

DOF: 09/21/2020

RESOLUTION by which the interested party's request is accepted and the initiation of the administrative anti-dumping investigation procedure on imports of carbon and alloy steel slab originating from the Federative Republic of Brazil and the Russian Federation is declared , regardless of the country of provenance.

In the margin a stamp with the National Shield, which reads: United Mexican States.- Ministry of Economy.

RESOLUTION ACCEPTING THE APPLICATION FROM THE INTERESTED PARTY AND DECLARING THE START OF THE ADMINISTRATIVE PROCEDURE OF ANTI-DUMPING INVESTIGATION ON THE IMPORTS OF CARBON STEEL AND ALLOY STEEL FROM THE FEDERAL REPUBLIC OF THE INDUSTRIAL FEDERAL OF BRAZIL, AND THE FEDERAL REPUBLIC OF THE BRAZILIAN COUNTRY OF ORIGIN

Seen to resolve in the initial stage the administrative file 19/20 filed in the International Commercial Practices Unit (UPCI) of the Ministry of Economy (the "Secretariat "), this Resolution is issued in accordance with the following

RESULTS

A. Application

1. On June 30, 2020, Arcelormittal México, SA de CV ("Arcelormittal " or the " Applicant") requested the initiation of the administrative investigation procedure for unfair international trade practices, in its modality of price discrimination, on imports. of carbon and alloy steel slab (steel slab), including permanent and temporary slabs, as well as those that come under the protection of the Eighth Rule of the complementary ones (" Eighth Rule ") for the application of the Tariff of the Law of General Import and Export Taxes (TIGIE) originating from the Federative Republic of Brazil (" Brazil ") and the Russian Federation ("Russia"), regardless of the country of origin.

2. Arcelormittal argued that during the period from 2017 to 2019 the imports of steel slab from both Brazil and Russia were made under conditions of price discrimination and caused damage to the national production. It pointed out that these imports registered a growing trend, both in absolute and relative terms, in relation to the market and to national production and at prices that presented undervaluation margins, thus causing negative effects on the economic and financial indicators of national production. such as declining sales and declining operating profits. He proposed as the period investigated the from January 1 to December 31, 2019 and as a damage analysis period from January 1, 2017 to December 31, 2019. He presented the arguments and evidence in order to support his petition, which are recorded in the administrative reference file, which were considered for the issuance of this Resolution.

3. On August 3, 2020, the Applicant responded to the warning that the Secretariat made on July 14 , 2020, in order to clarify, correct or complete various aspects of its request.

B. Applicant

4. Arcelormittal is a company incorporated under Mexican laws. Among its main activities are; produce, process, buy and sell all kinds of metals and mineral products, including iron, iron and its derivatives and products in all its forms and classes, other raw materials, related products and the like. The address to receive notifications was indicated at Guillermo González Camarena No. 1200, 4th floor, Col. Santa Fe, CP 01210, Mexico City.

C. Product proposed for investigation

1. General description

5. Arcelormittal indicated that the product under investigation is carbon steel slab and alloy steel slab. It is a solid semi-finished product of steel, with a rectangular section, which is obtained by continuous casting processes. It is known commercially as slab, whose English translation is " slabs " .

2. Features

6. Arcelormittal stated that the steel slab is a rectangular section product with a thickness between 200 and 250 millimeters, a width between 750 and 2,520 millimeters and a length between 4,800 and 12,500 millimeters. The product is manufactured from carbon steel and alloy steel, which contain the following elements: carbon, manganese, silicon, phosphorus, sulfur, chromium, nickel, molybdenum, vanadium, copper, aluminum and boron.

7. To support it, he presented the chemical characteristics that correspond to the steel slab that is produced in Mexico, Brazil and Russia and that is marketed worldwide, considering the presence of Arcelormittal in Brazil and that the chemical composition is basically the same internationally. .

3. Tariff treatment

8. Arcelormittal indicated that the product under investigation enters the national market through tariff items 7207.12.99, 7207.20.99, 7224.90.02 and 7224.90.99 of the TIGIE, whose tariff description is the following:

Tariff coding	Description
Chapter 72	Cast iron, iron and steel
Game 7207	Intermediate products of iron or non-alloy steel.
	- With a carbon content of less than 0.25% by weight:
Subheading 7207.12	- The others, of rectangular cross section.
Fraction 7207.12.99	Others.
Subheading 7207.20	With a carbon content greater than or equal to 0.25% by weight.
Fraction 7207.20.99	Others.
Item 7224	Other alloy steels in ingots or other primary forms; intermediate products of other alloy steels.
Subheading 7224.90	Others.
Fraction 7224.90.02	Intermediate products, with a carbon content less than or equal to 0.006% by weight, except that included in fraction 7224.90.03.
Fraction 7224.90.99	Others.

Source: Tariff Information System Via Internet (SIAVI)

9. Arcelormittal stated that imports of steel slab are also made under the Eighth Rule, through Chapter 98 (Special Operations), by the tariff section 9802.00.13 (Steel Industry) of the TIGIE.

10. The unit of measurement in the TIGIE is the kilogram, although commercial operations are normally carried out in metric tons.

11. According to the SIAVI, imports that enter through tariff sections 7207.20.99 and 7224.90.99 of the TIGIE were exempt from tariffs as of January 1, 2012, while those that enter through tariff sections 7207.12.99 and 7224.90.02 were subject to a 15% duty and were exempted as of April 12, 2020.

12. On December 5, 2013 was published in the Official Gazette of the Federation (DOF) the " Agreement that modifies the various by which the Ministry of Economy issues general rules and criteria in matters of Foreign Trade " , through the which are subject to the presentation of an automatic notice to the Secretariat the goods that enter through tariff fractions 7207.12.99, 7207.20.99 and 7224.90.99 of the TIGIE, for the purposes of commercial statistical monitoring when they are destined to the import customs regime definitive. Tariff section 7224.90.02 of the TIGIE is not subject to this requirement.

13. On the other hand, on July 1, 2020, the " Decree issuing the General Import and Export Tax Law is published , and various provisions of the Customs Law are amended and added . " This decree establishes that, as of January 5, 2021, tariff sections 7207.12.99 and 7207.20.99 will be replaced by sections 7207.12.02 and 7207.20.02. Likewise, the description of tariff section 7224.90.02 is modified, in order to exclude tool grade steel.

4. Production process

14. Arcelormittal indicated that the main inputs to manufacture the steel slab are iron ore, lime, ferro-alloys, electricity and natural gas. He explained that the production process of steel slab , both in Brazil and in Russia, consists mainly of the following stages: reception of raw materials, production of agglomerates and coke, production of liquid steel and continuous casting (where the solidification process is carried out). These stages are described below:

a. Raw material reception: coke, dolomite, coal, limestone and iron ore are received.

b. Production of agglomerates and sintering of coke: to produce agglomerates, the iron ore pelletizing process, which consists of forming small uniform balls of compact iron ore. On the other

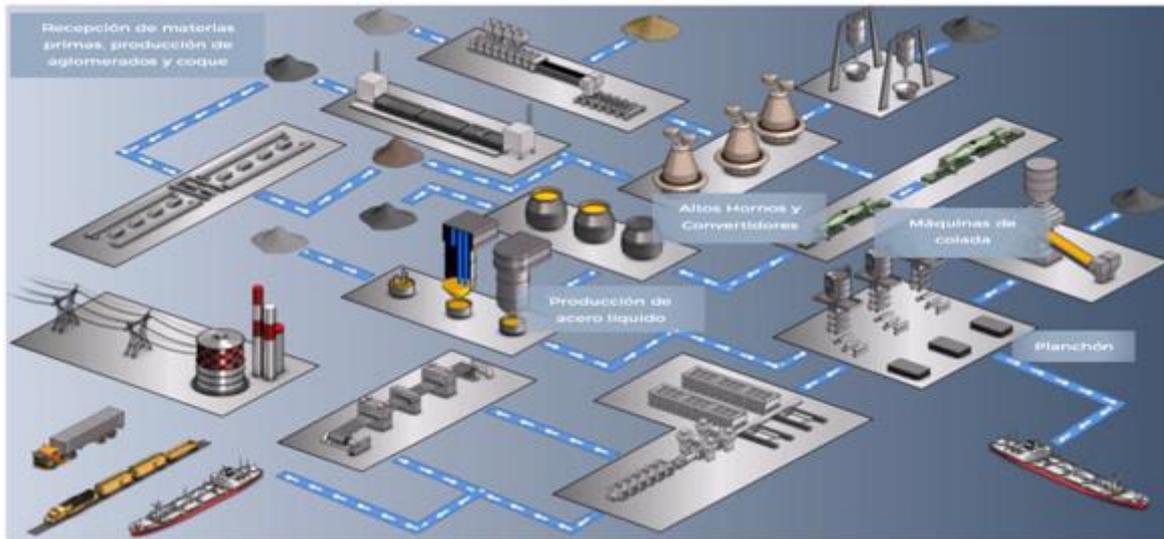
hand, to produce coke, the coal is progressively heated in the absence of air, up to a temperature that ranges between 900 and 1,100 degrees to obtain a solid, resistant and porous product.

c. Production of liquid steel: consists of smelting the pellet with the coke in a blast furnace to obtain pig iron, which is the mixture of iron, the coal that has not been burned and some impurities that have not yet been eliminated. The transformation of pig iron into steel takes place in a container called a converter, and is done by supplying oxygen to the liquid pig iron, in addition to adding scrap and ferro-alloys. The converter or furnace can be either Electric Arc Furnace (EAF) or Oxygen Blast Furnace (BOF), although the latter is the most widely used.

d. Continuous casting: consists of the progressive solidification of the liquid steel as it passes through refrigerated molds and water spray chambers. The liquid steel is poured into the top of a long mold that is vertical at the point of entry, but gradually curves to end horizontally. The cross section of the mold has the geometric shape of the semi - finished product to be manufactured. As the steel runs down the mold, it is solidified by adding ice water. At the end of the continuous casting process you can see the solidified slab that will be cut into the required length. Finally, the slab is marked with down and / or adhesive label with its specifications (length, width, type of steel, casting number and producer). All slabs in a cast are stacked together for cooling for a specified time ranging from 48 to 120 hours, in normal degrees. There are very special grades that are kept for up to 12 days in thermal boxes so that they cool very slowly.

15. Arcelormittal presented diagrams and description of the steel slab production process of the Arcelormittal Tubarão companies in Brazil, as well as Novolipetsk Steel Company (NLMK) and PJSC Magnitogorsk Iron and Steel Works in Russia, which it obtained from the Internet pages of said companies. Business.

Steel slab production process diagram



Source: Arcelormittal and Internet pages of Arcelormittal Tubarão, NLMK and PJSC Magnitogorsk Iron and Steel Works

5. Standards

16. Arcelormittal pointed out that, being a semi-finished product, the steel slab is not regulated by specific technical standards, since these only regulate value-added products or finished products .

17. He explained that the production of steel slab takes as reference the standards that regulate the grade of steel, for example, the international standards A-1008 (Standard specifications for cold rolled steel sheets ; carbon, structural, high strength low alloy , high strength low alloy with improved formability, solution hardened, and oven hardened) issued by the American Society for Testing and Materials (ASTM), or J404 (Chemical Composition of SAE steel alloys) issued by the Society of Automotive Engineers (SAE). The rules are referential, that is, it is produced under that standard, but other chemical elements or ferro-alloys can be added ; It will depend on the customer's request and the end use. The Applicant provided the standards mentioned above.

6. Uses and functions

18. Arcelormittal indicated that steel slab is used by companies in the steel industry to produce hot rolled, cold rolled and / or galvanized; in roll and plate form, depending on end use. The final products derived from the steel slab are directed to sectors such as construction, automotive, electrical appliances and other diverse ones. The information provided by the Applicant regarding the Internet pages of the companies Arcelormittal Tubarão and Compañía Siderúrgica de Pécem (CSP) of Brazil, as well as Novolipetsk Steel Company and

PJSC Magnitogorsk Iron and Steel Works of Russia confirm these uses.

D. Interested parties

19. The possible parties of which the Secretariat is aware and that could have an interest in appearing in this investigation are:

1. Importers

Ternium México, SA de CV
Av. Munich 101
Col. Cuauhtémoc
CP 66452, San Nicolás de los Garza, Nuevo León

Altos Hornos de México, SAB de CV
Av. Campos Elíseos 29, 4th floor
Col. Rincón del Bosque , Bosque de Chapultepec I Section
CP 11580, Mexico City

Grupo Acerero, SA de CV
Axle 132 No. 4530
Industrial zone
CP 78395, San Luis Potosí, San Luis Potosí

2. Exporters

Ternium Procurement, CA
Luis Bonavila No. 1266, Tower 4, Apt 201
Zip Code 11300, Montevideo, Uruguay

Arcelormittal Tubarão / Arcelormittal Brasil SA
Av. Brigadero Eduardo Gomes No. 526
Bairro Industrial Pole Tubarão
Zip Code 29160-904, Serra, ES, Brazil

Steelinvest (Jersey) Ltd.
One the Esplanade
St. Helier
Zip Code JE2 3QA, Jersey, United States of America

SteellInvest Group
Westkaai 51
Kattendijkdok
Zip Code 2000, Antwerp, Belgium

3. Government

Embassy of Brazil in Mexico
Lope de Armendariz No. 130
Col. Lomas de Virreyes
CP 11000, Mexico City

Embassy of Russia in Mexico
Av. José Vasconcelos No. 204
Col. Hipódromo Condesa
CP 06140, Mexico City

E. Other information

20. On June 30, 2020, the National Chamber of the Iron and Steel Industry (CANACERO) presented, at the request of Arcelormittal, information on imports of the product under investigation, corresponding to 2019.

