

**PUBLIC
COMPLAINT**

**The Dumping of Rebar Originating in or Exported from
the Republic of Belarus, Chinese Taipei,
the Hong Kong Special Administrative Region of the People's Republic of China,
Japan, the Portuguese Republic and the Kingdom of Spain**

Submitted by:

**ArcelorMittal Long Products Canada, g.p.
AltaSteel Ltd., and Gerdau Ameristeel Corporation**

June 30, 2016

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AltaSteel Ltd., and Gerdau Ameristeel Corporation**

I. Introduction

A. General

1. This Complaint is filed by ArcelorMittal Long Products Canada, g.p. ("**ArcelorMittal**"), AltaSteel Ltd. ("**AltaSteel**"), and Gerdau Longsteel North America ("**Gerdau**") (collectively, the "**Complainants**") with the Canada Border Services Agency ("**CBSA**") pursuant to section 31 of the *Special Import Measures Act* ("**SIMA**") regarding the dumping of rebar originating in or exported from the Republic of Belarus ("**Belarus**"), Chinese Taipei, the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), Japan, the Portuguese Republic ("**Portugal**") and the Kingdom of Spain ("**Spain**") (collectively the "**Subject Countries**").
2. It is submitted that the aforementioned dumped goods have caused injury to Canadian producers of like goods and are also threatening Canadian producers with injury. The Complainants therefore request that the President of CBSA initiate an investigation into the injurious impact of the dumping of rebar from the Subject Countries.

B. The Complainants

3. This Complaint is filed by ArcelorMittal, AltaSteel and Gerdau.

4. The address of ArcelorMittal Long Products Canada, g.p. is:

4000, Routes des Aciéries
Contrecoeur, QC J0L 1C0

Attention: []

Telephone: []

Facsimile: []

Email: []

5. The address of AltaSteel Ltd. is:

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Edmonton, AB T6B 2X6

Attention: []

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Whitby, ON L1N 5T1

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7. All notices related to this Complaint should be sent to:

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C. The Product

8. The goods that are the subject of this Complaint (the “**Subject Goods**”) are defined as:

Hot-rolled deformed steel concrete reinforcing bar in straight lengths or coils, commonly identified as rebar, in various diameters up to and including 56.4 millimeters, in various finishes, excluding plain round bar and fabricated rebar products, originating in or exported from the Republic of Belarus, Chinese Taipei, the Hong Kong Special Administrative Region of the People’s Republic of China, Japan, the Portuguese Republic and the Kingdom of Spain.

9. Specifically excluded from the product definition is 10 mm diameter (10M) rebar produced to meet the requirements of CSA G30 18.09 (or equivalent standards) that is coated to meet the requirements of epoxy standard ASTM A775/A 775M 04a (or equivalent standards) in lengths from 1 foot (30.48 cm) up to and including 8 feet (243.84 cm).

D. Product Information

10. For further clarity, the Subject Goods include all hot-rolled deformed bar, rolled from billet steel, rail steel, axle steel, low alloy-steel and other alloy steel that does not comply with the definition of stainless steel.
11. Uncoated rebar, sometimes referred to as black rebar, is generally used for projects in non-corrosive environments where anti-corrosion coatings are not required. On the other hand, anti-corrosion coated rebar are used in concrete projects that are subjected to corrosive environments, such as road salt. Examples of anti-corrosion coated rebar are epoxy or hot-dip galvanized rebar. The Subject Goods include uncoated rebar and rebar that has a coating or finish applied.
12. Fabricated rebar products are generally engineered using Computer Automated Design (“**CAD**”) programs, and are made to the customer’s unique project requirements. The fabricated rebar products are normally finished with either a protective or corrosion-resistant coating. Rebar that is simply cut-to-length is not considered to be a fabricated rebar product excluded from the definition of Subject Goods.

E. Production Process

13. Deformed steel concrete reinforcing bar can be produced in an integrated steel production facility, or using ferrous scrap metal as the principal raw material. Scrap metal is melted in an electric arc furnace and is further processed in a ladle arc-refining unit. The molten steel is then continuously cast into rectangular billets of steel that are cut-to-length. An integrated facility would also produce billets from molten steel. The billets are then rolled into various sizes of rebar, which is cut to various lengths depending on the customers' requirements.
14. Deformed rebar is rolled with deformations on the bar, which provides gripping power so that concrete adheres to the bar and provides reinforcing value. The deformations must conform to requirements set out in national standards.
15. More specifically, rebar is produced in Canada in accordance with the National Standard of Canada CAN/CSA-G30.18-M92 for Billet-Steel Bars for Concrete Reinforcement (the "National Standard") prepared by the Standards Association and approved by the Standards Council of Canada.
16. The following are the most common bar designation numbers for the Subject Goods in Canada, with the corresponding diameter in millimetres in brackets: 10 (11.3), 15 (16.0), 20 (19.5), 25 (25.2), 30 (29.9), 35 (35.7). Rebar sizes are commonly referred to as the bar designation number combined with the letter "M". For example, 10M rebar is rebar with a bar designation number of 10 and a diameter of 11.3 millimetres. Other diameters may also be demanded, and other measurement systems employed. For example, Imperial measure #7 bar (approximately 22 mm) is a common designation used in the mine roofing industry.
17. The National Standard identifies two grades of rebar, namely regular or "R" and weldable or "W". R grades are intended for general applications while W grades are used where welding, bending or ductility is of special concern. Welded rebar was a premium product for the Canadian industry, reflecting the higher cost of alloy steel; however, since all imports have been weldable product, Canadian production has shifted to weldable as a

standard product. Weldable rebar is substitutable for regular rebar in all applications, though the reverse does not hold.

18. The National Standard also identifies yield strength levels of 300, 400, and 500. This number refers to the minimum yield strength and is measured in megapascal (“MPa”). The grade and yield strength of rebar is identified by combining yield strength number with grade. Regular rebar with a yield strength of 400 MPa is 400R, and 400W is weldable rebar with a yield strength of 400 MPa. Yield strength is measured with an extensometer in accordance with the requirements of section 9 of the National Standard.
19. The standard lengths for rebar are 6 metres (20 feet), 12 metres (40 feet) and 18 metres (60 feet), although rebar can be cut and sold in other lengths as specified by customers, or sold in coils.

