

July 27, 2018

Standing Committee on International Trade
HOUSE OF COMMONS
Ottawa ON

Dear Honourable Members:

Subject: Impact of Tariffs on Canadian Businesses, Companies and Workers – Brief filed on Behalf of DSI Underground Canada Ltd., Saskatoon SK

On behalf of our client, DSI Underground Canada Ltd. (“DSI”), we wish to thank the Honourable Members for the opportunity to file the following brief. It is the position of DSI that the additional duty be withdrawn.

1 Affected Imported Product

The product imported by DSI is described as follows

- No. 501022 #6 Threadbar
- No. 501036 #7 Threadbar
- No. 501055 #8 Threadbar

These are made to ASTM F432 with Grade 75 non-alloy Steel. Specially designed threads are formed in the length of the product (Fig. 1). These are manufactured to DSI’s profile, chemistry and specifications.

This product is made specifically for securing the roof of an underground mine. The strength and rib/thread shape is a design originally developed by Dywidag Germany – an affiliate of DSI - many years ago.

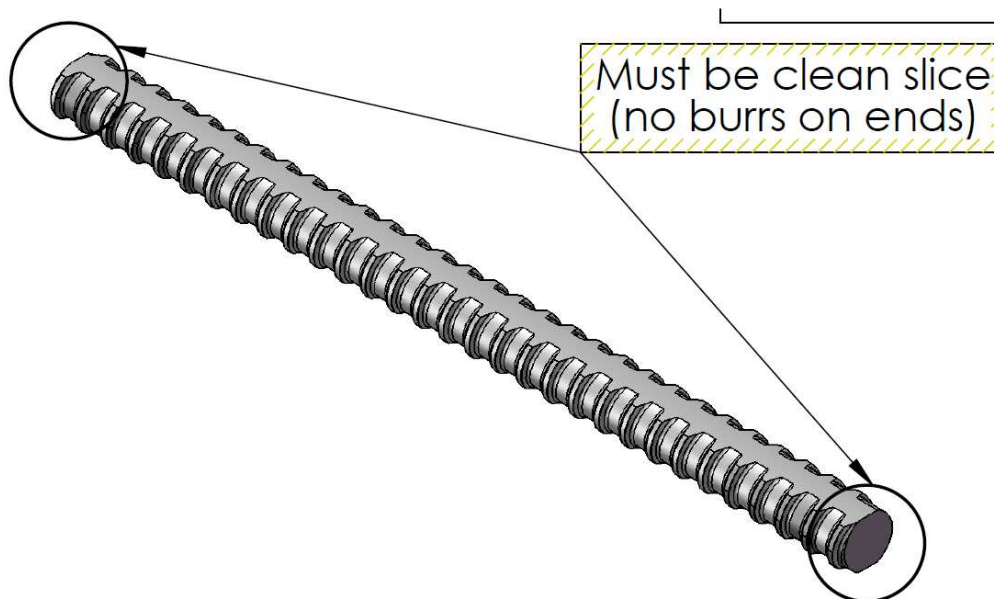


Fig. 1

These are classified for importation into Canada under the 10-digit Harmonized System code 7214.20.00.00

2 Source of Supply

This product is only being produced by Gerdau of St. Paul, Minnesota, U.S.A. It is this facility that has the required steelmaking and heat-treating processes to produce this product.

Gerdau does have three facilities located in Canada, and several more throughout the world – refer to letter from Gerdau dated July 19, 2017 included with this submission. However, none of these other locations currently have the required capabilities.

DSI could pursue other sources. However, it is anticipated that it would take between 12 and 24 months to develop an alternative source that would be able to supply an acceptable product. Any new sourced product *must* be tested and approved by *all* the major mines in Canada before it can be acceptable for DSI. Threadbars currently produced in the U.S. are made and tested to the proven and specific standards.

3 Customer Impact

DSI supplies the mining industry with cut to length threadbars, which are made from the imported product. DSI currently supplies ninety customers with three being foreign and the rest within Canada. The twenty-five per cent additional duty will increase the cost, which DSI must pass on to its customers.