F. Information requirements

21. On July 9, 2020, the Secretariat requested CANACERO to provide the volume of production of Arcelormittal's carbon and alloy steel slab for 2017, 2018 and 2019; the production volume of carbon and alloy steel slab by Altos Hornos de México, SAB de CV (AHMSA) and Ternium México, SA de CV (" Ternium ") for 2017, 2018 and 2019; It will specify the use that they give to said production, and it will indicate why the steel slab production of AHMSA and Ternium is not counted in the reports of statistical indicators of the steel sector. He submitted his response on July 23, 2020.

CONSIDERING

A. Competition

22. The Secretariat is competent to issue this Resolution, in accordance with the provisions of articles 16 and 34 sections V and XXXIII of the Organic Law of the Federal Public Administration; 1, 2 section A, section II, numeral 7, and 19 sections I and IV of the Internal Regulations of the Ministry of Economy; 5 and 12.1 of the Agreement on the Application of Article VI of the General Agreement on Customs Tariffs and Trade of 1994 (the " Anti-Dumping Agreement "), and 5 section VII and 52 section I and II of the Foreign Trade Law (LCE), and 80 and 81 of the Regulations of the Foreign Trade Law (RLCE).

B. Legislation applicable

23. For the purposes of this procedure, the Antidumping Agreement, the LCE, the RLCE, the Fiscal Code of the Federation, the Federal Law of Administrative Contentious Procedure (LFPCA), applied additionally in accordance with the Second Transitory Article of the Decree by the that the LFPCA is issued , as well as the Federal Code of Civil Procedures, the latter three of supplementary application.

C. Protection of confidential information

24. The Secretariat may not publicly reveal the confidential information that the interested parties submit to it, nor the confidential information that it collects, in accordance with articles 6.5 of the Anti-Dumping Agreement, 80 of the LCE and 152 and 158 of the RLCE. However, interested parties may obtain access to confidential information, as long as they satisfy the requirements established in articles 159 and 160 of the RLCE.

D. Procedural legitimacy

25. In accordance with what is stated in points 104 to 110 of this Resolution, the Secretariat determines that Arcelormittal is entitled to request the initiation of this investigation, in accordance with articles 5.4 of the Anti-Dumping Agreement and 50 of the LCE.

E. Period investigated and analyzed

26. Arcelormittal proposed as the investigated period the period from January 1 to December 31, 2019 and as the damage analysis period the period from January 1, 2017 to December 31, 2019. It noted that the implementation of extraordinary measures, such as compliance to the home guard since March 2020 (because of the health emergency arising from the disease generated by the by the SARS-COV2 virus) , severely affected the operation of enterprises, law firms and individuals physical, coupled with the exchange of information implied the use of technological tools that, in some cases, and due to various circumstances failed, thus considerably delaying times for the analysis of the information and the final presentation of the corresponding responses and, therefore, affected the possibility of submitting the application for initiation before June 30, 2020

27. The Secretariat considered what was argued by the Applicant and determined to set as the investigated period the period from January 1 to December 31, 2019 and as the damage analysis period the period from January 1, 2017 to December 31, 2019. The same periods that were proposed by Arcelormittal, since these comply with the provisions of article 76 of the RLCE and the recommendation of the Committee on Antidumping Practices of the World Trade Organization (WTO) (document G / ADP / 6 adopted on 5 May 2000).

F. Price discrimination analysis

1. Export price

28. To prove the export price, Arcelormittal provided the list of imports of the product proposed for investigation from Brazil and Russia, corresponding to the period from January to December 2019. The import statistics were obtained from the Tax Administration Service (SAT) through CANACERO, which correspond to operations that enter through tariff items 7207.12.99, 7207.20.99, 7224.90.02, 7224.90.99 and 9802.00.13 of the TIGIE.

29. The Applicant refined the database of carbon and alloy steel slab from Brazil and Russia for the period investigated, based on the following methodology:

a. According to the description of the merchandise, it eliminated from the database the import operations that did not correspond to the product under investigation;

b. ruled out semi-finished products that do not correspond to the product under investigation;

c. considered permanent and temporary imports and eliminated virtual operations, and

d. It excluded the merchandise whose description indicated the Sectorial Promotion Program of the Steel Industry under the Eighth Rule, in cases where it did not have elements to identify the product under investigation, as well as those operations whose description did not allow it to be identified either.

30. Considering the previous methodology, it classified imports into carbon steel slab and alloy steel slab. In order to replicate the methodology, the Secretariat obtained the list of total imports of steel slab made

during the investigated period reported by the Mexican Commercial Information System (SIC-M).

31. Because differences in value and volume were found between both sources, the Secretariat decided to use the base of the import statistics reported by the SIC-M to calculate the export price, since the operations contained in said base Data are obtained after validation of the customs requests that are given in a framework of information exchange between customs agents, on the one hand, and the customs authority on the other, which are reviewed by the Bank of Mexico and, therefore, is considered the best information available. He purged the database in accordance with the methodology proposed by the Applicant.

32. Based on articles 39 and 40 of the RLCE, the Secretariat calculated the weighted average export price of steel slab by type of product, that is, alloyed and unalloyed, in dollars per ton for the investigated period, for Brazil and Russia.

to. Export price adjustments

33. In the import statistics provided by CANACERO, at the request of Arcelormittal, the columns of the commercial value, the payment term of the merchandise, the supplier, the port of destination, among others, were included.

34. Based on said information, the Secretariat observed that import operations originating in Brazil and Russia are at the CFR (Cost & Freight) level, destined for a US port and from there to Mexican territory. It also observed that the exports of both countries were made through trading companies located in Uruguay and Belgium.

35. Arcelormittal proposed to adjust for terms and conditions of sale, in particular, for internal freight, from the production plants to the export ports in Brazil and Russia; maritime freight, from the export port of origin to the destination port; maneuvers, for loading and unloading in the export ports of both countries; intermediation, and by credit.

i. Internal freight

36. For Brazil, Arcelormittal reported the average cost of internal freight in dollars per ton. It considered three of the main Brazilian exporter-producers. He obtained the average distances from their plant to the main export ports.

37. Identified the minimum rates for a range of kilometers for five-axle trucks for bulk cargo, corresponding to the distances between the production plants and the export ports published by the National Department of Transportation Infrastructure of the Ministry of Transportation of Brazil. Rates are reported in Brazilian reais.

38. To convert the average freight into dollars per ton, he applied the average exchange rate for 2019 published by Exchange Rates, on its website <https://www.exchangerates.org.uk/USD-BRL-spot-exchange-rates-history-2019.html>.

39. For Russia, it identified the Clarke Global Logistics online budget website <http://www.clarkeglobal.com.au/>, which is fed with costs of international logistics companies and is used mainly for the search of Freight quotes to compare shipping rates and services instantly.

40. Identified the location of the plants of two of the main exporting companies of steel slab and the export ports in Russia. With the location, he quoted on said Internet page the instant freight rates for the investigated period, as well as the heavy rail freight to transport up to 500 tons. He calculated the average freight in Russia in dollars per ton.

ii. Sea freight

41. Starting from the main carbon and alloy steel slab manufacturers indicated in the internal freight section, the Applicant located the most important export ports in Brazil (Vitoria, Sepetiba, Pécem and Fortaleza) and in Russia (Novorossiysk and Najodka), during the investigated period. He identified that the ships that transport steel slabs are directed to the port of Brownsville, Texas and the port of Altamira, Tamaulipas.

42. To obtain the average cost of freight in dollars per ton, for a vessel with a capacity between 40,000 and 55,000 tons, he used the Clarke Global Logistics online quotation website for the period investigated.

iii. Loading and unloading maneuvers in the export port

43. In the case of Brazil, it considered the data published by the National Department of Transportation Infrastructure of the Ministry of Transportation of Brazil. It identified the minimum freight rates in Brazil in reais per kilometer for five-axle trucks for bulk cargo.

44. He explained that a tractor-trailer can carry up to 45 tons and a ship transports approximately 40 thousand tons of steel slab. To obtain the amount of the adjustment, he used the number of trucks that are needed to fill a ship.

45. To convert the average loading and unloading cost into dollars per ton, he applied the average exchange rate for 2019 published by Exchange Rates, on its website <https://www.exchangerates.org.uk/USD-BRL-spot-exchange-rates-history-2019.html>.

// www.exchangerates.org.uk/USD-BRL-spot -exchange-rates-history-2019.html.

46. In the case of Russia, it provided the document "Doing Business 2020 Comparing Business Regulation in 190 Economies" obtained from the Internet page <https://russian.doingbusiness.org/content/dam/doingBusiness/country/r/russia/RUS.pdf>. The document includes various factors for doing business in those countries. He considered the export costs in Russia to export iron and steel from two of Russia's main ports, Moscow and St. Petersburg. He identified the cost in dollars of loading and unloading maneuvers at the port or border, with the tonnage for maneuvers, the total cost and the hours invested. I observe that the tonnage and the hours invested are the same, so he inferred that the costs in the two export ports for the steel slab are the same.

47. To obtain the cost in dollars per ton, he used data from a logistics services company in Russia that refers to a heavy freight train to transport up to 500 tons. The information was obtained from an article published by SimpleXTrans, on its website <http://www.simplextrans.com/cargo-transport-service/transplantation-extra-sized-oversized-heavyweight-cargo>.

iv. Intermediation

48. The Applicant observed that a Mexican company carries out its import operations originating in Brazil and Russia through a related company located in Uruguay, which acts as a marketer of the product proposed for investigation. To determine the adjustment, she applied the following methodology:

- a. located a company that carries out a process similar to that of said marketer, Metal One, which is a marketer of various steel products, such as steel slab, with presence in countries like Uruguay, among others, and
- b. Based on its financial report for March 2020, it applied the profit margin in 2019.

v. Credit

49. Arcelormittal explained that, based on the import statistics provided by CANACERO, it obtained information to apply the adjustment. It applied the interest rates corresponding to each country, which it obtained from the Internet page <https://tradingeconomics.com/forecast/interest-rate>, a source specialized in economic and financial matters. You used a 90-day payment term.

b. Determination

50. In accordance with Articles 2.4 of the Anti-Dumping Agreement, 36 of the LCE and 53 and 54 of the RLCE, the Secretariat adjusted the export price of Brazil and Russia for internal freight, maritime freight, loading and unloading maneuvers in port for export, intermediation, and credit, considering the customs value reported in the SIC-M statistics.

2. Normal value

a. Internal prices in Brazil and Russia

51. In its investigation request Arcelormittal proposed as the first option for the calculation of normal value the use of domestic prices in Brazil and Russia, in accordance with Articles 2.2 of the Anti-Dumping Agreement and 31 of the LCE. It explained that in order to provide the information for its calculation, it carried out an exhaustive search for prices of alloyed and unalloyed steel slab in the Brazilian and Russian markets in various documentary sources, however, it was unable to obtain this information.

52. In this sense, he clarified that the global steel slab market is different from the markets for finished steel products, because the steel slab is used for the production of hot or cold rolled products, that is, it is not a final consumer product, it is an input used to manufacture laminated products with higher added value.

53. He explained that the steel slab producers are the same ones that produce the rolled products and make sales between related companies, which is why it is difficult to find internal price publications. He explained that the search for prices focused on the following sources:

- a. Internet sites of the main steel plate producers in Brazil, such as Ternium Brasil-Usiminas, Compañía Siderúrgica de Pécem and Arcelormittal Tubarao; Brazilian consultants specialized in the Metal-Mechanics-Steel sector; ESOMAR's website www.esomar.org, which groups together market and data research companies with the aim of finding other consulting companies that will publish prices for steel slabs in Brazil;

- b. search in the "Statistical Yearbook of 2020" of the Brazilian Steel Institute, because the Institute aims to bring together and represent Brazilian steel producing companies, and

- c. finally, it reviewed the pages of various authorities that carry out anti-dumping investigations of steel slab from Brazil, in order to identify sources of information on domestic prices; however, it mentioned that it found no anti-dumping investigations on the merchandise under investigation.

54. In the case of Russia, it looked for prices in the domestic market of the main producers of steel slab, such as Novolipetsk Steel Company, Evraz Group and MMK, as well as in the National Association of the

Russian Steel Industry (Russian Steel) . He detailed the search in the following sources of information:

a. In the Novolipetsk Steel Company, he found slab prices in their financial statements, however, he noticed that sales of flat steel products are divided into inter- segmental sales within the group and sales to external customers, however, he could not verify that the prices refer to the domestic market, since, since there is no separation by markets, the prices could refer to customers outside the Russian market, which is why it discarded them;

b. In the " 2019 Annual Report " of the NLMK Group, it found sales in the domestic market, however, it is not specified how much of these sales were of steel slab, and no prices were found ;

c. " Annual Report and accounts for 2019 " of the Evraz Group, where it observed sales of semi-finished products that include those of steel slab, without specifying the region or destination of the sales or prices of its products;

d. " Annual Report 2019 " MMK, which found sales data, however, data encompass all steel products, ie, are not unique to the steel slab;

e. National Association of the Steel Industry of Russia, which includes the main iron and steel producers , however, found outdated information from 2013 and no steel slab prices were found ;

F. report by the consulting firm Deloitte, called " Vision of the steel and iron ore market (H1, 2019) " , produced by the Research Center of the Commonwealth of Independent States (CIS) of Deloitte, located in Moscow. The document refers to steel consumption trends and raw materials, production, exports and prices of some raw materials such as coke or iron ore, but found prices for semifinished products such as the steel slab. He also consulted a second version of the same document, called " Vision of the steel and iron ore market (H2, 2019) " However, he did not find prices for steel slab, and

g. Finally, it checked the pages of various authorities that carry out anti-dumping investigations against imports of steel slab from Russia to verify if there are price references in the Russian domestic market, however, there are no anti-dumping investigations of the merchandise subject to investigation.