F. Product Use

20. The Subject Goods and the domestically produced like goods (the “**Like Goods**”) are used in a number of applications, the most common of which is construction.
21. Rebar is most commonly used to reinforce concrete and masonry structures. It enhances the compressional and tensional strength of concrete and helps prevent the concrete from cracking during curing or following changes in temperature.
22. Rebar is also known as “reinforcing steel bar”.
23. Canadian produced rebar is similar and/or identical to the Subject Goods. Both Like Goods and Subject Goods must meet the National Standard, have the same physical characteristics and are used in the same applications. While uncoated weldable rebar is most common in the Canadian market (from both domestic producers and import sources), Canadian and Subject Country producers can produce regular and weldable rebar that is uncoated or coated (whether by themselves or by sending uncoated rebar to a third party for coating).

24. Public Attachment 1 contains product literature from both domestic and foreign producers.¹

G. HS Tariff Classification

25. Imports into Canada of the Subject Goods described above are normally, but not exclusively, classified under the following Harmonized System (“HS”) classification numbers:

7213.10.00.00

7214.20.00.00

26. In some instances, imports of Subject Goods may also be classified under the following HS numbers:

7215.90.00.90

7227.90.00.90

H. Exporters

27. Public Attachment 2 is compiled from publicly available sources and identifies companies that produce Subject Goods in the Subject Countries or export Subject Goods to Canada. Where available, exporters’ addresses and contact information are included.²

28. Goods from the Subject Countries may also be exported to Canada through the United States (the “US”).

I. Importers

29. Public Attachment 3 identifies enterprises that the Complainants believe are importing Subject Goods into Canada.³ Further information that may identify additional importers is available from import documentation filed with CBSA by importers of Subject Goods.

¹ Public Attachment 1: Excerpts of product literature from various steel producers.

² Public Attachment 2: List of companies producing Subject Goods in the Subject Countries, or exporting Subject Goods to Canada.

³ Public Attachment 3: List of potential companies importing Subject Goods into Canada.

J. Marketing and Distribution**1. Domestic Mills**

30. Rebar may be sold directly to rebar fabricators, or steel service centres/distributors. Rebar fabricators are the major link in the supply chain. They quote jobs to the construction sector, buy the steel, cut and bend to order and deliver to job sites. The Complainants estimate that approximately 90% of market sales go directly to rebar fabricators. Service centres/distributors purchase rebar in a range of grades and sizes and stock the product for re-sale, primarily to smaller rebar fabricators. Canadian distributors and rebar fabricators may purchase domestically from the Canadian mills, from imports or from other distributors located in Canada or abroad. Service centres/distributors and rebar fabricators may also import directly from mills in the Subject Countries.

31. The domestic industry markets its rebar to customers across Canada.

2. Imported Rebar

32. When rebar is imported from outside North America for fabricators and large service centres, it is imported directly by the fabricator or service centre or through agents, brokers or trading companies.

33. Customers for imported rebar are essentially the same as for domestically-produced Like Goods. Subject and Like Goods are distributed through the same channels (sold directly to rebar fabricators or sold to service centres/distributors). Further, rebar is a commodity product, and price is therefore the main factor in purchasing decisions.⁴

K. The Domestic Industry

34. There are currently four domestic producers of Like Goods, namely, ArcelorMittal of Montreal, Quebec; Gerdau of Whitby, Ontario; AltaSteel of Edmonton, Alberta; and Max Aicher North America Ltd. of Hamilton, Ontario (collectively, the “**Domestic Producers**”). The Complainants note that Harris Rebar is a company which applies

⁴ Public Attachment 4: *Concrete Reinforcing Bar*, Statement of Reasons (January 26, 2015), at paras. 42-47 [*Rebar I*].

coatings to rebar in Canada and offers coated rebar to the Canadian market. The Tribunal in *Rebar I*⁵ found that coated and uncoated rebar constitute a single class of goods. Harris Rebar's sales of coated rebar are not significant, representing approximately []⁶ or less of the rebar market in Canada. Further, since the input product used by Harris – i.e., rebar – is itself Like or Subject Goods, the Complainants consider the coating process to be a finishing operation rather than production of Like Goods. In any event, the collective production of the Complainants accounts for either all, or almost all, of the total domestic production of rebar, both coated and uncoated.

1. ArcelorMittal

35. ArcelorMittal Long Products Canada, g.p. is a subsidiary of ArcelorMittal and has eleven steel manufacturing facilities in Canada and the US. ArcelorMittal Long Products Canada, g.p. produces over 5 million MT per year of steel products and has 3,400 employees. It produces a range of products including rebar, billets, flats, and wire rod. Its Canadian operations produce 2.2 million MT per year and have 1,680 employees. These facilities produce billets and slabs as primary products. For value added products, ArcelorMittal Montreal produces rebar, wire rod and downstream wire products, flat bar and round bars with merchant bar quality⁷ (“MBQ”) and special bar quality⁸ (“SBQ”), round edge automotive leaf springs (“REALS”) and special items such as anodes and cathodes for the aluminium smelters and T-Rail for the rail industry.
36. ArcelorMittal Long Products Canada, g.p. has three rebar manufacturing facilities in Montreal, Quebec as well as other rebar manufacturing facilities in Louisiana, South

⁵ Public Attachment 4: *Concrete Reinforcing Bar*, Statement of Reasons (January 26, 2015), at para. 85.

⁶ Public Statement of Evidence of Ben Zurbrigg at para. 20.

⁷ MBQ is used when referring to a lower quality type of carbon steel. MBQ bars are produced to specific sizes (rounds or flats) with appropriate control of the chemical limits or mechanical properties for non-critical uses. These types of bars are generally used in structural type applications involving bending, forming, punching and welding. The grades are very common being 44W/50W, 55W and A36.

