the CITT concludes that the evidence does not disclose a reasonable indication of injury to the Canadian industry, the investigations will be terminated.

[150] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped and/or subsidized, the CBSA will make a preliminary determination of dumping and/or subsidizing within 90 days after the date of the initiation of the investigations, by August 11, 2025. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigations.

[151] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the volume of goods of a country is negligible, the investigations will be terminated with respect to goods of that country.

[152] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping and/or subsidizing, other than goods of the same description as goods in respect of which a determination was made that the margin of dumping of, or the amount of subsidy on, the goods is insignificant, may be subject to provisional duty in an amount not greater than the estimated margin of dumping and/or the estimated amount of subsidy on the imported goods.

[153] Should the CBSA make a preliminary determination of dumping and/or subsidizing, the investigation will be continued for the purpose of making a final decision within 90 days after the date of the preliminary determination.

[154] After the preliminary determination, if, in respect of goods of a particular exporter, the CBSA's investigations reveals that imports of the subject goods from that exporter have not been dumped or subsidized, or that the margin of dumping or amount of subsidy is insignificant, the investigation(s) will be terminated in respect of those goods.

[155] If final determinations of dumping and/or subsidizing are made, the CITT will continue its inquiry and hold public hearings into the question of material injury to the Canadian industry. The CITT is required to make a finding with respect to the goods to which the final determinations of dumping and/or subsidizing apply, not later than 120 days after the CBSA's preliminary determinations.

[156] In the event of an injury finding by the CITT, imports of subject goods released by the CBSA after that date will be subject to anti-dumping duty equal to the applicable margin of dumping and countervailing duty equal to the amount of subsidy on the imported goods. Should both anti-dumping and countervailing duties be applicable to subject goods, the amount of any anti-dumping duty may be reduced by the amount that is attributable to an export subsidy.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[157] When the CITT conducts an inquiry concerning injury to the Canadian industry, it may consider if dumped and/or subsidized goods that were imported close to or after the initiation of the investigations constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry.

[158] Should the CITT issue such a finding, anti-dumping and countervailing duties may be imposed retroactively on subject goods imported into Canada and released by the CBSA during the period of 90 days preceding the day of the CBSA making preliminary determinations of dumping and/or subsidizing.

[159] In respect of importations of subsidized goods that have caused injury, however, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy, as explained in the previous "Evidence of subsidizing" section. In such a case, the amount of countervailing duty applied on a retroactive basis will be equal to the amount of subsidy on the goods that is a prohibited subsidy.

UNDERTAKINGS

[160] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated.

[161] Similarly, after the CBSA has rendered a preliminary determination of subsidizing, a foreign government may submit a written undertaking to eliminate the subsidy on the goods exported or to eliminate the injurious effect of the subsidy, by limiting the amount of the subsidy or the quantity of goods exported to Canada. Alternatively, exporters with the written consent of their government may undertake to revise their selling prices so that the amount of the subsidy or the injurious effect of the subsidy is eliminated.

[162] An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped or subsidized goods. Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone number, mailing address and email address to the email address identified in the “Information” section of this document.

[163] If undertakings were to be accepted, the investigation and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA’s investigation be completed and that the CITT complete its injury inquiry.

PUBLICATION

[164] Notice of the initiation of this investigations is being published in the Canada Gazette pursuant to subparagraph 34(1)(a)(ii) of SIMA.

INFORMATION

[165] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping and subsidizing. Written submissions should be forwarded to the attention of the SIMA Registry and Disclosure Unit.

[166] To be given consideration in these investigations, all information should be received by the CBSA by September 18, 2025, at noon.

[167] Any information submitted to the CBSA by interested parties concerning these investigations is considered to be public information unless clearly marked “confidential”. Where the submission by an interested party is confidential, a non-confidential version of the submission must be provided at the same time. This non-confidential version will be made available to other interested parties upon request.

[168] Confidential information submitted to the CBSA will be disclosed on written request to independent counsel for parties to these proceedings, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the CITT, any court in Canada, or a WTO or Canada-United States-Mexico Agreement (CUSMA) dispute settlement panel. Additional information respecting the CBSA's policy on the disclosure of information under SIMA may be obtained by contacting the CBSA at the email address identified below or by visiting the CBSA's website.