55. The Secretariat advised Arcelormittal to provide information that would demonstrate that the steel slab in Brazil and Russia is mainly intended for the manufacture of rolled products in continuous integrated production processes and is subjected to a cooling process for later commercialization. , and to indicate the proportion that is destined to the integrated production of rolled products and to direct sales in solid form. The foregoing in order to have more elements to justify why it is not possible to use internal prices and, where appropriate, to use the constructed value methodology for the calculation of normal value proposed by the Applicant.

56. In the case of Brazil, it responded that, to estimate the total production of steel slab, it considered the sum of the steel slab available for sale, plus the production of flat rolled products, and since steel slab is the product semi-finished prior to the rolling of flat steels, it assumed that the volume of rolled products production corresponds to the volume of steel slab production that the producers themselves consume in their flat steel lines.

57. Based on data from the " Statistical Yearbook of 2020 " of the Brazilian Steel Institute, it considered the data for 2019 on the sales of steel slab for 9.583 million tons and the production of flat rolled steel for 14.130 million tons. . He estimated that the steel slab available for sale is 41% while the rest, 59%, was used for self-consumption for rolling flat steel products .

58. In the case of Russia, to estimate the total production of steel slab in the investigated period, it considered the production of hot-rolled flat steel as the average for 2017 and 2018 obtained from the statistics published in the World Steel Association (WSA) in its " Statistical Steel Yearbook 2019 " and, the total exports of steel slab from Russia, which refer to exports made to Mexico and third countries. Exports to Mexico were obtained from CANACERO and those of the rest of the countries were obtained from ISBB (International Steel Statistics Bureau), in the Internet page <http://www.issb.co.uk/> for subheadings 7207.12, 7207.20 and 7224.90.

59. It estimated that 67% of the volume of the steel slab produced in 2019 was destined to the production of flat steel with 25,984 million tons, and the remaining 33%, 13 million tons, was destined for commercialization. The volume of steel slab for self-consumption used in the production of flat rolls was obtained by subtracting the total volume of steel slab, total exports and internal sales in Russia.

60. Internal sales were obtained from the main steel slab producers, Novolipetsk Steel Company, Evraz and Severstal based on their 2019 annual reports, on their Internet pages, https://nlmk.com/upload/iblock/72e/NLMK_about_company_ENG.pdf, <https://www.evraz.com/upload/iblock/c2c/c2c642703800aeadb3477f2154622ed9.pdf> and <https://www.severstal.com/files/4917/document36342.pdf>, respectively.

61. The Secretariat also warned him to demonstrate that the steel slab producers in Brazil and Russia use

the steel slab in production processes integrated into the manufacture of rolled products, in addition to marketing it in a solid form. Arcelormittal provided videos of the steel production processes, which indicated that the steel slab is mainly intended for the production of rolled products in continuous integrated production processes and / or that it undergoes a cooling process for subsequent commercialization. He clarified that the videos explain in general terms the production process and, therefore, apply to production processes in Brazil, Russia and Mexico. The information on the production processes was obtained from the following Internet pages of Acero.es <https://acero.es/produccion/>, it indicated that the machine is fed by continuous casting and from Discovery <https://www.youtube.com/watch?v=eDPTXLTt>, which highlights the stages of production: cast iron, continuous casting and rolled.

62. In the case of Brazil, to estimate the data for total steel slab production by producing company, it considered the volume of steel slab production that is sold in solid form and that of flat rolled products. The information was obtained from the Brazilian Steel Institute for 2019.

63. He explained that from the above data it can be inferred that 60% of the total production of steel slab was self-consumed or used in the production of flat steel products in integrated production processes. He observed that most of the companies allocate part of their total steel slab production to marketing in solid form and another part is allocated to the production of rolled products. He pointed out that some companies allocate 100% of their steel slab production to the commercialization or transformation into rolled products in integrated production processes. In the case of Usiminas, it consumes practically all the steel slab continuously for the manufacture of laminates, in the same way Gerdau almost self-consumes all the steel slab for laminates.

64. He noted that, as a result of sales between related companies, it is unusual to find price publications in the domestic markets of Brazil and Russia. Reiterated that the market for slab steel in both countries is different product markets finished because the slab of steel is a semifinished product that serves as an input for the production of rolled products in processes integrated production continuous, ie, the steel slab companies are the same companies that produce rolled products.

65. The Applicant pointed out that in Brazil there are inter-segmental sales, as well as the export vocation of steel slab to related companies that transform the steel slab into rolled products in integrated production processes, which results in the lack of information on prices in the domestic market:

a. Arcelormittal Tubarão is a producer of steel slab and is part of the Arcelormittal Group. It carries out export sales and inter-company sales, mainly to the foreign market to related companies that transform the steel slab into rolled products, which results in the lack of price information in the domestic market. Provided a diagram of the corporate structure illustrating the related companies;

b. Ternium Brasil is a producer of steel slab, uses most of its production for self-consumption to manufacture rolled products, makes sales to its related company Usiminas and also consumes the steel slab to manufacture final products. Provided information on supply agreements between Ternium and Usiminas and Usiminas and Compañía Siderúrgica del Atlántico. It explained that, according to the Consolidated Financial Statements of Ternium SA Corporativo on the Internet page <https://investors.ternium.com/English/ternium/financal-information/default.aspx>, it participates with 20.4% of its shares in Usiminas. Provided a Diagram of its corporate structure that illustrates Ternium SA Corporativo's participation in Usiminas. It also provided information on a steel slab supply agreement between Usiminas and Ternium from November 2017, and another between Usiminas and Compañía Siderúrgica del Atlántico from June 2017, and

c. For its part, Compañía Siderúrgica de Pécem, which is part of Grupo Vale, traditionally does not export steel slab, but during the investigated period it exported a low volume. It indicated that based on its F-20 Report published at the corporate level, its participation in Compañía Siderúrgica de Pécem is indicated. He added that, according to the behavior of the Brazilian market, due to the relationship between the companies, as well as the export of steel slab, there is no information on prices in the domestic market. He consulted the Internet page <http://www.vale.com/brasil/en/Pages/default.aspx>.

66. With reference to Russia, the information by producing company was obtained from its own financial information. He pointed out that most Russian companies allocate a high percentage of their total production of steel slab to self-consumption for the manufacture of rolled products in integrated production processes:

a. He explained that the Novolipetsk Group, is a producer of steel slab, uses most of its production for self-consumption to produce flat products. It carries out inter-company sales mainly in the foreign market. It has a company within the same group (Viz-Steel), which is mainly engaged in the production of cold rolled and coated; the main input

for its manufacture is the hot foil. He noted that Novolipetsk and VIZ-Steel are flat-rolled companies in Russia and that they carry out inter-company sales, according to the financial statements of Novolipetsk Steel Company. He presented the "NLMK 2019 Annual Report About the Company" and a diagram of its corporate structure illustrating the related companies that he consulted on the website <https://lipetsk.nlmc.com/en/our->

business/products/;

b. The Evraz Group also has an important company in Russia that produces steel slab (Evraz NMTK), which uses its production for self-consumption and transformation into laminates and another of its companies, Evraz ZSMK, produces structural steel. He pointed out that there are intercompany sales of steel slab specifically for later steps in the value chain, that is to produce laminates, so it is unusual to find price publications in domestic markets. He stressed that Evraz allocates 100% of its steel slab production to commercialization. He provided a diagram of its corporate structure that he obtained from the website <https://www.evraz.com/en/company/assets/#steel> and the " Evraz Product Catalog " ;

c. The Severstal Group has two major companies in the production of flat products in Russia, one of these is the main producer of steel slab, which, in turn, sells a minimum quantity of steel slab inter-company and the rest is destined to export, as indicated in the company's 2019 Operating and Sales Results;

d. provided the catalogs, as well as the description of the production processes of the Russian companies Evraz and Novolipetsk Steel Company and of the Brazilian companies Ternium, Arcelormittal Tubarão, and the Compañía Siderúrgica de Pécem, in which it indicates that they use the same production processes integrated into the manufacture of laminated products and also commercialize it in a solid form , and

e. provided screenshots of specialist publications in the steel market, such as Metal Expert, Metal Bulletin and Steel Business Briefing (SBB), which report export prices of steel slab and prices of higher value-added hot or cold rolled products in the domestic market of Brazil and Russia. He clarified that there are references to steel slab prices only for export, but not in the domestic market in both countries, given the exporting vocation of the producing companies. Submitted information from its Metal Expert Internet pages <https://metalexpert.com/en/pages/PriceSpecificationSteel>; Metal Bulletin <https://www.metalbulletin.com/prices/my-price-book.html?r=notverified> and SBB <https://www.steelbb.com/steelprices/semi-finished/>.

b. Sales in the ordinary course of business

67. Because Arcelormittal proposed to calculate normal value via reconstructed value, the Secretariat warned it to justify that the slab of carbon and alloy steel in the domestic market of Brazil and Russia is not sold in the course of commercial operations. normal or that such sales do not allow a valid comparison with the merchandise exported to Mexico, in terms of article 31 of the LCE.

68. It replied that, in accordance with article 31 of the LCE, sales of carbon and alloy steel slab in the domestic market of Brazil and Russia are not in the ordinary course of commercial operations and, therefore, they do not allow a valid comparison with the export price to Mexico, so the reconstruction of the normal value is necessary, as explained below:

a. The steel slab market in Brazil and Russia is different from the markets for finished steel products, because it is a semi-finished product that serves as an input and is basically used for the production of rolled products in continuous integrated production processes ;

b. the producers transfer the steel slab and have inter-firm or inter-segmental sales within the same company or group with related companies, who transform the steel slab into another product with higher added value, so their sales prices are not given under market conditions or under " arms length " conditions , (arm's length principle) which fully justifies using the constructed value as an option to calculate normal value in Brazil and Russia, in accordance with the provisions of Articles 2.2 of the Anti-Dumping Agreement and 31 and 32 of the LCE;

c. He pointed out that he presented information that demonstrates the similarity in the production processes of steel slab between Mexico, Brazil and Russia, that steel slab is a semi-finished product, which is applied as an input for the manufacture of products with greater added value or is marketed in solid form;

d. He reiterated that, both in Brazil and in Russia, around 60% of the steel slab is destined for the production of rolled flat steel products, while the rest is sold in solid form after a cooling process. He added that, based on the information he provided from the financial statements of the steel slab producers in both countries, they account for the operation of the market, where inter-segmental sales are observed, that is , the semi-finished product serves as an input for manufacture other products;

e. provided the " NLMK 2019 Annual Report About the Company ", which records cross-segment sales ; document called " Ternium-20-F- 2019 " ; the information on Evraz that emerges from the website <https://www.evraz.com/en/company/history/>, which indicates that it is a vertically integrated steel, mining and vanadium business with operations in the Russian Federation, the United States, Canada, the Czech Republic and Kazakhstan. It also refers to the evidence indicated in points 53, 54, 65 and 66 of this Resolution;

F. emphasized that he presented sufficient information on the exhaustive search for price references in the domestic market of Brazil and Russia in various sources of information, as well as in consulting companies in

both countries, in which he did not find internal prices, such as specialized publications such as the Metal Bulletin, SSB and Metal Expert, which report export prices of steel slab and hot or cold rolled products in the domestic market of Brazil and Russia, but not prices of steel slab in the domestic market. He pointed out that the above shows that the steel slab markets have a mainly export vocation, Since the carbon and alloy steel slab, being a semi-finished product, is not a product of demand in the market, since the production companies themselves are the ones that transform it into products with higher added value;

g. mentioned that, based on the initial and final resolutions of validity examinations for steel products, such as hot rolled sheet and cold rolled sheet, mainly requested by Ternium and AHMSA, it is indicated that the steel slab is an input of said final products, he pointed out that this supports his assertion that the published prices are for rolled products and not for steel slab;

h. provided some precedents from the World Trade Organization (WTO), where the Panels and / or the Appellate Body have ruled regarding the scope and application of "information reasonably available" to the Applicant. He highlighted that the WTO has ruled that "a request only needs to include reasonably available information on the relevant matters that the applicant considers necessary to substantiate its allegations of dumping, injury and causation", otherwise it could lead to absurd results, as the Applicant would be forced to submit a large volume of information for the sole purpose of initiating an investigation. Consulted the Panel Report, United States - Final Determination of Dumping of Softwood Lumber from Canada, WT / DS264 / R of April 13, 2004;

i. It added that several panels have indicated that there is a difference between the evidence necessary to initiate an investigation and that for an affirmative determination on the existence of dumping, where they have indicated that, "the amount and quality of the evidence required at the time from the beginning is less than that required for a preliminary or final determination of dumping, injury, and causation, made after the investigation." In this sense, they establish that an investigating authority cannot have evidence in "the same quantity and quality" to support a preliminary or final determination of the existence of harm, since it only requires evidence "sufficient to justify the initiation of an investigation", the legal standard that is applied to determine the initiation of an investigation "is the sufficiency of the evidence, and not its adequacy and precision per se." It refers to the Report of the Panel, Guatemala - Final Anti-Dumping Measure on Gray Portland Cement from Mexico, WT / DS156 / R of October 24, 2000;

j. argued that the reports also indicate that, if the information presented is not ideal or perfect, but satisfies the requirements of the Anti-Dumping Agreement, on the one hand, it should not be ignored or discarded by the authority and, on the other hand, it should be sufficient to justify the initiation of an investigation, "if the party submitting it has acted in the best possible way." Notes the Report of the Panel, United States - Application of Anti-Dumping and Countervailing Measures to Steel Sheet from India, WT / DS206 / R of June 28, 2002;

k. stated that, in accordance with the aforementioned precedents, as well as in accordance with the applicable legislation on the matter, the Secretariat must take into account that the information and methodology that it contributed to calculate the reconstructed value is the information that was reasonably available and, which proves that there are sufficient elements of the unfair practice caused by

imports of steel slab under conditions of price discrimination, from Brazil and Russia, and

l. stated that, in accordance with Articles 2.2 and 5.3 of the Anti-Dumping Agreement, 31 of the LCE and 75, section X of its Regulations, the information, justifications, as well as evidence that it provided, support this request, since they refer to facts, data and evidence that were reasonably available to prove that the constructed value methodology complies with the legislation on the matter for the Secretariat to initiate the anti-dumping investigation requested.