⁸ SBQ is used when referring to steel types as well as bar products (rounds or flats) and can be supplied in a wide variety of grades. SBQ material is mainly used in the manufacturing of components that require a superior surface with specific mechanical properties thus entering the custom grades. Applications may include gears, axles, drive trains and suspensions for a wide range of industries including automobiles, off highway vehicles and industrial capital equipment.

Carolina, and Texas. The Contrecoeur East facility produces rebar in coil form while the Contrecoeur West and Longueuil facilities produce cut-to-length rebar.

37. The Contrecoeur West facility has been producing rebar since 1962 and consists of an electric arc furnace and a bar mill. Recycled scrap is transformed into a range of products including billets, rebar, flat bar, and round bar in cut-to-length. This facility produces automotive spring flats and cut-to-length rebar in sizes ranging from 10M-35M. This facility is, however, capable of producing up to 55M but the thicker sizes are presently only produced at the Longueuil facility. The majority of ArcelorMittal's rebar production is done at Contrecoeur West.
38. The Longueuil facility has been in operation for approximately 40 years, and the rolling mill has been modernized over the years. This facility produces cut-to-length flats and rounds, SBQ and MBQ, automotive spring flats, rebar ranging from 20M to 55M, and Anodes and Cathodes.
39. The Contrecoeur East facility features two direct reduced iron ("DRI") plants, one steel plant operating two electric arc furnaces and a rod mill. This facility produces rebar in coil form only, ranging from 10M-15M.
40. ArcelorMittal can produce both regular and weldable rebar at its Contrecoeur East, Contrecoeur West and Longueuil facilities. These facilities produce uncoated (black) rebar. A third party may perform the coating operation if needed. Generally, ArcelorMittal will sell black (uncoated) rebar to a customer and the customer will be responsible for the coating procedure. ArcelorMittal estimates the volume of coated rebar in the Canadian market to be very small.⁹
41. All domestically produced rebar has normally been sold only in Canada. [

⁹ Public Statement of Evidence of Frederic Fafard at para. 9.

].¹⁰

2. Gerdau

42. Gerdau has manufacturing facilities in Whitby and Cambridge, Ontario and in Selkirk, Manitoba.
43. The parent company of Gerdau is Gerdau S.A of Brazil. Gerdau entered the North American market in 1989 with the acquisition of Courtice Steel in Cambridge, Ontario. In 1995, Gerdau acquired MRM Steel in Selkirk Manitoba. In 2002, Gerdau merged its North American operations with Co-Steel of Whitby Ontario, and the combined entity became Gerdau Ameristeel Corporation. Gerdau acquired 100% ownership of Gerdau Ameristeel in 2010. Gerdau now operates these three Canadian plants, as well as six American plants producing rebar, as Gerdau Longsteel North America, a division of Gerdau Ameristeel.
44. Gerdau's three Canadian rebar-producing operations are capable of producing the full range of sizes and grades of rebar. The Whitby plant has produced straight rebar since 1964, as well as other bars and structural shapes. The Cambridge plant has produced straight rebar since 1986. It also produces MBQ and SBQ in rounds, squares, flats, channels and angles. Gerdau MRM in Selkirk has produced specialty bars and grades in addition to rebar for over 75 years.
45. Gerdau produces a full range of CSA and ASTM-equivalent rebar sizes, including 10M to 55M, in all CSA and ASTM grades. Gerdau can produce both regular (e.g., CSA 400R / ASTM 615 Grade 60) and weldable (e.g., CSA 400W / ASTM 706 Grade 60) grades of rebar.
46. All ASTM product produced by Gerdau is produced on the same equipment as all other CSA rebar, differing only in the particular diameter and branding/bar marking being demanded by customers.

¹⁰ Confidential Statement of Evidence of Frederic Fafard at para. 73.

47. Gerdau presently does not produce coated rebar, but for any of the few coated rebar requests received in a given year. Gerdau is capable of supplying rebar and having the desired coating applied (e.g., epoxy or galvanizing) by third-party coaters.

3. AltaSteel

48. The company now known as AltaSteel was founded in 1955. It has undergone various ownership changes and is now owned by Arrium Limited (previously known as OneSteel Limited).

49. AltaSteel is a scrap-based mini-mill with melting and casting manufacturing facilities in Edmonton, Alberta. It employs over 370 people. AltaSteel makes a variety of round, flat, and square bar shapes for use by downstream remanufacturers in the mining, oil and gas, automotive, construction, agriculture, and OEM industries.

50. AltaSteel can produce rebar in two grades (regular and weldable) and in sizes ranging from 15M to 55M. AltaSteel can produce rebar in 6-20 metre lengths and custom lengths and ships rebar to customers via truck and rail. It also provides customized bundle packaging for rebar.

51. All domestically produced rebar is sold in Canada. AltaSteel does not produce coated rebar nor does it send material to be coated (it only sells uncoated black bar).

4. Max Aicher

52. Max Aicher North America Ltd. (“MANA”) is a small rebar producer located in Hamilton, Ontario. It supplies various hot-rolled steel bar products to the North American marketplace.

53. MANA’s bar mill produces both hot-rolled bar coils and cut bar lengths. MANA produces approximately [] MT of rebar per month or [] MT per year.

54. MANA was in a lockout beginning in June/July 2013 which has continued to the date of filing of this Complaint. In 2015, MANA resumed production using non-unionized employees.

L. The Complaint is supported by the Domestic Industry

55. The Complainants represent approximately []% of current Canadian production of Like Goods.¹¹ The only other rebar producer in Canada is MANA, who supports this Complaint.¹²
56. As is demonstrated below, the total production of Like Goods in Canada by producers supporting this Complaint is sufficient to satisfy the requirements for standing to file a complaint in accordance with subsection 31(2) of SIMA.

M. Production of Like Goods in Canada

57. The Complainants estimate that they account for []% of total Canadian production of Like Goods in 2015.¹³ With MANA, who also supports this Complaint¹⁴, the four companies account for 100% of Canadian rebar production.
58. As can be seen in the consolidated domestic industry income statement, in terms of Canadian market sales by Canadian mills, the Complainants sold [] MT in 2015.¹⁵ The Complainants' total production of rebar during this time amounted to [] MT.¹⁶
59. The foregoing demonstrates that the Complainants have standing to bring this Complaint and that the Complaint is supported by domestic producers who represent 100% of total Canadian production of Like Goods.