[169] The schedule of the investigations and a complete listing of all exhibits and information are available at: www.cbsa-asfc.gc.ca/sima-lmsi/i-e/menu-eng.html. The exhibit listing will be updated as new exhibits and information are made available.

[170] This *Statement of Reasons* is available through the CBSA's website at the address below. For further information, please contact CBSA at:

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

Email: simaregistry-depotlmsi@cbsa-asfc.gc.ca

Website: www.cbsa-asfc.gc.ca/sima-lmsi

A handwritten signature in black ink, appearing to read 'S. Borg', with a stylized flourish at the end.

Sean Borg
a/Executive Director
Trade and Anti-dumping Programs Directorate

APPENDIX – DESCRIPTION OF IDENTIFIED PROGRAMS

Evidence provided by the complainant and obtained by the CBSA suggests that the Government of China may have provided support to exporters/producers of subject goods in the following manner.

Category 1: Grants & Grant Equivalents

Program 1: Foreign Trade Development Fund Grants

Under this program, the GOC provides funding support for projects undertaken by exporting enterprises to: improve the competitiveness of their exported products; to develop an export processing base; to support the registration of trademarks in foreign countries; to support the training of foreign trade professional; and, to explore international markets.

The CBSA has previously countervailed this program in *Decorative and Other Non-structural Plywood (Plywood)* and *High Protein Content Pea Protein (HPC)*.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.2)(b) of SIMA as a prohibited export-contingent subsidy.

Program 2: Export Assistance Grants & Other Export Development Performance Grants

Companies in China receive such grants provided by the GOC to assist in the development of export markets or to recognize export performance. For example, awards may be provided to assist in marketing and export brand development and overseas investment. Other export awards may also be provided to enterprises that export high-tech products or achieve certain export volume. Financial subsidies may be provided for participations in trade exhibitions. Grants are provided for trade dispute expenses, the exportation of goods and increasing export value, and the International Service Outsourcing Industry.

The CBSA has previously countervailed this program in *Sucker Rods*, *Oil Country Tubular Goods (OCTG)*, *Unitized Wall Modules*, *Galvanized Steel Wire*, *Aluminum Extrusions*, *Carbon Steel Welded Pipe*, *Steel Grating*, *Plywood*, *Upholstered Domestic Seating (UDS)*, *Wind Towers* and *HPC*.

The program was established in the *Circular of the Trial Measures of the Administration of International Market Development Funds for Small and Medium-Sized Enterprises*, which came into force on October 24, 2000. The program was established to support the development of small and medium-sized enterprises, to encourage SMEs to join in the competition of international markets, to reduce the business risks of the enterprises, and to promote the development of the national economy. The granting authority is the Foreign Trade and Economic Department and the program is administered at the local levels.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 3: Design, Research and Development Grants

This program constitutes financial aid for enterprises determined to have undertaken expenses in design or research and development.

Grants may be provided for the commercialization of technological innovation and research findings and to promote scientific and technological results.

The CBSA has previously countervailed this program in *Sucker Rods, Copper Tube, Photovoltaic Modules and Laminates, OCTG, Unitized Wall Modules, Seamless Casing, Pup Joints, Plywood, UDS, Mattresses, Wind Towers and HPC*.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 4: Performance Award Grants

These grants that provides financial aid for enterprises with excellent performances.

Grants in the form of awards may be provided to major tax payers, enterprises who are recognized for their brands or trademarks in China. Awards may be provided for recognition of contributions to the local economy.

The CBSA has previously countervailed this program in *Mattresses, Seamless Casing, Aluminum Extrusions, OCTG, Pup Joints, Copper Tube, Carbon and Alloy Steel Line Pipe (Line Pipe), UDS, and Wind Towers*.

This program is a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 5: Energy Conservation and Emission Reduction Grants

These are grants provided by the GOC for the purposes of improving environmental performance, such as, monitoring and cleaning pollutants, improving energy efficiency, upgrading facilities to be more environmentally efficient, and treatment of waste water.