c. Determination

69. Based on what is stated in points 51 to 68 of this Resolution, and in accordance with Articles 2.2 of the Anti-Dumping Agreement, 31 and 32 of the LCE, the Secretariat determines at this stage of the investigation, that the presumption that the prices of alloyed and unalloyed steel slab in the Brazilian and Russian markets are not sold in the ordinary course of trade, that is, they do not reflect market conditions on a regular basis between independent buyers and sellers, for the following reasons:

a. The Secretariat replicated the data provided by the Applicant and observed that in both countries, around 60% of the total production of steel slab is mainly used for self-consumption for the manufacture of finished products with higher added value, while the rest are destined for commercialization in export markets. The same behavior is observed at the production company level, both in Brazil and in Russia, the main steel slab manufacturers use it primarily for self-consumption for the manufacture of finished products. On the average volume of production of hot rolled flat steels in 2017 and 2018, the Secretariat considered the data for 2018, which is the most recent;

b. The Secretariat also observed that, according to the information provided by national production, there are intercompany sales such as Evraz, Severstal and Novolipetsk Steel Company in Russia, and Ternium

Brazil and Arcelormittal Tubarão in Brazil, in the domestic market and in export markets, and that in some cases there are supply agreements such as Ternium - Usiminas and Usiminas Compañía Siderúrgica del Atlántico, and

c. Based on the specialized publications on the steel market, such as Metal Expert, Metal Bulletin and SBB, the Secretariat observes that no steel slab prices are reported in the domestic market of Brazil and Russia; Instead, prices of hot or cold rolled products corresponding to the domestic market in both countries are reported.

70. Due to the foregoing, the Secretariat considers it appropriate, at this stage of the investigation, to calculate normal value in accordance with the constructed value methodology, since, as stated in Article 31 of the LCE and 2.2 of the Anti-Dumping Agreement, When the like product is not sold in the ordinary course of trade in the domestic market of the exporting country, the constructed value may be taken as an option for the calculation of normal value.

d. Rebuilt value in Brazil and Russia

71. The Secretariat warned Arcelormittal to demonstrate that the carbon and alloy steel slab, in both countries, corresponds to the product similar to that exported to Mexico, in accordance with Article 2.6 of the Anti-Dumping Agreement. The Applicant noted that, to support the foregoing, it provided various elements and, therefore, the cost structure that it used for the reconstructed value calculation for the steel slab is that of Arcelormittal. She provided the following information and evidence:

a. The steel slab includes the carbon and alloy steel slab, since the merchandise under investigation is alloyed, so both types of steel share their structural properties ;

b. steel slab is a semi-finished product of rectangular section steel, obtained by continuous casting processes. He provided his own technical specifications for the steel slab, noting that the length is a minimum of 4.0 and a maximum of 12.0 meters, and the width is 965 to 1930 millimeters. He clarified that these specifications apply to steel slab from Brazil and Russia;

c. the chemical composition of the elements that characterize the carbon and alloy steel slab. He explained that the chemical composition is of a common grade and many grades of that same type can be manufactured ;

d. a comparative analysis of the physical and chemical characteristics, main producers, production processes, inputs used and uses of carbon and alloy steel slab in Russia and Brazil;

e. information production processes through the BOF route, Arcelormittal in Mexico that obtained Factbook 2019 on the website <https://corporate-media.arcelormittal.com/media/4sjffidj/factbook-2019.pdf>. For Brazil, it consulted the Internet pages https://s2.q4cdn.com/156255844/files/doc_financials/annual/Ternium-20-F-2019.pdf for Ternium; <http://www.cspecem.com/en/about-us/steel-productive-process/> for Compañía Siderúrgica de Pécem and the 2018 FactBook for Arcelormittal Tubarão. He presented the production processes of the Brazilian company Arcelormittal Tubarão that he obtained from the Internet page <https://brasil.arcelormittal.com/produtos-solucoes/catalogs>;

f. para Russia consulted the websites https://nlmk.com/upload/iblock/2b0/NLMK_-_Investor-Presentation_-_November-2019.pdf for the process of Novolipetsk Steel Company; <https://www.evraz.com/en/company/assets/evraz-ntmk/#stil> for Evraz and, <https://www.severstal.com/eng/about/businesses/> for Severstal;

g. Additionally, it provided videos of the production process integrated into the manufacture of rolled products to demonstrate that the carbon and alloy steel slab used in Brazil and Russia is similar to that exported to Mexico. The videos were obtained from the World Steel Association on the Internet page <https://www.youtube.com/watch?v=YZjgUyDSq40>; from the Alliance for American Manufacturing on the website <https://www.youtube.com/watch?v=9I7JqonyoKA>; from AK Steel on the website <https://www.youtube.com/watch?v=qiN5FI9d190>. He also contributed the "Global Aceros Catalog", which he consulted on the Internet page, <https://www.globalaceros.mx/producto/placa-deacero/>, which shows that the slab is a marketable product with common grade characteristics for subsequent laminating processes; a study on the "Metalbulletin 2020 Slab Market", which indicates that there is a market for steel slab as an independent product; "Manufacturing process of steel products" of CANACERO, which differentiates the sheet steel slab in physical characteristics;

h. explained that the steel slab is a similar generic product due to its properties, so that the national product and the product originating in Brazil and Russia share similar characteristics and composition, since the three products fulfill the same functions and uses, in addition to being commercially interchangeable, and

i. He explained that the similarity in the production processes of the three countries justify using their own cost structure to rebuild value in Brazil and Russia.

72. According to the above information, regarding the similarity between the slab of carbon and alloy steel from Russia and Brazil in relation to that exported to Mexico, it was observed that they

have characteristics that are very similar to those of the product considered in those countries, since that there is similarity in the physical and chemical characteristics of alloyed and unalloyed steel slab, which allows them to fulfill the same functions and uses, and the same raw materials and inputs are used for their manufacture. Likewise, there is similarity in the production processes integrated in the manufacture of steel in Mexico, Brazil and Russia.

73. Additionally, the Secretariat warned Arcelormittal so that, based on its cost structure, it could identify the production factors that are used intensively in the production process and justify their similarity with those used in Brazil and Russia.

74. He explained that, based on the information he obtained from the main steel slab producers in Brazil and Russia, he found that the main route for steel production is the BOF Blast Furnace, which Arcelormittal uses in the production of the investigated merchandise, for which it proposed its own cost structure for the calculation of the reconstruction of the normal value of carbon and alloy steel slab in both countries. He pointed out that the BOF process is intensive in the consumption of iron ore, coking coal, scrap, ferroalloys, natural gas, and electricity, among others.

75. He pointed out that the production process used in Mexico, Brazil and Russia is capital intensive, since machinery such as the BOF is mainly used to produce the steel slab. He added that another important factor is the land because raw materials such as iron ore, coking coal, scrap metal and ferro-alloys are consumed, natural gas and electricity are also consumed, the work of the production plant staff and administrative staff are used, among others.

76. It indicated that based on its own percentage structure of the production cost of carbon and alloy steel slab, it estimated the cost structure in Brazil and Russia. It broke down 100% of the inputs that make up the cost of production through the BOF route. He explained that variable costs represent around 70% of the total cost of production in the three countries, the rest correspond to fixed costs and about 55% correspond to iron ore, scrap and coking coal, raw materials that are intensively used in manufacturing worldwide steel production; about 15% corresponds to electricity, natural gas, water and gases, essential inputs to process the raw material. Based on what above, he pointed out that it is found that production costs in the three countries are similar.

77. The Secretariat also warned him to explain whether the solidification by controlled cooling of the steel slab after the continuous casting process is similar in Mexico, Brazil and Russia. He replied that solidification is a physical process that consists of changing the liquid state of matter to solid, it is a reverse process of fusion. In general, metallic products originate in a first stage in the liquid state, later they go to the solid state by means of molds or by continuous casting.

78. It pointed out that based on the information it provided from the steel slab manufacturing processes in Brazil, Russia and Mexico, it is shown that the controlled cooling solidification process of the steel slab after the continuous casting process is similar.

79. He pointed out that, based on the publication of Arcelormittal Global, on the Internet page <https://corporate.arcelormittal.com/about-us/making-steel?backToSlide=true>, it is indicated that liquid steel is taken to the continuous melter in a ladle, then passes through a mold and then through a sequence of "segments", during which its vertical path exits the ladle, and the mold gradually becomes horizontal as it cools. Soon it emerges as a continuous slab of solid steel, but still red hot. The continuous steel slab is then cut to size into semi-finished products known as blocks, billets, or slabs.

80. Referring to the Brazilian company Companhia Siderúrgica de Pécem, he explained that continuous casting, the final step in the production of high-quality sheets, is responsible for transforming liquid steel into solid semi-finished products (sheets) in the specified dimensions. This process consists of the progressive solidification of the liquid steel as it passes through refrigerated molds and water spray chambers. Continuous casting is based on vertical casting of liquid steel into a water-cooled copper mold, open at the top and bottom. Heat is removed from the steel during the passage of this material through the mold, thus forming a solid skin external to the steel shaft with sufficient force to contain the liquid steel. Then a set of brackets defines the thickness and width of the plate. Finally, the plate is cut according to the specification of the length of the finished product. The information was obtained from the Internet page <https://www.cspecem.com/en/about-us/steel-productive-process/>.

81. With regard to the Russian company Novolipetsk Steel Company, he indicated that all the steel at the Lipetsk plant was melted in basic oxygen furnaces. The liquid pig iron and solid metal charge are charged to the basic oxygen furnace and purged with oxygen and argon. Through this process, carbon, silicon, manganese and phosphorus are oxidized and removed from the molten metal, resulting in steel. The steel melts in continuous casting machines, producing slabs 200, 250, 310 and 355 mm in thickness and 950-2200 mm wide. The information was obtained from the document called "NLMK- No cooling."

82. Based on the Factbook 2019 called "Inventing smarter steels for a better world" by Arcelormittal, in the case of Mexico and Brazil, it indicated that the diagrams of the production processes explain the process of continuous casting and the process in steelmaking.

83. In the case of Ternium Brasil, it presented a publication called Integrated Industrial System, which includes a diagram of the continuous casting production process. It is pointed out that from continuous casting a solid and flat product of small thickness is obtained, subsequently the steel solidifies and bars and billets are obtained. The production process used by various countries is also indicated and that solidification is a natural and normal part of the continuous casting process.

84. Arcelormittal explained that it used its own cost structure to calculate the constructed value. He pointed out that based on his " FactBook 2018 ", in the world steel industry there are two main manufacturing processes to produce liquid steel, BOF and EAF (Electric Arc Furnace).

85. It clarified that it produces liquid steel with the BOF and EAF technologies, however, it considered the costs of the BOF process in the calculation because it is the most widely used technology in the countries investigated. He supported his statement with what was stated in the " FactBook 2018 " .