¹¹ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry production and capacity data). ArcelorMittal, AltaSteel, and Gerdau produced [] MT of rebar in 2015.

¹² Confidential Attachment 6: Letters of support from the Domestic Industry.

¹³ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry capacity and production for rebar).

¹⁴ Confidential Attachment 6: Letters of support from the Domestic Industry.

¹⁵ Confidential Attachment : Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry income statement).

¹⁶ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry capacity and production).

N. Like Goods and Single Class of Goods**1. Like Goods**

60. Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as “... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any [such] goods ..., goods the uses and other characteristics of which closely resemble those of the other goods.” In considering the issue of like goods, the Tribunal typically looks at a number of factors, including the physical characteristics of the goods (composition and appearance) and their market characteristics (substitutability, pricing, distribution channels, end uses and whether the domestic goods fulfill the same customer needs as the Subject Goods).¹⁷

61. In previous findings against imported rebar with the same product definition, the Tribunal determined that domestically produced rebar constituted like goods to the goods at issue.¹⁸ In particular, the Tribunal noted:

While rebar comes in a variety of sizes and can be either regular or of a weldable variety, the evidence indicates that rebar is a commodity-type product that is used to reinforce concrete. Further, the evidence indicates that imported rebar is interchangeable with domestically produced rebar. The Tribunal finds that domestically produced rebar is similar to the Subject Goods in terms of physical characteristics, has the same end uses and is substitutable.

Consequently, for the purposes of this inquiry, the Tribunal finds that rebar produced by the domestic industry, defined in the same manner as the Subject Goods, constitutes like goods to the rebar imported from the Subject Countries.¹⁹

62. In the most recent case involving rebar from China, Korea and Turkey (*Rebar I*), which concluded in 2014, the Tribunal stated:

¹⁷ Public Attachment 4: *Rebar I, supra*, at para. 39.

¹⁸ Public Attachment 4: *Certain Concrete Reinforcing Bar Originating in or Exported from Cuba, Korea, and Turkey*, RR-2004-001, Order and Reasons (January 26, 2005) at para 61-62; *Certain Concrete Reinforcing Bar Originating in or Exported from Indonesia, Japan, Latvia, Moldova, Poland, Chinese Taipei, and Ukraine*, NQ-2000-007, Statement of Reasons (June 15, 2000), p. 9-10.

¹⁹ Public Attachment 4: *Certain Concrete Reinforcing Bar Originating in or Exported from Indonesia, Japan, Latvia, Moldova, Poland, Chinese Taipei, and Ukraine*, NQ-2000-007, Statement of Reasons (June 15, 2000), p. 9-10.

In its preliminary injury inquiry, the Tribunal found that domestically produced rebar of the same description as the subject goods were like goods in relation to the subject goods. The Tribunal sees no reason to depart from that finding in this inquiry.

The domestic goods and the subject goods are used for the same purpose (to reinforce concrete), they are sold through the same channels of distribution, and they are used by the same end users. They all have the same physical characteristics, being steel bars with particular grooves that are designed to allow for better bonding with the concrete in which they are embedded.

The data on the Tribunal's record indicate that the subject goods are considered substitutable for both the domestic rebar and other foreign rebar. They are considered "like" by end users and market actors in terms of physical characteristics, the only reported differences being the price advantage enjoyed by the subject goods and the advantage in delivery time enjoyed by domestic producers.

Witnesses were also very clear to the effect that the subject goods and the domestic goods are fungible in the marketplace, with mostly price being a determining factor, as quality and product characteristics are mostly considered to be identical.

The subject goods and the domestic goods are also produced in largely the same grades, yield strengths and sizes. Interestingly, the Canadian market uses particular metric measurements for rebar diameter that are different from all other measurements worldwide, and all the subject goods sold in Canada are supplied in this metric form, which further supports the likeness of the subject goods and the domestic goods. Similarly, the subject goods are also produced to meet Canadian CSA standards.

In sum, the subject goods and domestically produced rebar are commodity products that compete with one another in the Canadian marketplace on the basis of price and are otherwise fully interchangeable. Therefore, they are like goods within the meaning of SIMA.²⁰ [Footnotes omitted]

63. The Like and Subject Goods are commodity products that compete with one another in the Canadian market place, and are fully interchangeable. The Complainants submit that domestically produced goods are Like Goods to the Subject Goods.

2. Single Class of Goods

64. The factors for determining whether there is a single class or multiple classes of goods are the same as those for determining Like Goods discussed above (physical and market characteristics).

²⁰ *Rebar I, supra*, at paras. 42-47.

65. In *Rebar I*, the issue of classes of goods was analyzed at length.²¹ The Tribunal determined there was a single class of goods. In particular, the Tribunal found that uncoated (or black) rebar and coated rebar constituted a single class of goods.²² The Tribunal noted that uncoated and coated rebar are manufactured the same way, have the same general end-use (i.e., concrete applications), must meet the same base ASTM standard which covers the “essential and defining characteristics of the product”, that there is downward substitutability of the coated rebar for applications that require only black rebar, that the price difference between uncoated and coated rebar was not significant, and that uncoated and coated rebar compete in the same market and are distributed by the same distributors or consumed by the same fabricators or customers.
66. These characteristics have not changed; coated and uncoated rebar continue to have the same physical and market characteristics. The Complainants therefore submit that there is a single class of goods.

O. Period of investigation

67. The Complainants submit that the appropriate period of investigation for dumping is June 1, 2015 to May 31, 2016 (the “**Dumping POI**”). As demonstrated in the Canadian market table in Attachment 8, the volume of imports from each Subject Country exceeds the applicable 3% negligibility threshold.²³

II. Evidence of Dumping

A. Normal Values – Section 15

1. Introduction

68. The Complainants calculated normal values for Portugal and Spain based on sections 15 and 19. For Belarus, Chinese Taipei, Japan, and Hong Kong, the Complainants calculated normal values based on section 19. The reasons are discussed below.