This added cost will then be passed on to firms acquiring the minerals from the mining firms. If the mined minerals are for export, these become less competitive on the world market. Even if the mined minerals are not directly exported, Canadian produced goods using those minerals become more expensive and less competitive.

Within Canada the added costs will be passed on throughout the supply chain. The result is ultimately the Canadian consumer is now forced to pay more for the goods or services produced using resources mined in Canada.

Rather than acquire the, now, higher priced Canadian threadbars from DSI, the mining companies may opt to source alternatives from low cost countries. We reiterate that the U.S. sourced threadbars are made and tested to proven specifications. These alternatives may not meet the same standards as those produced by DSI resulting in a hazardous workplace for the miners employed by these firms.

4 Duty Drawback is Not Available

Less than three per cent of the threadbars are exported. The threadbars only enter into the cost of operating a mine, not incorporated into other goods for export. Thus, there are no available means to claim a duty drawback based on any exported products that result from the use of the mined minerals. The additional duty paid will remain an added cost even if the activity results in exported products or services.

5 Impact on DSI

A submission was provided to the Department of Finance, June 15, 2018 This contained DSI's comments prior to the measures being put in place.

DSI has locations in Saskatoon SK, Sturgeon Falls ON, Sudbury ON and Rouyn-Noranda QC. There are no immediate plans for employee lay-offs. However, DSI may find it necessary to terminate

personnel specialized in the set up and supply of threadbars should it lose its market share due to the additional twenty-five per cent duty imposed.

6 Conclusion

In light of the foregoing,

- Mining applications require a specific threadbar made in the U.S.A.
- Costs to supply mining firms will rise
- Costs of minerals and products resulting from those minerals will rise
- Canadian consumer costs will rise

Therefore, DSI recommends that the additional duty imposed needs to be withdrawn.

Respectfully submitted,

Livingston International



Michael Theodore, CTCS, CCS (U.S. and Canada)
for the applicant

About DSI

DSI Underground Canada Ltd. is North America's leading manufacturer & supplier of specialist ground support products to the underground industry. Its Canadian operations are located in Saskatoon, Saskatchewan, Sturgeon Falls, Ontario, Sudbury, Ontario and Rouyn-Noranda Québec.



July 19th, 2018

To Whom It May Concern,

The purpose of this letter is to point out the facts surrounding a very critical matter of our business that is now being adversely affected by the new tariffs imposed on steel from the USA.

DSI Canada has a longstanding supply relationship with GerdaU Long Steel North America.

DSI Canada purchases approximately 14,000 tons of rebar and engineered bars from GerdaU's Canadian operations. These items are fabricated and used in civil engineering and mining applications all across Canada. In addition to these products, DSI Canada purchases approximately 1,500 tons per year of a special profile section called "Threadbar" from GerdaU's mill in St. Paul, Minnesota. These products are an integral part of the jobs fabricated in Canada, and often work in conjunction with the steel bars produced by GerdaU Canada.

GerdaU's St Paul, Minnesota mill has been producing Threadbar products for DSI USA and DSI Canada for more than 15 years. These products are engineered with special profiles and tensile strengths in Grades 75, 100 and 150. The steelmaking and heat-treating needed to produce Threadbar is only available from the GerdaU St. Paul Minnesota Mill. None of GerdaU's three Canadian mills has the kind of equipment to produce these Threadbar products.

For DSI Canada to be able to continue to do business and be successful using GerdaU's steel produced in Canada, it is imperative that they are able to source the Threadbar product from GerdaU's St. Paul, Minnesota mill as well. For this reason we support DSI's request for an exemption from Canadian steel tariffs for the GerdaU Threadbar produced at the GerdaU mill in St. Paul, Minnesota. This is an urgent case for DSI's business, and the highest level of consideration is needed and appreciated.

Best regards,

A handwritten signature in black ink that reads "Paul D. Lieser".

Paul D. Lieser
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