86. To obtain the reconstructed value of the steel slab in Brazil and Russia, he applied the following methodology:

a. To estimate the cost of the steel slab, he considered the costs of the five stages of the process

production of Arcelormittal: a) pelletizer, b) coker, c) blast furnace, d) oxygen converter, and e) continuous casting. He clarified that in the case of the coker stage, in 2019 it did not have productive operations, so the consumption factors of the last year of operation (2015) with input prices of 2019 were considered. The fixed costs were updated to 2019 based on the national consumer price index published by Banco de México;

b. He explained that the iron ore is transformed in the pelletizer, and the coal in the coker, which feed the blast furnace. In the blast furnace process, the iron ore is converted into pig iron or first melt iron, which is processed inside the BOF to obtain liquid steel that, through continuous casting, is solidified in the form of a steel slab;

c. In each of the stages, it identified the inputs and consumption factors (variable costs) plus operating costs, such as labor, maintenance and general services (fixed costs), based on Arcelormittal's production lines. Subsequently, he added the administrative expenses of said company and thus estimated the total cost in each of the stages of the production process;

d. the consumption factor of each input corresponds to the amount necessary to produce one ton of steel slab at each stage of production. He explained that he broke down 100% of the inputs that make up the production cost of steel slab according to his own cost structure and that these represent between 70% and 75% of the total cost of production. Later, it replaced the price references for production inputs in Brazil and Russia;

e. obtained the prices of the inputs used in the production of the steel slab, such as iron ore concentrate; refractory bricks, scrap steel, aluminum, calcium, electricity and natural gas, coking coal, refractories, graphite electrodes, calcium carbide, ferroalloys, and were replaced throughout the process. He calculated the price of each of the inputs in dollars per ton, based on the average price of each concept in 2019 and multiplied them by the individual consumption factor;

F. The prices of the inputs were obtained from the following organizations, publications and / or their respective Internet pages, in the case of Brazil Comtrade (United Nations) at <https://comtrade.un.org/>, Steel Business Briefing (Platts) at <https://www.steelbb.com/es/>, Metal Bulletin at <https://www.metalbulletin.com/>, Doing Business (World Bank) at <https://www.doingbusiness.org/content/dam/doingBusiness/country/b/brazil/BRA.pdf>, the National Petroleum, Natural Gas and Biofuels Agency at <http://www.anp.gov.br/component/content/article/2-uncategorised/5258-anuario-estatistico-2019-dice-openings> and ArcelorMittal Consumption of Ferroalloys (Ferro-niobium & Metallic Calcium), and in the case of Russia Comtrade (United Nations) at <https://comtrade.un.org/>, Steel Business Briefing (Platts) at <https://www.steelbb.com/es/>, Metal Bulletin at <https://www.metalbulletin.com/>, and Gazprom at <https://www.gazprom.com/about/marketing/russia/> ;

g. the difference between the cost of a carbon steel slab and an alloy steel slab, basically are the special ferroalloys, such as ferromanganese, silico-manganese, ferrochrome, molybdenum trioxide, ferroboration, ferroniobium, ferrovandium, nitrovanadium, ferrotitanium and calcium metal;

h. explained that, in each of the stages of the process, the total cost is composed of variable costs, which he calculated based on the prices of inputs and the consumption factors used in each stage, plus the fixed costs, based on the operating costs (labor, maintenance and general services) of Arcelormittal, considering the similarity in the production processes of Brazil and Russia. To this he added the administrative expenses of the Russian and Brazilian steel slab companies to estimate the total cost of the steel slab. The information was obtained from the financial statements at the corporate level of Ternium, Compañía Siderúrgica de Pécem and Arcelormittal in the case of Brazil and for Russia it took the data from Novolipetsk Steel Company, MMK and Evraz for 2019. In this regard, the Secretary warned it to justify the reason for using its own fixed cost data, in each of the stages of the production process. He responded that he investigated and replaced the input price benchmarks in Brazil and Russia, as a result, inputs from both origins accounted for

around 70% of the total cost of production. He added that the rest of the costs correspond practically to the fixed costs for which there is no market in which the references of Brazil and Russia can be derived and given that the process Arcelormittal's production is similar to that used in Brazil and Russia, the fixed costs are also similar to those that would be incurred in those countries;

He clarified that he carried out an exhaustive search for information on fixed costs in the production of steel slab in both countries; However, the financial information of the companies does not break down the specific information at the level of the carbon and alloy steel slab, but is integrated for the total operations, which mostly produce and sell a wide range of products or, in other cases, companies do not even publish their financial information ;

i. To calculate the general sales and administration expenses, it considered the financial statements of the producers Ternium, the Compañía Siderúrgica de Pécem and Arcelormittal for 2019. It obtained an average of the three companies;

j. In the case of Russia, it obtained data from the financial statements of the Novolipetsk Steel Company, MMK and Evraz producers . He calculated an average of the three companies;

k. To calculate the profit in Brazil, he considered the EBITDA data (for the acronym in English for Earnings Before Interests, Taxes, Depreciations and Amortizations) of the financial statements of Ternium Brasil and Arcelormittal Tubarao for 2019. He obtained an average of the profit based on in the steel segment in dollars per tonne. He clarified that he did not have information at his disposal on the cost of sale at the level of the steel slab, therefore, according to article 46 of the RLCE, section XI, third paragraph, he considered the utility of the category of goods that contain the product investigated for both companies, which correspond to the utility for steel products and stated that the slab is part of the steel products, and

l. for Russia, calculated profit in dollars per ton based on EBITDA data and cost of semi-finished products published in Novolipetsk Steel Company's financial statements in 2019.

and. Determination

87. Based on what is stated in points 71 to 86 of this Resolution, and in accordance with articles 2.2 of the Anti-Dumping Agreement, 31 section II of the LCE, and 46 of its Regulations, the Secretariat replicated the calculation of the value reconstructed in Brazil and Russia, in dollars per ton and determined that the application of the methodology proposed by the Applicant is appropriate, since the data of raw materials and inputs, which represent around 70% of the cost structure, They were obtained for each of the investigated countries and correspond to the period under investigation.

88. Therefore, the Secretariat calculated the reconstructed value by adding the cost of production, general expenses and a reasonable profit for the carbon and alloy steel slab originating in Brazil and Russia, as indicated in articles 2.2 of the Anti-dumping Agreement, 31 section II of the LCE, and 46 of its Regulations.

3. Margin of price discrimination

89. Based on the provisions of Articles 2.1 of the Anti-Dumping Agreement, 30 of the LCE, and 38 and 39 of its Regulations, the Secretariat compared the constructed value with the export price and determined that there is sufficient evidence, based on positive evidence , to presume that, during the investigated period, imports of carbon and alloy steel slab from Brazil and Russia were carried out with a margin of price discrimination higher than the de minimis.

G. Damage and causality analysis

90. The Secretariat analyzed the arguments and evidence that Arcelormittal provided, in order to determine whether there is sufficient evidence to support that the imports of steel slab , originating in Brazil and Russia, under alleged conditions of price discrimination, caused material damage to the industry national of the like.

91. This evaluation includes, among other elements, an examination of the volume of imports under alleged conditions of price discrimination, their price and their effect on the domestic price of the like domestic product, as well as the impact of the volume and price of those imports in the economic and financial indicators of the domestic industry of the like product.

92. The analysis of the economic and financial indicators of the domestic industry corresponds to the information provided by Arcelormittal, since it represents more than 99% of the domestic production of steel slab , similar to the product under investigation, as stated determined in point 110 of this Resolution. For this purpose, the Secretariat considered annual data corresponding to the period analyzed (2017, 2018 and 2019). Unless otherwise indicated, the behavior of economic and financial indicators in a given year or period is analyzed with respect to the immediately preceding comparable.

1. Product similarity

93. In accordance with the provisions of Articles 2.6 of the Anti-Dumping Agreement and 37 section II of

the RLCE, the Secretariat evaluated the information and evidence provided by Arcelormittal to determine whether the domestic-made steel slab is similar to the product under investigation.

94 . Arcelormittal argued that the domestically manufactured steel slab is similar to that imported from Brazil and Russia, since both products are manufactured from the same inputs and through analogous production processes , so that they have similar physical characteristics and chemical composition ; Likewise, its main customer also imports the product under investigation, which indicates that both products have the same uses and consumers.

a. characteristics

95. Based on the information provided by the Applicant, the Secretariat observed that the steel slab of national manufacture and those originating in Brazil and Russia have similar chemical composition and physical characteristics , the foregoing is supported by technical information on steel slab that manufactures Arcelormittal, as well as the catalogs and information on the Internet pages of the steel slab companies Arcelormittal Tubarão of Brazil and PJSC Magnitogorsk Iron and Steel Works of Russia. The following table exemplifies the chemical composition and physical characteristics of both products.

Chemical composition and physical characteristics of the steel slab

Physical characteristics and chemical composition	National	Russia	Brazil
Thickness	200mm to 250mm	200mm to 250mm	200mm to 250mm
Width	780mm to 1,930mm	750mm to 2,520mm	800mm to 2,100mm
Length	5,500mm to 11,300mm	4,800 mm to 12,000 mm	5,000 mm to 12,500 mm
Chemical composition	Carbon, manganese, silicon, phosphorus, sulfur, chromium, nickel, molybdenum, vanadium, copper, aluminum and boron.	Carbon, manganese, silicon, phosphorus, sulfur, chromium, nickel, molybdenum, vanadium, copper, aluminum and boron.	Carbon, manganese, silicon, phosphorus, sulfur, chromium, nickel, molybdenum, vanadium, copper, aluminum and boron.

Source: Arcelormittal

96. Arcelormittal indicated that its continuous casting machines have a fairly large capacity , which is why it can manufacture steel slab with different dimensions.

b. Productive process

97. Based on the information provided by Arcelormittal, the Secretariat observed that both the steel slab originating in Russia and Brazil and that of national manufacture are produced from the same inputs and with similar production processes, which show no differences. substantial.

98. In effect, the nationally produced steel slab uses iron ore, lime, ferro-alloys, scrap, electrical energy and natural gas as inputs . Likewise, it is manufactured through the steps described in point 14 of this Resolution (reception of raw materials; production of agglomerates and sintering of coke; production of liquid steel; and continuous casting). In this regard, Arcelormittal provided a diagram and a description of its production process.

c. Rules

99. The information available at the indicated administrative record that both the slab steel from domestic manufacturing as originating in Russia and Brazil, taken as a reference for manufacturing standards international governing steel grade and depend on the application for the customer and the end use of the product.

d. Uses and functions

100. Arcelormittal stated that steel slab , both imported from Brazil and Russia as well as nationally manufactured, is an intermediate product that serves as an input for the steel industry, which uses it to produce hot, cold and / or rolled galvanized, among other products.

e. Consumers and distribution channels

101. Arcelormittal pointed out that domestically manufactured steel slab and those imported from Russia and Brazil supply the same consumers and are marketed through the same distribution channels throughout the national territory; direct sale to industrial consumers whose main

activity is to process, manufacture and supply steel products to various industries (for example, the construction, automotive, electrical appliances and other diverse industries).

102. In this regard, according to the official list of SIC-M import operations obtained by the Secretariat, Arcelormittal's main client imported steel slab, both from Brazil and Russia, which allows presuming that both products are destined for the same consumers and markets.

F. Determination

103. Based on what is described in the previous points of this Resolution, the Secretariat had sufficient elements to initially determine that the nationally manufactured steel slab is similar to the product under investigation, because they have physical characteristics and composition. Similar chemistry is manufactured with the same inputs and through production processes that do not show substantial differences; Likewise, they serve the same consumers, which allows them to fulfill the same functions and be commercially interchangeable, so that they can be considered similar, in accordance with articles 2.6 of the Anti-Dumping Agreement and 37 section II of the RLCE.

2. Branch of national production and representativeness

104. In accordance with the provisions of Articles 4.1 and 5.4 of the Anti-Dumping Agreement, 40 and 50 of the LCE and 60, 61 and 62 of the RLCE, the Secretariat identified the domestic industry of steel slab similar to the one investigated, as the set of domestic producers of the like product or those whose aggregate production constitutes a significant proportion of the total domestic production of the like product, taking into account whether these producers are importers of the product under investigation or whether there are elements to presume that they are related to importing companies or exporters of the same.

105. The Applicant indicated that there are three companies that produce steel slab in Mexico, including Arcelormittal. He added that only Arcelormittal offers its production of steel slab for sale in the domestic market of Mexico, since the other two production companies manufacture the product in order to supply their self-consumption needs. The Applicant submitted a letter from CANACERO dated April 20, 2020, confirming that Arcelormittal, Ternium and AHMSA are the only steel slab producers in Mexico. Likewise, CANACERO indicated that Arcelormittal is the only company that regularly sells steel slab that it manufactures, since Ternium and AHMSA produce it for self-consumption and, in extraordinary cases, sell it.

106. Arcelormittal stated that Ternium and AHMSA should not be considered as part of the national production, since they do not use the steel slab they manufacture for sale. In this sense, the Applicant pointed out that in the monthly production reports issued by CANACERO, it is observed that said Chamber considers only the production of Arcelormittal as national production of steel slab.

107. In this regard, in its response to the request made by this Secretariat, dated July 23, 2020, CANACERO explained that the production of steel slab that appears in its report of indicators of the steel industry corresponds to that of Arcelormittal, since the volume of AHMSA and Ternium is accounted for as part of the production of higher value-added products (including cold rolled sheet and hot rolled sheet). The above, so as not to double the volume of finished steel products.

108. The Secretariat observed that, according to the information available in the administrative file, there are sufficient indications to consider that Arcelormittal is the only producer of the similar product that uses it for sale in the domestic market, taking into account the following:

a) CANACERO stated that the production of slab does not include the one used as input (self-consumption) corresponding to the other national producers, therefore, to avoid duplication in the reports of statistical indicators, they are considered in relation to the production of products. higher added value of these companies;

b) AHMSA and Ternium obtain slabs during their integrated production processes that they use mainly as input for the manufacture of secondary products, without routinely using them as a finished product for sale to the market. In the investigated period, both companies used all or almost all of their production to manufacture

higher value-added products, and

c) The information in CANACERO's reports is consistent with the carbon steel and alloy steel slab production figures provided by the Applicant in its response to the form.

109. On the other hand, Arcelormittal indicated that it did not import the product under investigation, while AHMSA and Ternium did. In this regard, according to the list of import pedimentos of the SIC-M, AHMSA made imports from countries other than those investigated (in an amount less than 1% of total imports in 2019) and Ternium made practically all imports originating in Brazil and Russia during the period analyzed. The Secretariat did not identify imports of steel slab by Arcelormittal.