²¹ *Rebar I, supra*, at paras. 48-79.

²² *Rebar I, supra*, at para. 79.

²³ Confidential Attachment 8: Apparent Canadian rebar market table.

69. The normal values, export prices and dumping calculations for Portugal and Spain pursuant to section 15 of SIMA are set out in Confidential Attachment 9. The dumping calculations for all Subject Countries pursuant to section 19 of SIMA are set out in Confidential Attachment 10.

70. Section 15 provides:

15. Subject to sections 19 and 20, where goods are sold to an importer in Canada, the normal value of the goods is the price of like goods when they are sold by the exporter of the first mentioned goods

(a) to purchasers

(i) with whom the exporter is not associated at the time of the sale of the like goods, and

(ii) who are at the same or substantially the same trade level as the importer,

(b) in the same or substantially the same quantities as the sale of goods to the importer,

(c) in the ordinary course of trade for use in the country of export under competitive conditions,

(d) during such period of sixty days that ends in the interval commencing with the first day of the year preceding the date of the sale of the goods to the importer and ending on the fifty-ninth day after such date as is selected by the President or, where, in the opinion of the President, the nature of the trade in those goods or the fact that they are sold to the importer for future delivery requires that sales of like goods by the exporter during a period other than a period of sixty days that ends in that interval be taken into account, during such period of sixty days or longer

(i) that precedes the date of the sale of the goods to the importer, or

(ii) where the goods are sold to the importer for future delivery, that precedes the date of the sale of the goods to the importer or within the year that precedes the date of the delivery of the goods to the importer

as the President specifies for those goods or for goods of the class to which those goods belong, and

(e) at the place from which the goods were shipped directly to Canada or, if the goods have not been shipped to Canada, at the place from which the goods would be shipped directly to Canada under normal conditions of trade,

adjusted in the prescribed manner and circumstances to reflect the differences in terms and conditions of sale, in taxation and other differences relating to price comparability between the goods sold to the importer and the like goods sold by the exporter.

2. Portugal

71. For Portugal, the Complainants calculated normal values based on both sections 15 and 19.²⁴
72. The dumping calculations pursuant to section 15 compare the offer/selling price in Canada from Statistics Canada import data for June 2015 to March 2016 and Global Affairs Canada permit data for April and May 2016, which reflects the value for duty (“VFD”) to the home market price reported in Portugal. The Complainants have assumed that the offer would have been made approximately two months prior to arrival and have accordingly used pricing for the month which is two months prior to the arrival month in which the goods were imported into Canada.
73. The prices in SteelOrbis are shown in Euros. For purposes of the dumping calculations, these prices have been converted into Canadian dollars using the Bank of Canada exchange rate for the particular month.²⁵
74. SteelOrbis does not track Portuguese pricing on a regular basis. The Complainants were only able to find domestic Portuguese pricing for June, July, September and November 2015 (which corresponds with imports into Canada during August 2015 to January 2016 based on a 2-month lag).²⁶ The Complainants were therefore only able to calculate normal values for two of five shipments during the POI (in August and November 2015) which account for only 32% of total Portuguese imports during the POI.²⁷ The average normal value for these two shipments, converted into Canadian dollars, was C\$[]/MT.²⁸ The weighted average export price for these shipments was C\$[]/MT, resulting in a margin of dumping of []%.²⁹

²⁴ Confidential Attachment 9: Section 15 dumping calculations; Confidential Attachment 10: Section 19 dumping calculations.

²⁵ Public Attachment 11: Bank of Canada exchanges rates for January 2015 to January 2016.

²⁶ Confidential Attachment 12 (pages 1-2): SteelOrbis pricing and various SteelOrbis articles.

²⁷ Confidential Attachment 8: Apparent Canadian rebar market table.

²⁸ Confidential Attachment 9: Confidential section 15 dumping calculations.

²⁹ Confidential Attachment 9: Confidential section 15 dumping calculations.

75. In addition, UN Comtrade export data shows that Portuguese producers were exporting rebar to Canada at prices that were *lower* than domestic pricing in 2015.³⁰ The following table compares domestic and export pricing for months where domestic pricing is available (note that a 2-month lag is not used because the UN Comtrade data is an export price):

Table 1
Portuguese Domestic and Export Rebar Pricing in 2015³¹

C\$/MT	Domestic	Export to Canada	Difference
June	[
July			
September			
October			
November]

76. The table above also demonstrates that, based on export data, Portuguese rebar is being dumped into Canada.

77. Further, section 16 of SIMA requires that sales for the purpose of normal value determination under section 15 be profitable. The calculations in Confidential Attachment 10, show that domestic Portuguese prices were consistently below costs, by as much as \$[]/MT. The Complainants therefore submit that normal values for Portugal should be calculated in accordance with section 19.

3. Spain

78. For Spain, the Complainants calculated normal values based on both sections 15 and 19.³²

³⁰ Public Attachment 13: UN Comtrade data for Portuguese rebar exports.

³¹ Public Attachment 13: UN Comtrade data for Portuguese rebar exports; Confidential Attachment 12: SteelOrbis pricing and various SteelOrbis articles.

³² Confidential Attachment 9: Section 15 dumping calculations; Confidential Attachment 10: Section 19 dumping calculations.

79. The dumping calculations pursuant to section 15 compare the selling price in Canada from Statistics Canada import data for June 2015 to March 2016, and Global Affairs Canada permit data for April and May 2016, which reflects the value for duty to the home market price reported in Spain. The Complainants have assumed that the offer would have been made approximately two months prior to arrival and have accordingly used pricing for the month which is two months prior to the arrival month in which the goods were imported into Canada.
80. The prices in SteelOrbis are shown in Euros. For purposes of the dumping calculations, these prices have been converted into Canadian dollars using the Bank of Canada exchange rate for the particular month.³³
81. The average normal value for the Spanish shipments during the POI, converted into Canadian dollars, was C\$[]/MT.³⁴ The weighted average export price over the POI was C\$[]/MT, resulting in a dumping margin of []%.
82. UN Comtrade export data shows that Spanish producers were exporting rebar to Canada at prices that were *lower* than domestic pricing in 2015.³⁵ Further, section 16 of SIMA requires that sales for the purpose of normal value determination under section 15 be profitable. Although the section 15 analysis provides a []% margin of dumping for Spain, the Complainants further analysed Spanish pricing as against the Complainants' estimate of their costs of production.³⁶ This further analysis suggests that during the POI, Spanish rebar producers have consistently been selling into Canada well *below* production costs, by as much as \$195/MT. As such, the Complainants submit that a section 19 analysis is appropriate in the circumstances and have submitted those calculations in Confidential Attachment 10.