The CBSA has previously countervailed similar programs in *Copper Tube, Mattresses, Wind Towers* and *HPC* which addressed grants relating to improving environmental performances.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 6: Subsidies Related to Company/Enterprise Development and Innovation

Available information indicates that the GOC has introduced several grants and incentives related to company and enterprise development and innovation grants and awards.

For example, the awards may be provided to encourage and support enterprises to develop new technologies. Grants may also be provided to encourage enterprises to upgrade business technologies and processes.

The CBSA has previously countervailed this program in *Mattresses, Upholstered Domestic Seating, Wind Towers* and *HPC*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 7: Provision of Land for Less Than Adequate Remuneration by Government

All land in China belongs to the government (i.e., either national or local governments, or through a “collective” at the township or village level), and government land agencies across China control the allocation of land through the granting of land-use rights.

The CBSA has previously countervailed similar programs in *Mattresses, Stainless Steel Sinks, Unitized Wall Modules, Photovoltaic Modules and Laminates, Seamless Casing, OCTG, Pup Joints, Line Pipe, Plywood, UDS, Wind Towers* and *HPC*.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 8: Patent Assistance/Award

Based on the information available to the CBSA, this program was provided in several provinces, such as Guangdong, Shanghai and Jiangsu.

For example, the GOC's document associated with this program for Guangdong province may include: "Administrative Measures of Patent Award of Guangdong Province". In Guangdong province, this program was administered by the Intellectual Property Office of Guangdong, the Bureau of Personnel of Guangdong Province and municipal level authorities. The program was established to support improvement in technology innovation and to promote intellectual property.

In addition, the GOC document associated with this program for Shanghai may include: "The administrative measures regarding the financial support/subsidy for Patents by Shanghai". In Jiangsu province, this program was administrated by Jiangsu Intellectual Property Office.

The CBSA has previously countervailed this program in *Mattresses*, *Plywood*, and *Wind Towers*.

This program is a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 9: Special Economic Zones (SEZs) and Other Designated Areas Incentives

Based on the information available to the CBSA, producers of steel strapping established or located in the SEZs benefit from various incentives and favorable policies. These incentives and policies include but are not limited to: grants/awards for investments, construction and development, subsidies for rent and employment.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to either enterprises in certain geographic areas.

Program 10: Subsidies Related to Employment, Training and Recruitment

Available information indicates that the GOC has introduced several grants and incentives designed to support job stabilization by assisting companies with unemployment insurance payments as well as supporting the recruitment, training and subsequent job security of their staff. Grants may also be provided to improve labor relations.

Subsidies may also be granted to companies that recruit recent graduates, youths and impoverished laborers. Subsidies may also be provided to agencies that monitor and analyze employment conditions/situations in an area.

The CBSA has previously countervailed this program in *Mattresses*, *UDS*, and *Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 11: Subsidies Related to Science and Technology

Available information indicates that the GOC has introduced several grants and incentives related to science and technology.

The CBSA has previously countervailed this program in *Mattresses*, *UDS*, and *Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 12: Subsidies Related to Social Security

Available information indicates that the GOC has introduced several grants and incentives related to social security.

The CBSA has previously countervailed this program in *Mattresses*, *UDS* and *Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 13: Subsidies Related to Talent and Skills

Available information indicates that the GOC has introduced several grants and incentives related to talent and skills.

The CBSA has previously countervailed this program in *Mattresses*, *UDS* and *Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 14: Subsidies to Provide Business Support

Available information indicates that the GOC has introduced several grants and incentives related to providing business support.

The CBSA has previously countervailed this program in *Upholstered Domestic Seating and Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 15: Financial/Loan Interest Subsidy

The program was established to support technology improvement and innovation projects and industrial transformation and upgrading projects. Similar programs were established for importations of encouraged products and technology.

The CBSA has previously countervailed this program in *Cold-Rolled Steel, Stainless Steel Sinks, Silicon Metal, Galvanized Steel Wire, PET Resin and Copper Tube, Carbon Steel and Alloy Steel Line Pipe, Unitized Wall Modules and Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 16: Grants for International Certification

This grant is provided to help enterprises to obtain international product certification.

The CBSA has previously countervailed this program in *Photovoltaic Modules* and *Wind Towers*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 17: Matching Funds for International Market Development for Small and Medium Enterprises

Established by local-level governments, this program provides one-to-one matching funds for international market development funds of small and medium-sized export enterprises that are supervised at the provincial level.