110. Based on the information available in the administrative record, the Secretariat initially determined that the Applicant is representative of the domestic steel slab industry similar to the one investigated, since in the period investigated it represented a significant proportion of the production national total of these products that

are traded in the domestic market and did not import or are related to exporters or importers of the product under investigation, in accordance with the provisions of Articles 4.1 and 5.4 of the Anti-Dumping Agreement, 40 and 50 of the LCE, and 60, 61 and 62 of the RLCE.

3. International market

111. Arcelormittal provided information on the main producer and consumer countries of steel slab worldwide from the consultancy Commodity Inside (" Analysis of Commodities and End Users, version 2019 ") on its website <https://commodityinside.com/> . Additionally, it provided import and export statistics for subheadings 7207.12, 7207.20 and 7224.90, where the steel slab is classified , which it obtained from the International Steel Statistics Bureau (ISSB, for the International Steel Statistics Bureau).

112. According to this information, world steel slab production increased 4.6 percentage points from 2017 to 2019, from 988 to 1,033 million tons. In this period, the largest producer was China (51.3%), followed by Japan (7.4%), the United States (5.8%), India (5.7%), South Korea (5%), Russia (3.7%), Germany (2.4%), Brazil (2.2%), Mexico (1.3%) and France (1.2%).

113. The apparent world consumption of steel slab registered a behavior similar to that of production, as it grew 4.7% from 2017 to 2019 and the volume was concentrated in the main producing countries . Indeed, in this same period, China was the main consumer worldwide with a share of 51.2%, followed by Japan (7.2%), the United States (6.5%), India (5.7%), and South Korea (5%).), Russia (2.9%), Germany (2.4%), Mexico (1.5%), Brazil (1.4%) and France (1.2%).

114. The balance of production less consumption of steel slab indicates that in the period from 2017 to 2019 the countries with the highest exportable surpluses were Russia (26.3 million tons), Brazil (24.1 million tons), Ukraine (7.8 million tons) and Japan (6.7 million tons).

115. Regarding the behavior of world trade, the ISSB statistics indicate that between 2017 and 2019 world exports decreased 0.3%; from 37.5 to 37.4 million tons. The main exporting countries in 2019 were Russia (30%), Brazil (24%), Ukraine (13%), Japan (8%), Mexico (4%), Germany (3%) and France (2%).

116. On the other hand, world imports of steel slab grew 8.1% between 2017 and 2019; from 32.6 to 35.3 million tons. The main importing countries in 2019 were the United States (20%), Italy (11%), Taiwan and Indonesia (8% each), Belgium (7%), Mexico (6%) and Thailand (5.6%).

117. Emphasizes that, according to information from the ISSB, Russia and Brazil were the main exporters of steel slab worldwide (they represented 54% of the world supply in 2019); they are also among the countries with the highest exportable surpluses.

4. National market

118. The information in the administrative file indicates that Arcelormittal is the only national producer of steel slab similar to the one investigated that markets this product. The other two companies that manufacture slab in Mexico (AHMSA and Ternium) are companies in the steel industry that use it to manufacture higher value-added products and supply, in turn, the construction, automotive and household appliances sectors, among others. Likewise, these companies are the main consumers of steel slab , since their production is not always enough to meet their demand, so they import this product from various sources, or they acquire it from the Applicant.

119. Arcelormittal indicated that, due to the structure of the steel slab market , consumers have a strong influence on the prices of this product.

120. Regarding the behavior of the national steel slab market , the information in the administrative file indicates that the Apparent National Consumption (CNA), calculated as national production plus imports, minus exports, decreased 4.2% during the period. analyzed; decreased 10% in 2018 and increased 6.4% in the investigated period. The performance of each component of the ANC was the following:

a. total imports grew 15% in the analyzed period, increased 40% in 2018, but decreased 17% in the investigated period;

b. It highlights that during the period analyzed this merchandise was imported from eight countries; in particular, in the investigated period, the main suppliers were Brazil and Russia, which represented 70% and 23% of total imports, respectively;

c. Total exports accumulated a growth of 120% in the analyzed period, increased 222% in 2017 and decreased 32% in the investigated period, in the analyzed period they represented on average 42% of total national production, and

d. National production registered an increase of 3% in the analyzed period, decreased 7% in 2018, but increased 11% in the investigated period.

121. For its part, national production oriented to the domestic market, calculated as national production minus exports, accumulated a fall of 25% in the period analyzed, decreased 62%

in 2018 and increased 99% in the period investigated.

5. Analysis of imports

122. In accordance with the provisions of Articles 3.1, 3.2 and 3.3 of the Anti-Dumping Agreement, 41 section I and 43 of the LCE and 64 section I and 67 of the RLCE, the Secretariat evaluated the behavior and trend of imports of the product object of research during the period analyzed, both in absolute terms and in relation to national production or consumption.

to. Imports under analysis

123. Arcelormittal indicated that by the tariff fractions 7207.12.99, 7207.20.99, 7224.90.02, 7224.90.99 and 9802.00.13 of the TIGIE, in addition to the product under investigation, other products such as ingots, billets, pieces to manufacture molds, iron ore, round steel intermediate products, steel bars, steel screeds, metal strips, forged steel, steel rings, steel blocks, cold rolled sheet, galvanized sheet, plate and pipe, among others.

124. Arcelormittal calculated the volumes and values of imports of steel slab from the import operations base of the SAT provided by CANACERO, corresponding to the tariff fractions of the TIGIE indicated in the previous point, for this, it applied the following criteria:

a. According to the product description of tariff items 7207.12.99, 7207.20.99, 7224.90.02, 7224.90.99 and 9802.00.13 of the TIGIE, it excluded those operations that did not correspond to the product under investigation, for example, products intermediate round of steel, steel bars, steel slabs, metal strips, forged steel, steel rings, blocks of steel and steel plates, among others;

b. considered imports under the definitive and temporary regimes, and excluded the operations that correspond to virtual operations with the request keys F4 or V1, and

c. considered all operations in whose description the description " slab " was observed .

125. To assess the reasonableness of the calculation of the steel slab imports that the Applicant provided, the Secretariat obtained the electronic list of import operations from the SIC-M corresponding to the aforementioned tariff fractions, for the period analyzed. The Secretariat used the import base of the SIC-M, due to the previous validation of the customs requests that occur in a framework of information exchange between agents and customs agents, on the one hand, and the customs authority on the other, which are reviewed by Banco de México and, therefore, are considered the best information available.

126. Based on the above information, the Secretariat found that through sections 7207.12.99, 7207.20.99, 7224.90.02 and 7224.90.99 of the TIGIE, products that are not subject to investigation entered, but in a smaller volume (7% of the total imported by these fractions in the period analyzed). Regarding import operations through the Eighth Rule mechanism, the Secretariat found that of the total volume imported by tariff section 9802.00.13 of the TIGIE during the analyzed period, 69% corresponded to steel slab.

127. To calculate the value and total volume of imports, the Secretariat added the volume of steel slab imports that were made by TIGIE fractions 7207.12.99, 7207.20.99, 7224.90.02 and 7224.90.99, with the volume that entered through the Eighth Rule mechanism by fraction 9802.00.13.

b. Accumulation of imports

128. Arcelormittal stated that in accordance with Articles 3.3 of the Anti-Dumping Agreement and 43 of the LCE, it is necessary to cumulatively assess the effects of steel slab imports originating in Brazil and Russia, based on the following:

a. imports originating in Brazil and Russia registered dumping margins above the de minimis level ;

b. The volume of imports from Brazil and Russia is not insignificant, imports from Brazil accounted for 42% of the total volume of imports in 2017, 61% in 2018 and 71% in 2019, while those of imports from Russia accounted for 43% in 2017, 37% in 2018 and 24% in 2019, and

c. there are conditions of competition between imported products and the like domestic product. The steel slab of Brazilian and Russian origin, as well as that of national production, compete and compete with each other in the Mexican domestic market, proof of this is that they are acquired, indistinctly by the same buyers. In this regard, it pointed out that its main client is also the main importer of steel slab from Brazil and Russia.

129. The Secretariat examined the appropriateness of cumulatively assessing the effects of steel slab imports originating in Brazil and Russia. For this purpose, it analyzed the margin of price discrimination with which the imports originating in each supplier country were made, the volumes of said imports, as well as the conditions of competition between them and the similar product of national manufacture. In this regard, the Secretariat noted the following:

a. In accordance with what is described in point 89 of this Resolution, there are sufficient indications that allow it to be presumed that during the investigated period the imports of steel slab originating in Brazil and Russia were carried out with price discrimination margins above the de minimis threshold, in accordance

with the provisions of Articles 5.8 of the Anti-Dumping Agreement and 67 of the RLCE, and

b. The volume of imports from each supplier country was greater than the insignificance threshold established by Articles 5.8 of the Anti-Dumping Agreement and 67 of the RLCE, since, in the period investigated, imports from Brazil and Russia represented 70% and 23% of the total imported, respectively.

130. Additionally, based on the list of import operations of the SIC-M and the information on the Applicant's steel slab sales, the Secretariat observed that in the period analyzed, Arcelormittal's main client made imports of steel slab, both from Brazil and from Russia. These results allow us to presume that the steel slab from Brazil and Russia compete with each other and with the similar product of national manufacture, since they are aimed at the same consumers.

131. In accordance with the provisions of the previous points of this Resolution and in accordance with the provisions of Articles 3.3 of the Anti-Dumping Agreement, 43 of the LCE and 67 of the RLCE, the Secretariat considered it appropriate to accumulate the effects of slab imports of steel originating in Brazil and Russia, for the analysis of pecuniary damage to the domestic industry, since according to the available evidence in the administrative record, said imports were made with price discrimination margins higher than the de minimis, the volumes of imports from each The country is not insignificant, and imported products compete in the same markets, reach common customers and have similar characteristics and composition, which is why it is concluded that they compete with each other and with domestically manufactured steel slab.

c. Import analysis

132. Arcelormittal stated that imports of steel slab, originating in Brazil and Russia, registered a growing trend during the analyzed period, which allowed them to increase their market share by 15 percentage points.

133. According to the information available, the Secretariat observed that total imports of steel slab registered a growth of 15% throughout the period analyzed: they increased 40% in 2018 compared to 2017 and decreased 17% in the investigated period. This performance is mainly explained by the growth of imports originating in Brazil and Russia (hereinafter "accumulated" and / or "investigated" imports).

134. Indeed, the investigated imports registered an increase of 12% in the analyzed period, increased 43% in 2018 and decreased 22% in the investigated period, in this last period they contributed with 93% of the total imports.

135. On the other hand, imports from other origins decreased 34% in 2018 and increased 1.9 times in the investigated period, which translated into an increase of 90% during the analyzed period. In consequence, they gained 3 percentage points of share in total imports during the period under review, to the passing of a share of 4% in 2017 to 7% during the investigation period. It should be mentioned that the main importer of steel slab from Brazil and Russia is also the main importer from other origins.

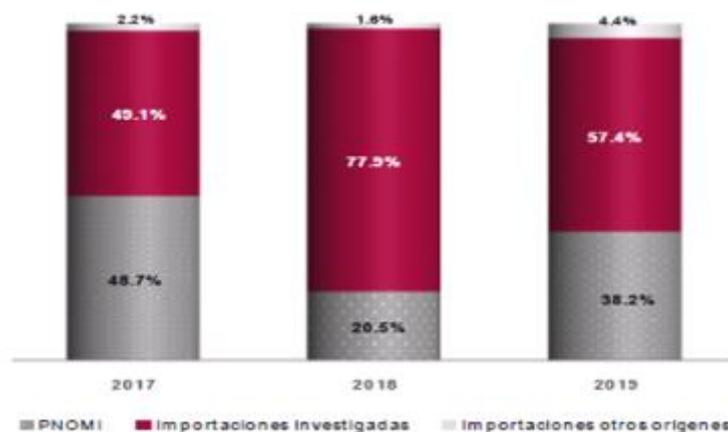
136. In terms of participation in the national market, the Secretariat observed that total imports increased their participation in the CNA by 10.5 percentage points during the analyzed period, going from 51.3% in 2017 to 61.8% in the investigated period (79.6% in 2018). This is explained to a greater extent by the participation of imports originating from Brazil and Russia:

a. The investigated imports represented 49.1% of the CNA in 2017, 77.9% in 2018 and 54.7% in the investigated period, so that they increased their participation in the national market by 8.3 percentage points in the analyzed period, and

b. Imports from other origins increased their participation in the CNA by 2.2 percentage points during the analyzed period, going from 2.2% in 2017 to 4.4% in 2019.

137. On the other hand, the national production oriented to the domestic market of the domestic industry, decreased its participation in the CNA by 10.5 percentage points during the analyzed period, going from 48.7% in 2017 to 38.2% in 2019, attributable in most of it to imports under alleged conditions of price discrimination. Although a recovery in the market share of national production is observed in the investigated period, due to the growth recorded by the CNA, it failed to reach the share it had in 2017.

National steel slab market (CNA)



Source: SIC-M and Arcelormittal

138. In relation to national production, the investigated imports represented 81% in 2017, were higher by 26% in 2018 and contributed 88% in 2019, which cumulatively meant an increase of 7 percentage points in the period analyzed .

139. It highlights that, according to information from the list of operations of the SIC-M and the Applicant, Arcelormittal's main client, which was also the main importer of steel slab from Brazil and Russia, decreased its domestic purchases by 41 % during the analyzed period, while it increased its imports from the investigated countries by 12%. In this sense, the significant loss of market share of production aimed at the domestic market in 2018 was due to the fact that the main importer stopped buying steel slab from it in the last half of the year, while its imports from Russia and Brazil grew 43%.