³³ Public Attachment 11: Bank of Canada exchanges rates for January 2015 to May 2016

³⁴ Confidential Attachment 9: Confidential section 15 dumping calculations.

³⁵ Public Attachment 14: UN Comtrade data for Spanish rebar exports; Confidential Attachment 15: SteelOrbis pricing for Spain.

³⁶ Confidential Attachment 10: Section 19 dumping calculations.

4. Chinese Taipei and Japan

83. As noted above, section 16 of SIMA requires that domestic sales used to calculate normal values under section 15 be profitable. The table below indicates that rebar in Chinese Taipei and Japan is being sold far *below* production costs, by []% and []% respectively. Note the reason for using a cost period of January 1, 2015 to March 31, 2016 is explained in Section II.B.1 below.

Table 2
Rebar Costs and Pricing
for January 2015 to December 2015³⁷

C\$/MT	Chinese Taipei	Japan
Domestic price	[
Total production costs]

84. This would suggest that selling prices in the country of export are not profitable. Estimates of normal values based on market pricing are therefore likely unreliable. The Complainants submit that normal values should therefore be calculated pursuant to section 19 for Chinese Taipei and Japan.

5. Hong Kong

85. The Complainants were unable to find domestic rebar pricing for Hong Kong and have calculated normal values pursuant to section 19 of SIMA.

86. Further, the Complainants submit that section 15 is not appropriate for calculating normal values for Hong Kong exporters because of the significant influence on domestic pricing from China. While Hong Kong is a separate customs territory, rebar pricing in Hong Kong is greatly affected by Chinese pricing such that normal values should not be calculated pursuant to section 15 of SIMA.

³⁷ Confidential Attachment 10: Confidential section 19 dumping calculations; Confidential Attachment 16 : MEPs rebar pricing. See discussion at para 94 for explanation on the one-quarter lag for production costs for dumping purposes. The table uses the same period for domestic pricing in the Subject Countries since there is no one-quarter lag for domestic sales.

87. First, there are few rebar mills in Hong Kong. In fact, Shiu Wing Steel Limited boasts that it is “the one and only steel rolling mill in Hong Kong”.³⁸ Most rebar is therefore imported and re-sold domestically or re-exported. In other words, imported rebar sets the market price in Hong Kong. UN Comtrade data shows that rebar imports from China represented 95% of all rebar imports into Hong Kong during January 2015 – January 2016 (most recent available data).³⁹ The particular market situation in Hong Kong renders the use of home market selling prices unreliable.
88. Second, CBSA determined in December 2014 that section 20 conditions existed in China’s rebar market, that is, that Chinese domestic prices are substantially determined by the Government of China and that there is sufficient reason to believe that the Chinese domestic prices are not substantially the same as they would be in a competitive market. Given that the vast majority of rebar imported into Hong Kong is from China and that Chinese imported rebar therefore sets the market price in Hong Kong, the Complainants submit that section 15 is not an appropriate methodology for calculating normal values for Hong Kong as the domestic price is distorted and based on non-market considerations. Rather, the Complainants submit that normal values for Hong Kong should be calculated in accordance with section 19 of SIMA.

6. Belarus

89. The Complainants were unable to find reliable domestic rebar pricing for Belarus and have calculated normal values pursuant to section 19 of SIMA. Further, the cost data suggests that total costs of production for rebar in Belarus are higher than their export price and are therefore not profitable.⁴⁰ The table below demonstrates that export prices are on average \$[]/MT (or an average of []%) lower than production costs. As such, the Complainants submit that normal values should be calculated pursuant to section 19 for Belarus.

³⁸ Public Attachment 17: Shiu Wing Steel Limited website.

³⁹ Public Attachment 18 : UN Comtrade rebar import data for Hong Kong.

⁴⁰ Confidential Attachment 10: Confidential section 19 dumping calculations. (Note: Commercial Intelligence confirms that Belarus April 2016 shipment was for 27,000MT as opposed to the 17,320 MT reported to GAC, effectively reducing the export price in April 2016 from \$676/MT to \$433/MT).

Table 3
Rebar Costs and Pricing
for April 2016 to May 2016⁴¹

	April 2016	May 2016
Export Price	\$433* ⁴²	\$407
Cost of Production	\$[]

B. Normal Values – Section 19

90. For the reasons discussed above, the Complainants have calculated section 19 normal values for Belarus, Chinese Taipei, Hong Kong, Japan, Portugal and Spain. These calculations may be found in Confidential Attachment 10.⁴³
91. Section 19 of SIMA provides:

19. Subject to section 20, where the normal value of any goods cannot be determined under section 15 by reason that there was not, in the opinion of the President, such a number of sales of like goods that comply with all the terms and conditions referred to in that section or that are applicable by virtue of subsection 16(1) as to permit a proper comparison with the sale of the goods to the importer, the normal value of the goods shall be determined, at the option of the President in any case or class of cases, as

(a) such price of like goods when sold by the exporter to importers in any country other than Canada during the period referred to in paragraph 15(d) as, in the opinion of the President, fairly reflects the market value of the goods at the time of the sale of the goods to the importer in Canada, adjusted in the prescribed manner and circumstances to reflect the differences in terms and conditions of sale, in taxation and other differences relating to price comparability between the goods sold to the importer in Canada and the like goods sold by the exporter to importers in the country other than Canada; or

(b) the aggregate of

(i) the cost of production of the goods,

⁴¹ Confidential Attachment 10: Confidential section 19 dumping calculations.