The CBSA has previously countervailed this program in *Aluminum Extrusions*. Further, this program was also deemed countervailable specifically for steel strapping producers in the Australian anti-dumping and subsidy investigation against Chinese and Vietnamese painted steel strapping.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 18: Innovative Small and Medium-Sized Enterprise Grants

The complainant allege these grants were established to encourage small and medium-sized enterprises to perform technical and product innovations and to increase employment.

The CBSA has previously countervailed this program in *Unitized Wall Modules*, *Concrete Reinforcing Bar*, *Photovoltaic Modules and Laminates*, *Stainless Steel Sinks* and *Steel Grating*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 19: Small and Medium-Sized Enterprise Support Funds

Available information indicates that the GOC has introduced several grants and incentives related to providing support for small and medium sized enterprises.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Unitized Wall Modules, and Concrete Reinforcing Bar*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 20: Insurance Grants

This program constitutes local and provincial government reimbursement grants on credit insurance fees.

The CBSA has previously countervailed this program in *Mattresses, Galvanized Steel Wire, Seamless Casing, OCTG, Pup Joints, Stainless Steel Sinks, Line Pipe, Large Line Pipe, UDS and Wind Towers*.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Category 2: Preferential Tax Programs

Program 21: Corporate Income Tax Exemption and/or Reduction in Special Economic Zones (SEZs) and Other Designated Areas

This program relates to government offering preferential corporate income tax rates for companies situated in designated preferential areas.

A London Business School article regarding SEZs noted that corporations in SEZ “benefited from a lower corporate income tax rate of 15-24% based on their products’ tech level, in contrast to the 33% levied on domestic firms.”⁴⁶

The Qingdao Economic and Technological Development Zone also raised the “ceiling for the annual taxable income for small and micro enterprises required for a 50% corporate income tax (“CIT”) reduction from RMB 500,000 to RMB 1 million.”⁴⁷

⁴⁶ Steel Strapping Complaint (NC), para. 209

⁴⁷ Steel Strapping Complaint (NC), para. 238

The complainant have alleged that there are several known steel strapping producers to benefit from their locations in SEZs.

The CBSA has previously countervailed this program in *Aluminum Extrusions, Carbon Steel Welded Pipe, OCTG, Seamless Casing, Line Pipe, Upholstered Domestic Seating and Wind Towers*.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain geographic areas.

Program 22: Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)

Under Article 28.2 of the Enterprise Income Tax Law in China, companies designated as high- or new-technology enterprises (HNTes) are entitled to a reduced income tax rate of 10 percent instead of the normal national corporate tax rate of 25 percent. The granting authority responsible for this program is alleged to be the State Administration of Taxation and the program is administered by local tax authorities. In its notification of subsidy programs to the WTO, the GOC listed this program.

The CBSA has previously countervailed this program in *Mattresses, Fabricated Industrial Steel Components (FISC), Line Pipe, Certain Seamless Casing, OCTG, Pup Joints, Decorative Plywood, Upholstered Domestic Seating, Container Chassis Wind Towers and HPC*.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

Program 23: Preferential Tax Policies related to Research and Investment

According to Article 30 of the *Enterprise Income Tax Law* and Article 95 of the implementing *Regulations of the Enterprise Income Tax Law*, the expenses born by the enterprise incurred in the work of researching and development of new technologies, products, or techniques can be accounted for at the actual accrued amount of total expenses, thereby reducing the enterprise’s actual income tax payable.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Seamless Casing, OCTG, Pup Joints, Plywood, UDS, Wind Towers and HPC*. Further, the GOC has listed this title in its notification of subsidy programs to the WTO.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The

program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 24: Corporate Income Tax Reduction for Micro and Small Enterprises

This program provides qualifying small businesses with a reduced tax rate of 10 percent instead of the normal national corporate tax rate of 25 percent.