140. In accordance with the results described in the previous points of this Resolution, the Secretariat initially determined that there are sufficient elements to presume that the imports under investigation in alleged conditions of price discrimination registered an increasing trend in absolute terms, as well as in relation to domestic consumption and production during the period analyzed, while the domestic industry lost its share in the CNA, largely attributable to the increase in investigated imports.

6. Effects on prices

141. In accordance with Articles 3.1 and 3.2 of the Anti-Dumping Agreement, 41 section II of the LCE and 64 section II of the RLCE, the Secretariat analyzed whether the investigated imports came to the Mexican market at prices considerably lower than those of the similar domestic product, or, if its effect was to depress domestic prices in another way or to prevent the increase that, in another case, would have occurred and if the price level of imports was decisive to explain its behavior in the domestic market .

142. Arcelormittal stated that the investigated imports systematically registered margins of undervaluation in relation to the national sales price to the domestic market, 17% in 2017, 10% in 2018 and 2% in 2019. It explained that, although the margin of Undervaluation decreased during the analyzed period, this is due to the fact that the price of the investigated imports brought down the national price, 18% in the investigated period and 2% in the analyzed period. This drop had a negative effect on the sales income and profits of the domestic industry.

143. It added that the undervaluation margins could be higher than those estimated, since the prices of the investigated imports do not reflect market conditions, since the exporting and importing companies are related.

144. In order to evaluate the Applicant's arguments, the Secretariat calculated the average implicit prices of the investigated imports, as well as those of the rest of the countries, based on the values and volumes calculated as described in points 124 to 127 of this Resolution.

145. The Secretariat observed that the average price of the investigated imports increased 16% in the period analyzed, grew 30% in 2018, but decreased 11% in the period investigated. For its part, the average price of imports from other origins grew 37% in 2018 while it fell 12% in the investigated one, thus accumulating an increase of 21% during the analyzed period.

146. As for the average price of sales to the domestic market of the domestic industry, measured in dollars, it registered a fall of 2% in the analyzed period, it grew 18% in 2018, but it decreased 17% in the investigated period.

147. The Secretariat observed that in the period investigated both the investigated imports and those of other origins had a decreasing behavior, however, given that the investigated imports represented 93% of the total volume of imports, it is presumed that they were the ones that determined the fall recorded in the sales price to the domestic market of the domestic industry in 2019.

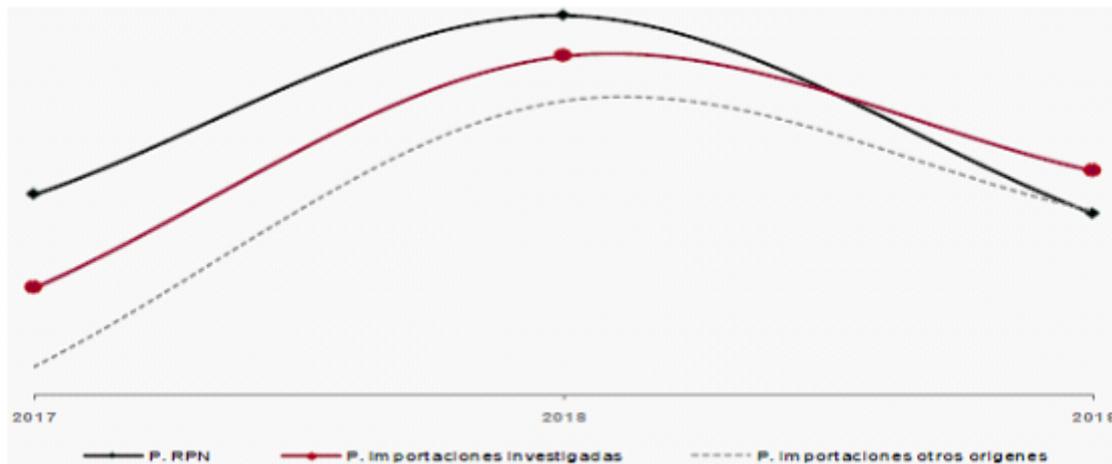
148. To assess the existence of undercutting, the Secretariat compared the domestic market sales price of the domestic industry with the price of the investigated imports, to analyze prices at the same level of competition, adjusted the latter with the tariff corresponding (indicated in point 11 of this Resolution), customs broker expenses and customs processing fees.

149. As a result, the Secretariat observed that the price of imports under alleged dumping conditions was lower than that of the domestic industry by 12% in 2017 and 2% in 2018, while in the period investigated it was higher by 5%. The absence of undercutting in 2019 was due to the reduction in the sales prices to the domestic market of the domestic industry to compete with the prices of the investigated imports.

150. In relation to the average price of imports from other origins, the price of the investigated imports did not show any margins of undervaluation during the period analyzed. It should be noted that most of the imports from other origins were made by the main importer of steel slab from Brazil and Russia, which is why they have similar prices. From this behavior it can be inferred that the prices of imports from other origins could also be distorted, as they are operations carried out between related parties, which seems to confirm what Arcelormittal pointed out in the sense that the prices of the investigated imports do not reflect market conditions.

Prices of imports and the national product

(Dollars per ton)



Source: SIC-M and Arcelormittal

151. Based on the analysis described in the previous points, the Ministry initially determined that there are sufficient indications that the investigated imports, under alleged conditions of price discrimination, entered the domestic market at prices that were below the price average sales to the domestic market of the domestic industry during the analyzed period, which stimulated demand for such imports and led to a depression in domestic prices in the investigated period, which affected the industry's sales income national and, consequently, its profits, as explained in the next section.

7. Effects on the domestic industry

152. In accordance with the provisions of articles 3.1 and 3.4 of the Anti-Dumping Agreement, 41 section III of the LCE and 64 section III of the RLCE, the Secretariat evaluated the effects of imports of steel slab, originating in Brazil and Russia, on the economic and financial indicators of the domestic industry of the like product.

153. Arcelormittal stated that, during the analyzed period, the investigated imports increased considerably and were made under conditions of price discrimination, as well as at lower prices than the national ones. It added that the volumes of these imports and the conditions in which they were made caused material injury to the domestic industry, which was reflected in the impact of the following indicators: sales to the domestic market, market share, production oriented to the domestic market and inventories. Likewise, they caused a depression in the prices of the domestic industry, which had a negative impact on its sales income and profits.

154. To evaluate the effects of the investigated imports on the domestic industry, the Secretariat considered the economic and financial indicators that correspond to the product similar to that imported from Brazil and Russia from the Arcelormittal company, which constitutes the domestic industry, except for those factors that, for accounting reasons, it is not feasible to identify with the same level of specificity (cash flow,

ability to raise capital or return on investment). For these last variables, the Secretariat considered the audited financial statements for 2017 and 2018, while for 2019 it analyzed the internal financial statements.

155. The information corresponding to the financial statements including the statements of costs, sales and profits of the similar product was updated to December 2019 prices. For this, the method of changes in the general price level was used, based on the General Consumer Price Index calculated by the National Institute of Statistics and Geography and published by the Bank of Mexico.

156. As indicated above, the national market for steel slab, measured through the CNA, decreased 4.2% in the analyzed period (it decreased 10% in 2018 and increased 6.4% in 2019). In the same period, the participation of the imports investigated in the CNA increased 8.3 percentage points (from 49.1% in 2017 to 57.4% in 2019), while imports from other origins gained 2.2 percentage points and the production oriented to the domestic market of the domestic industry lost 10.5 percentage points. This loss of participation is mainly explained by the investigated imports, which represented 96% of the total imports in the period analyzed and 93% in the investigated.

157. According to the information in the administrative record, the Secretariat observed that the production of the domestic industry increased 3% in the period analyzed, decreased 7% in 2018, but grew 11% in 2019. In contrast, Production oriented to the domestic market registered a 25% drop in the analyzed period, decreased 62% in 2018 and increased 99% in 2019.

158. The total sales of the domestic industry registered a behavior similar to that of the domestic production oriented to the domestic market, since they contracted 3% in the period analyzed, decreased 7% in 2018 and grew 5% in 2019. Performance that recorded total sales is explained to a greater extent by the behavior of those destined for the domestic market. Indeed:

a. sales to the domestic market of the domestic industry decreased 41% in the period analyzed, decreased 78% in 2018 but increased 1.7 times in 2019, and

b. The exports of the domestic industry grew 1.2 times in the period analyzed, increased 2.2 times in 2018 and decreased 0.3 times in 2019.

159. In relation to the behavior of exports, Arcelormittal explained that due to the displacement it suffered in the domestic market, in 2018 there was an atypical growth in sales to the foreign market. Therefore, despite the drop in sales to the foreign market in 2019, these were 120% higher than the volume of exports registered in 2017. In contrast, sales to the domestic market decreased 41% between 2017 and 2019. He added that the Fall in sales to the domestic market contributed to inventories increasing 24% in the period analyzed.

160. The Secretariat observed that the inventories of the domestic industry increased 24% in the period analyzed, 18% in 2018 and 6% in 2019. For its part, the ratio of inventories to total sales increased 2 percentage points in the same period, going from 9% in 2017 to 11% in 2019, while, in relation to sales to the domestic market, inventories went from 11% in 2017 to 24% in 2019, a cumulative increase of 13 percentage points.

161. Regarding the behavior of sales to the domestic market, according to the information in the list of import operations of the SIC-M and the information on the Applicant's sales, the Secretariat observed that, while the purchases of Arcelormittal's main client they fell 41% in the period analyzed, their imports increased 12%. It should be noted that this client made 96% of the total volume of steel slab imports originating in the countries investigated in the period analyzed.

162. On the other hand, Arcelormittal estimated the installed capacity that would correspond exclusively to the like product and explained the methodology it used for its calculation. The installed capacity of the domestic industry did not change during the analyzed period; however, utilization went from 57% in 2017 to 59% in 2019; a cumulative growth of 2 percentage points.

163. Regarding employment in the domestic industry, a 4% growth was observed in the analyzed period, derived from an increase of 3% in 2018 and 1% in 2019. In the same period, the wage bill increased 20%; 17% in 2018 and 3% in 2019.

164. The performance of production and employment translated into a reduction in productivity (measured as the ratio of these indicators) of 1% in the period analyzed; decreased 10% in 2018, but grew 10% in 2019.

165. The Secretariat had a statement of costs, sales and profits of the similar product, both the one corresponding to total sales, export sales and the exclusive one for sales to the domestic market. This information refers to the years 2017, 2018 and 2019. Due to the proportion of sales to the foreign market in relation to total sales (52% in the analyzed period and 54% in the investigated period), not only the effects were analyzed of imports under presumed conditions of price discrimination on the sales of similar merchandise in the domestic market, but also the results of operations for the export activity.

166. In this regard, the Secretariat observed that income from direct sales of steel slab to the domestic market (measured in pesos) decreased 0.46 times in the period analyzed; decreased 0.75 times in 2018 but increased 1.22 times in the investigated period. On the other hand, the operating costs of sales to the

domestic market decreased 0.29 times in the analyzed period; fell 0.74 times in 2018 but increased 1.71 times in 2019.

167. As a result of the behavior of income and operating costs, operating benefits from sales to the domestic market decreased 1.61 times in the analyzed period: 0.87 times in 2018 and 5.54 times in the investigated period. Consequently, the operating margin of the domestic industry accumulated a fall of 26.4 percentage points in the analyzed period, going from 12.5% to -13.9% in the investigated period (-5.7 percentage points in 2018 and -20.7 percentage points in 2019).

168. As indicated in point 166 of this Resolution, the fall in income from sales to the domestic market was associated with the depression in sales prices to the domestic market of the domestic industry due to the increase in imports. investigated, which had a negative impact on its operating profits as mentioned in the previous point.

169. Regarding the merchandise that Arcelormittal allocates to the foreign market, the Secretariat observed that the income from export sales increased 1.12 times during the analyzed period, grew 2.33 times in 2018 but decreased 0.36 times in 2019. For their part, costs of operation increased 1.68 times during the analyzed period: they grew 2.49 times in 2018 and decreased 0.23 times in the investigated period .

170. In this regard, the performance of income and operating costs associated with sales to the export market caused operating results to decrease 3.35 times during the analyzed period : they increased 1.10 times in 2018 but decreased 2.12 times in the investigated period. In consequence, the operating margin has dropped a 23.4 percentage points during the period analyzed at 11.1% spending in 2017 to -12.3% in the investigated period (decreased 19.3 points and 4.1 percentage in 2018 and 2019, respectively).

171. In relation to Return on Investment in Assets (ROA), contribution of similar product to ROA, cash flow and ability to raise capital, as described In Articles 3.6 of the Anti-Dumping Agreement and 66 of the RLCE, the effects of the imports of the investigated product in the domestic industry were evaluated based on the audited financial statements of 2017 and 2018, as well as the internal ones of 2019 provided by Arcelormittal, that consider the production of the more restricted group or range of products that include the like product.

172. The Secretariat observed that the ROA of the domestic industry, calculated at an operational level, showed the following results in the period analyzed, 3.8% in 2017, 7.5% in 2018 and -8.5 in the period investigated. While the contribution of the like product in the return on investment of the domestic industry (calculated at an operational level), sold in both markets, showed a downward trend in the period analyzed, 4.2% in 2017, 2.3% in 2018 and -4.4% in the investigated period.