⁴² Confidential Statement of Fred Fafard at para. 26 and Confidential Attachment 12 to his statement: ArcelorMittal import activity report dated January 6, 2016 and related correspondence (Note: Commercial Intelligence confirms that Belarus April 2016 shipment was for 27,000MT as opposed to the 17,320 MT reported to GAC, effectively reducing the export price in April 2016 from \$676/MT to \$433/MT).

⁴³ Confidential Attachment 10: Confidential section 19 dumping calculations.

(ii) a reasonable amount for administrative, selling and all other costs, and

(iii) a reasonable amount for profits.

1. Production Costs

92. Section 19 normal values were determined for all Subject Countries on the basis of the Complainants' costs of production and publicly available information from producers of Subject Goods and other steel products.
93. The Complainants' cost data may be found in Confidential Attachment 5.⁴⁴ The Complainants' sell competitively in the North American market; accordingly, their cost structure is similar to the cost structure of rebar producers in other competitive markets. It was assumed that similar cost structures, other than labour cost, would prevail in those countries.
94. For the export price during the Dumping POI of June 1, 2015 to May 31, 2016, the Complainants used quarterly cost data from the period January 1, 2015 to March 31, 2016, lagged one quarter from the arrival of the imports. This one-quarter lag reflects the lag in time between the time rebar is produced and the time it arrives in Canada. It is important to match the cost to the export sale, because of the significant variations in the price of scrap - the main input in the production of rebar – over the period. Global scrap prices dropped by US\$112/MT or 39% from January 1, 2015 to December 31, 2015. Since then, scrap prices have risen and are forecast at \$260/MT for June 2016.⁴⁵
95. Since normal values were determined on the basis of Q1 2015 to Q1 2016 cost data, publicly available information on profitability, GS&A and financial expenses for a foreign producer in each Subject Country was sought for this same period, as described below.

⁴⁴ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry cost of goods manufactured).

⁴⁵ Confidential Attachment 12: SteelOrbis pricing. Price range is for all scrap and rebar markets that SteelOrbis tracks.

2. Labour Cost

96. To arrive at the labour cost component of rebar in 2015 for the purposes of this Complaint, the Complainants used their own labour costs for producing rebar and applied a labour reduction rate. More specifically, an adjustment was made to all labour costs for each of the Subject Countries to reflect the lower wage rates paid in those countries compared to Canada. Those adjustments were made based on the most recent available comparable data.
97. For Belarus, recent comparable labour data was unavailable. As such, the Complainants used the 2014 average annual wages reported to the International Labour Organization by Russia, converted into Canadian dollars based on the Bank of Canada's average 2014 exchange rate.
98. For Chinese Taipei, recent comparable labour data was unavailable so the Complainants used the same labour reduction as for Hong Kong.
99. For Hong Kong, the most recent available comparable data was the 2014 average annual wages reported to the International Labour Organization, converted into Canadian dollars based on the Bank of Canada's average 2014 annual exchange rate.
100. For Japan, the most recent available comparable data was the 2010 average annual wages reported to the International Labour Organization, converted into Canadian dollars based on the Bank of Canada's average 2010 annual exchange rate. The Japanese monthly earnings in 2010 for the manufacturing sector were 17.4% *higher* than the Canadian monthly earnings so the labour costs were increased by this amount.
101. For Portugal, the most recent available comparable data was the 2013 average annual wages reported to the International Labour Organization, converted into Canadian dollars based on the Bank of Canada's average 2013 annual exchange rate.
102. For Spain, the most recent available comparable data was the 2013 average annual wages reported to the International Labour Organization, converted into Canadian dollars based on the Bank of Canada's average 2013 annual exchange rate.

103. The labour reductions applied are as follows:

Table 4
Labour Reduction Rates⁴⁶

Country	Rate
Belarus	79.6%
Chinese Taipei	54.4%
Hong Kong	54.4%
Japan	Increase of 17.4%
Portugal	77.3%
Spain	41.0%

3. GS&A and Financial Expenses and Profit

104. The Complainants' estimated normal values include a reasonable amount for profit. The amount was determined based on publicly available financial information for a representative producer from each Subject Country. The producer's reported earnings before income tax were divided by the cost of goods sold to determine a profit percentage. An amount equal to this percentage of the estimated cost of goods sold was included in estimating normal values.
105. The same methodology was used for calculating an amount for general, selling and administrative ("GS&A") expenses and financial expenses.
106. The Complainants were unable to find up-to-date, publicly available financial information for a Belarusian rebar producer. As such, for Belarus, the profitability, GS&A and financial expenses were estimated based upon an average of the publicly reported profitability and costs for Severstal PAO ("Severstal") and OJSC Novolipetsk Steel ("Novolipetsk") for January 1, 2015 to December 31, 2015 (the latest data available).⁴⁷ Severstal and Novolipetsk are two of the largest Russian-based companies engaged in the production of rebar.

⁴⁶ Confidential Attachment 10: Confidential section 19 dumping calculations.

⁴⁷ Public Attachment 19: Severstal Financial Statement FY 2015.

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107. For Chinese Taipei, the profitability, GS&A and financial expenses were estimated based upon the publicly reported profitability and costs for Feng Hsin Steel Co. Ltd. (“Feng”) for January 1, 2015 to December 31, 2015 (the latest data available). Feng is a large Taiwan-based manufacturer of iron and steel products, including rebar, and in fact is the largest Taiwanese rebar producer.⁴⁸
108. For Hong Kong, the profitability, GS&A and financial expenses were estimated based upon the publicly reported profitability and costs for Van Shung Chong Holdings Limited (“VSC”) for fiscal year 2015 because quarterly information was not publicly available.⁴⁹ Its subsidiary VSC Steel Company Limited is a steel trader and distributor in Hong Kong that sells and processes rebar.⁵⁰ The Complainants were unable to find publicly available financial information for a Hong Kong rebar producer and therefore used VSC instead.
109. For Japan, the profitability, GS&A and financial expenses were estimated based upon the publicly reported profitability and costs for Nippon Steel & Sumitomo Metal (“NSSM”) for January 1, 2015 to December 31, 2015 (the most recent data available). NSSM is a large Japanese steel producer which manufactures, among other products, rebar.⁵¹
110. For Spain, the profitability, GS&A and financial expenses were estimated based upon the average of the publicly reported profitability and costs for Spanish steel producers Tubacex SA and Acerinox for FY 2015 because quarterly data was not publicly available for both producers, and represents the most recent data available.⁵² Tubacex produces stainless steel tube and other stainless steel long products and Acerinox produces stainless rebar and other stainless flat and long products. The Complainants were unable to find publicly available financial data for a Spanish (carbon steel) rebar producer and therefore used that of Acerinox and Tubacex.