The CBSA has previously countervailed this program in *HPC*.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Category 3: Relief from Duties and Taxes

Program 25: Offsets to Taxable Income Related to Purchases of Domestic Machinery

Under this program, a tax credit up to 40% of the purchase price of domestic equipment may apply to the incremental increase in tax liability from the previous year. The legal bases of this program are the Provisional measures on enterprise income tax credit for investment in domestically produced equipment for technology renovation projects of July 1, 1999 and the Notice of the State Administration of Taxation on Stopping the Implementation of the Enterprise Income Tax Deduction and Exemption Policy of the Investments of an Enterprise in Purchasing Home-made Equipment, No. 52 [2008] of the State Administration of Taxation, effective January 1, 2008.

The CBSA has previously countervailed this program in *Aluminum Extrusions, Photovoltaic Modules, Laminates, Seamless Casing, OCTG, Pup Joints, Wind Towers* and *HPC*.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 26: Import Tariff Exemptions on Imported Equipment in Encouraged Industries

This program is to encourage foreign investment and to introduce advanced technology and equipment from abroad. The GOC provides a subsidy to Foreign Invested Enterprises (FIEs) and certain domestic enterprises engaged in “encouraged” industries in the form of import tariffs and VAT exemptions on imported equipment, including components and parts.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Unitized Wall Modules, Seamless Casing, Pup Joints, Line Pipe and HPC*.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 27: Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs

Under a duty drawback program, a subsidy may exist where the amount of duties and taxes relieved or refunded on inputs incorporated into exported goods is found to be in excess of the actual liability that existed on those imports.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Seamless Casing, OCTG, Pup Joints and Wind Towers*.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Category 4: Good/Services Provided by the Government at Less Than Fair Market Value

Program 28: Acquisition of Government Inputs/Utilities at Less than Fair Market Value

The complainant alleges that exporters may avail themselves of utilities from state-owned enterprises (SOE) at below fair market value.

The CBSA has previously countervailed this program in *Mattresses, Seamless Casing, OCTG, Stainless Steel Sinks, Steel Piling Pipe, Large Line Pipe, Pup Joints, Upholstered Domestic Seating, Container Chassis, and Wind Towers*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA as they involve the provision of goods or services, other than general governmental infrastructure. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Category 5: Preferential loans and loan guarantees

Program 29: Loans from State-Owned Banks at Preferential Rates

This program relates to government loans at a preferential rate of interest. The benefit provided in this case is a lower rate of interest than would otherwise be available if the enterprises had to obtain a non-guaranteed commercial loan (i.e. the benchmark non-guaranteed commercial loan). Financial institutions may be considered to constitute “government” if they possess, exercise or are vested with government authority, which may be indicated by the following factors:

Where a statute or other legal instrument expressly vests government authority in the entity concerned;

Evidence that an entity is, in fact, exercising governmental functions; and

Evidence that a government exercises meaningful control over an entity.

The CBSA has previously countervailed this program in *FISC*, *Line Pipe*, *Pup Joints*, *OCTG*, *Seamless Casing*, *UDS*, *Mattresses*, *Wind Towers* and *HPC*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 30: Loan Guarantee Through the Government of China/SOE Banks/Public Bodies

This program relates to the provision of guarantees for borrowers or debt issuers by GOC.

The CBSA has previously countervailed this program in *Large Diameter Carbon and Alloy Steel Line Pipe*, *FISC*, *Line Pipe*, *Cold-Rolled Steel*, and *Wind Towers*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 31: Preferential Export Financing and Export Credit Guarantee/Insurance

The China Export & Credit Insurance Corporation (Sinosure) is a state funded policy oriented insurance company that was established to promote China's foreign trade and economic cooperation. The China Exim Bank and Sinosure each provide export credit guarantees which, according to information from the Bank, have "played a key role in supporting Chinese companies to go global" and promoted "the export of new and high tech products".

The CBSA has previously countervailed this program in *Line Pipe, UDS, Mattresses, Wind Towers* and *HPC*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA; i.e., amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected. The above confers a benefit to the exporter by way of reducing its financial costs upon obtaining loans from a financial institution, and the benefit is equal to the amount of the exemption/deduction. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 32: Debt and Interest Forgiveness on Loans from State-Owned Banks

This program is designed to stimulate the economy and support key industry development by writing off bad debts or interest owed by SOEs.

The CBSA has previously countervailed this program in *Cold-Rolled Steel*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.