Return on investments

Index	2017	2018	2019
Return on investment (ROA)	3.8%	7.5%	-8.5%
Product contribution similar to ROA	4.2%	2.3%	-4.4%

Source: Arcelormittal financial statements

173. Cash flow, calculated at the operating level, accumulated a growth of 0.81 times in the period analyzed, decreased 2.03 times in 2018 and increased 2.75 times in 2019.

174. On the other hand, with regard to the ability to raise capital, which measures the ability of a producer to obtain the financial resources necessary to carry out the productive activity, the Secretariat analyzed this indicator through the behavior of the solvency, liquidity, leverage and debt ratios .

175. The Secretariat observed that the solvency and liquidity levels of the Applicant company showed a downward trend during the analyzed period, even insufficient in the investigated period. In general, a relationship between current assets and short-term liabilities is considered suitable if it is 1 to 1 or higher.

Solvency and Leverage Indices

Index	2017	2018	2019
Solvency			
Currency Ratio 1	2.39	2.14	0.73
Acid Test 2 (ratio)	2.14	1.82	0.26
Leverage and debt			
Leverage 3 (times)	8.48	6.91	65.14

Debt 4	89%	87%	102%
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Source: Arcelormittal financial statements.

1 Current assets / short-term liabilities

2 Current Assets - Inventory value / short-term liabilities

3 Total Liabilities / Stockholders' Equity

4 Total Liabilities / Total Assets

176. The leverage ratio shows extremely high levels during the period from 2017 to 2019. Normally, it is considered that a proportion of total liabilities with respect to stockholders' equity, less than 100% is manageable, in this case the leverage levels were much higher and unmanageable. Regarding the level of debt or ratio of total liabilities to total assets, although it remains at acceptable levels in 2017 and 2018, in the period investigated it was higher.

177. The Secretariat observed that, although there was a financial deterioration in the operating results of the domestic steel slab industry due to sales in its foreign market (mainly due to the increase in operating costs), there was also a deterioration in the domestic market (where imports compete in alleged conditions of price discrimination of steel slab of Brazilian and Russian origin), and given that the volume of sales in the domestic market represented on average 48% of total sales during the period analyzed and 46% in the investigated period, there are indications that imports of steel slab Brazil and Russia do not allow the recovery of the operating results of the national industry.

178. Based on the performance of the economic and financial indicators of the domestic industry, described above, the Secretariat observed that in the period analyzed, the concurrence of the investigated imports, under alleged conditions of price discrimination, had a negative impact on the relevant economic and financial indicators of the domestic industry, including sales to the domestic market, market share, production oriented to the domestic market, inventories, productivity, prices, sales income, profit, and operating margin.

8. Other damage factors

179. In accordance with the provisions of Articles 3.5 of the Anti-Dumping Agreement, 39 last paragraph of the LCE and 69 of the RLCE, the Secretariat examined the concurrence of factors other than imports originating in Brazil and Russia, in alleged conditions of price discrimination, which at the same time could be the cause of the damage to the domestic steel slab industry.

180. Arcelormittal stated that there are no factors other than the investigated imports that have caused injury to the domestic industry. To support it, he argued the following:

a. The domestic market demand, measured as the CNA, decreased 10% in 2018 and increased 6% in 2019, accumulating a 4% decrease throughout the period analyzed. It is noteworthy that the investigated imports gained 15 market percentage points between 2017 and 2019, while the domestic production oriented to the domestic market lost 11 percentage points. This behavior indicates that the damage registered by the national production is due to the displacement suffered at the cost of the income of the investigated imports;

b. Imports from other origins accumulated a 56% decrease between 2017 and 2019. Likewise, they went from representing 16% of the total imported volume in 2017 to 6% in 2019; in consequence, these imports could not cause negative effects on indicators of the domestic industry, and

c. Arcelormittal's sales to the foreign market increased 222% in 2018 and although they decreased 32% in 2019, they accumulated an increase of 120% throughout the analyzed period; By virtue of the foregoing, the results of the export activity did not contribute to the injury suffered by the domestic industry.

181. The Secretariat analyzed the behavior of the domestic market during the analyzed period, as well as the possible effects of the volumes and prices of imports from other origins, the export performance of the domestic industry, as well as other factors that may be relevant. to explain the performance of the domestic industry.

182. According to the information in the administrative file, the Secretariat observed that the demand for the product under investigation, in terms of the CNA, registered a 4% decrease in the period analyzed. In this context, the domestic industry recorded a loss of market share of 10.5 percentage points, attributable in large part to the investigated imports, which gained 8.3 percentage points in the period analyzed.

183. Imports from other origins increased 90% in the period analyzed; decreased 34% in 2018 and increased 1.9 times in the investigated period. The average price of imports from other origins was lower than the national price in 2017 (18%) and 2018 (5%), while in the investigated period it was higher (1%). In this regard, the Secretariat observed that, during the analyzed period, imports from other origins registered a market share of 2.8%. Therefore, the Secretariat considers that they had a minimal influence on Arcelormittal's economic and financial indicators.

184. Regarding the export performance of the domestic industry, exports increased 120% in the period

analyzed, so they could not contribute to the injury of the domestic industry. In any case, this behavior served to minimize Arcelormittal's losses and avoid accumulating inventories.

185. Regarding the behavior of productivity, although it accumulated a fall of 1% during the analyzed period, this behavior is explained by the performance of production, as a result of the increase registered by the imports investigated in said period.

186. On the other hand, the information in the administrative record does not indicate that technological innovations or changes in the consumption structure had occurred, or restrictive business practices that affected the performance of the domestic industry.

187. According to the available information and the analysis carried out in the previous points of this Resolution, the Secretariat, initially, did not identify factors other than the imports originating in Brazil and Russia, in alleged conditions of price discrimination, which at the same time, they could be the cause of material damage to the domestic steel slab industry .

9. Additional elements

188. Arcelormittal indicated that there is a probability that the damage will worsen, because Brazil and Russia have production surpluses to invade the Mexican market and displace national production . In this regard, he stated the following:

a. Brazil and Russia are among the top ten producers of steel slab at the level

worldwide and have a strong export vocation, since they allocate a significant part of their production surpluses to export markets;

b. the exports of the investigated countries are of such magnitude, that they are equivalent to 9 times the national production of the similar merchandise and 6 times the size of the domestic market;

c. They have an export potential that represents 32 times the national production and 21 times the domestic market. Likewise, they have a level of inventories that represent 40% of the volume relative to national production and 26% of the domestic market, a fact that is still representative taking into account that because the production of steel slab is a function of the production of laminates, producing companies do not usually accumulate inventories, and

d. the Mexican market is an attractive destination for exports of slab steel from countries under investigation because the US action under section 232 (consisting in tariffs of 25% on steel products) restricts your options to place their surplus production . In this sense, last April the 15% tariff applied to steel slab in Mexico was eliminated , which could accelerate the entry of investigated imports.

189. Arcelormittal estimated that, with a deviation of 1% (equivalent to 747,560 tons) of the export potential of the countries investigated towards the Mexican market, in 2020 they would increase their market share by 7 percentage points, while national production would lose 6 points of participation. In order to maintain its sales to the domestic market, domestic production would decrease its domestic price by 15%, which would automatically affect revenue in the same proportion. The effect on profits, which were already negative in the investigated period, would cause an additional loss of 7 percentage points on the operating margin.

190. In order to support the export potential of the investigated countries, Arcelormittal estimated the production figures , installed capacity, internal sales and inventories in each country. In the case of Brazil, it considered public information of the companies Arcelormittal Tubarão, Companhia Siderúrgica Nacional, Ternium Brasil, Companhia Siderúrgica de Pécem and Usiminas de Brasil, as well as figures of production and sales of steel slab from the " Statistical Yearbook of 2020 " of the Brazilian Steel Institute . On the other hand, he estimated the indicators for Russia with information from the companies Novolipetsk Steel Company , Evraz and Servetal. Further, It provided information on exports and imports of steel slab from the countries investigated during the analyzed period, which it obtained from the ISSB.

191. The Secretariat observed that, although Arcelormittal's estimate of production, sales and inventories is reasonable, the installed capacity figures of the investigated countries are over-estimated, since it considers the total installed capacity of the companies indicated in the previous point, And since most have an integrated production process, it includes the ability to manufacture higher value- added products. Consequently, the magnitude of the export potential indicated by Arcelormittal is not reliable.

192. However, the export profile of the investigated countries supports that there could be an increase in the investigated imports in 2020, which will deepen the damage already registered by the domestic industry, due to the following:

a. Information from the ISSB indicates that during the period analyzed, Brazil and Russia were the main exporters of intermediate products of alloyed and unalloyed steel, as their exports represented 54% of total exports worldwide. In the same period, its export volume decreased 0.6%, going from 20.4 in 2017 to 20.2 million tons in 2019; no However, the latter volume was more than 5 times greater than the size of the ANC and more than 8 times that of domestic production of the investigation period;

b. The export coefficient (calculated as the quotient of exports and production) confirms the strong export orientation of the steel slab manufacturing industries in Brazil and Russia, since it reached 55% in 2019 (20 million tons), which supports that a marginal deviation of exports from these countries would be significant for the domestic market, and

c. During the period analyzed, the importance of Mexico as a destination for exports from Brazil and Russia to Mexico grew 28%, while its exports to other origins decreased 3%.

H. Conclusions

193. Based on the results of the analysis of the arguments and evidence described in this Resolution, the Secretariat initially concluded that there is sufficient evidence to presume that, during the period under investigation, imports of steel slab originating in Brazil and Russia were carried out under alleged conditions of price discrimination and caused material injury to the domestic industry of the like product. Among the main elements evaluated in a comprehensive way, which support this conclusion, without being considered exhaustive or limiting, the following stand out:

a. Imports of the product under investigation were made with a margin of price discrimination higher than the de minimis provided for in Article 5.8 of the Anti-Dumping Agreement. In the investigated period, imports originating in Brazil and Russia represented 93% of the total.

b. Imports of the product under investigation observed an increasing trend both in absolute and relative terms, displacing the domestic sales of the domestic industry. During the analyzed period, they registered a 12% growth and increased their participation in relation to the CNA and national production by 8.3 and 7 percentage points, respectively.

c. The prices at which the investigated imports attended were below the average price of sales to the domestic market of the domestic industry during the period analyzed (in percentages that ranged between 12% and 2%), which encouraged demand due to said imports and led to a depression in domestic prices, which decreased by 17% in the investigated period.

d. In the period analyzed, the concurrence of imports of the product under investigation in alleged conditions of price discrimination had a negative impact on relevant economic and financial indicators of the domestic industry, including sales to the domestic market, market share, targeted production, to the domestic market, inventories, productivity, prices, sales income, profit and operating margin.

e. The export orientation of the steel slab manufacturing industries in Brazil and Russia, as well as the increase in the relative importance of Mexico as a destination for its exports, allows us to presume that there could be an increase in its exports to Mexico that will deepen the damage to the domestic industry.

F. No injury factors other than imports of steel slab originating in Russia and Brazil were identified under alleged conditions of price discrimination.

194. Due to the foregoing, and based on Articles 5 of the Anti-Dumping Agreement and 52 Sections I and II of the LCE, it is appropriate to issue the following

RESOLUTION

195. The interested party's request is accepted and the initiation of the anti-dumping investigation is declared on imports of carbon and alloy steel slab originating in Brazil and Russia, regardless of the country of origin, which enter through tariff items 7207.12.99 , 7207.20.99, 7224.90.02 and 7224.90.99 of the TIGIE, or by any other.

196. The investigation period is set to be from January 1 to December 31, 2019, and the damage analysis period to be from January 1, 2017 to December 31, 2019.

197. The Secretariat may apply, as the case may be, the definitive countervailing duties on products that have been declared for consumption at most 90 days before the date of application of the provisional measures , in accordance with the provisions of Articles 10.6 of the Agreement. Antidumping and 65 A of the LCE.

198. Based on articles 6.1, 12.1 and footnote 15 of the Anti-Dumping Agreement, 3 last paragraph and 53 of the LCE, national producers, importers, exporters, foreign legal entities or any person who proves to have an interest In the result of this investigation, they will have a period of 23 working days to prove their legal interest and submit their response to the official form established for that purpose, as well as the arguments and evidence they deem pertinent. For the persons and governments indicated in point 19 of this Resolution, the period of 23 business days will begin to count 5 days after the date of dispatch of the letter of notification of the beginning of the present investigation. For other interested parties, the term will begin to count 5 days after the publication of this Resolution in the DOF. In both cases, the term will end at 6:00 p.m. on the expiration date. The presentation of the information will be made in accordance with the provisions of the " Agreement establishing administrative measures in the Ministry of Economy, due to the health emergency generated by the coronavirus COVID-19 " , published in the DOF on 29 June 2020.

199. The official form referred to in the previous point can be obtained through the Internet page <https://www.gob.mx/se/acciones-y-programas/industria-y-comercio-unidad-de-practicas-comercial-internacional-upci>, likewise, it can be requested through the email account upci@economia.gob.mx.

200. Notify this Resolution to the companies and governments of which you have knowledge. The transfer copies are made available to any party that requests them and proves their legal interest in this procedure, through the email account indicated in the previous point of this Resolution.

201. Communicate this Resolution to the SAT for the corresponding legal effects.

202. This Resolution will enter into force the day after its publication in the DOF.

Mexico City, on September 9, 2020.- The Ministry of Economy, **Graciela Marquez Colín** .- Signature.