⁴⁸ Public Attachment 20:Feng Hsin Steel FY 2015.

⁴⁹ Public Attachment 21: Financial Statement FY 2015 for Van Shung Chong,

⁵⁰ Public Attachment 22: Hong Kong Shanghai Alliance Holdings Ltd, “About us”, and product information for VSC Steel Company Limited.

⁵¹ Public Attachment 23:Nippon FY 2015.

⁵² Public Attachment 24:FY 2015 Financial Statements for Acerinox and Tubacex.

111. For Portugal, the profitability, GS&A and financial expenses were also estimated based on those of Tubacex SA and Acerinox SA, as the Complainants were unable to find publicly available financial data for a Portuguese carbon rebar producer. Given that some rebar producers have rebar production facilities in both Portugal and Spain (e.g., Megasa), the Complainants used the financial data of Spanish steel producers Acerinox and Tubacex.
112. The estimated profitability, GS&A and financial expenses are as follows:

Table 5
Estimated Profitability and Costs for the Subject Countries⁵³

	Belarus	Chinese Taipei	Hong Kong	Japan	Portugal	Spain
GS&A	20.4%	3.7%	7.5%	10.5%	17.4%	17.4%
Financial expenses	2.3%	0.0%	1.7%	0.5%	0.0%	0.0%
Net profit	22.0%	11.8%	8.4%	5.4%	2.4%	2.4%

C. Export Price

113. Export prices were taken from Statistics Canada import data for HS 7213.10 and 7214.20 for June 2015 to March 2016.⁵⁴ April 2016 and May 2016 export prices were taken from Global Affairs Canada's import permit data, as the most recent data available.⁵⁵
114. The Complainants note that there was a shipment of German rebar for 9,734 MT at \$660/MT imported into Ontario and Quebec in July 2015 (8,289 MT into Ontario and 1,445 MT in Quebec).⁵⁶ As discussed in the Statement of Evidence of Mr. Frederic Fafard, ArcelorMittal's commercial intelligence indicates that this shipment is of Portuguese origin (Megasa mill) and may have been misclassified as being of German origin because the head office of the importer of record (Ferrostahl) is located in

⁵³ Confidential Attachment 10: Confidential section 19 dumping calculations.

⁵⁴ Confidential Attachment 8: Apparent Canadian rebar market table.

⁵⁵ Public Attachment 25: GAC April and May 2016 data.

⁵⁶ Public Attachment 26: Statistics Canada import data for rebar.

Hamburg, Germany.⁵⁷ In comparison, all other shipments from Germany since 2013 were less than approximately 1,000 MT and priced at over \$1,100/MT.⁵⁸ The Ontario and Quebec July shipments of 9,734 MT have therefore been included in the normal value and export price calculations for Portugal. Further, UN Comtrade data indicates there was no large export shipment of German rebar to Canada in January-November 2015 (the largest shipment was 244 MT).⁵⁹ Accordingly, the market table in Attachment 8 reports the July 2015 shipment from Germany as imports from Portugal.

115. Further, the Complainants note that Global Affairs Canada indicates that a shipment of rebar from Belarus for 17,320 MT at \$676/MT arrived in Canada in April 2016.⁶⁰ As discussed in the Statement of Evidence of Mr. Frederic Fafard, ArcelorMittal's commercial intelligence indicates that this shipment is much larger than what was reported by Global Affairs Canada. According to ArcelorMittal's commercial intelligence, the Belarus shipment was for 27,000 MT in April 2016, at a price of approximately \$433/MT.⁶¹ As such, the 27,000 MT shipment was used in the normal value and export price calculations for Belarus.

116. Average export rebar prices during the POI were reported as follows⁶²:

- a) Belarus: \$420/MT
- b) Chinese Taipei: \$629/MT
- c) Hong Kong: \$613/MT
- d) Japan: \$615/MT

⁵⁷ Public Statement of Evidence of Frederic Fafard at para. 7 and Confidential Attachment 1 to his statement (ArcelorMittal email correspondence dated September 2015).

⁵⁸ Confidential Attachment 8: Apparent Canadian rebar market table.

⁵⁹ Public Attachment 27: UN Comtrade rebar export data for Germany.

⁶⁰ Confidential Attachment 8: Apparent Canadian rebar market table.

⁶¹ Public Statement of Evidence of Frederic Fafard at para. 26 and Confidential Attachment 12 to his statement.

⁶² Confidential Attachment 8: Apparent Canadian rebar market table.

e) Portugal: \$536/MT

f) Spain: \$551/MT

117. It is noted that these data are reported as the value for duty. While transportation costs are generally deductible from the value for duty, transportations costs are only deductible if the importer has proof of the actual transportation costs. Therefore, in some instances, the importer may not claim the deduction and the value for duty may actually include the transportation cost.

D. Margins of Dumping

118. Based upon the section 15 and 19 analysis discussed above, goods from the Subject Countries were found to have been dumped at the following margins of dumping. Confidential Attachment 9 provides a detailed breakdown of the margins of dumping calculated pursuant to section 15 for Portugal and Spain, and Confidential Attachment 10 provides a detailed breakdown of the margins of dumping calculated pursuant to section 19 for each Subject Country.

**Table 5
Estimated Margins of Dumping**

Country	s.15 margin	s.19 margin
Belarus	[%
Chinese Taipei		
Hong Kong		
Japan		
Portugal		
Spain]

119. Further, the extent of the dumping has been increasing steadily. For example, focussing solely on imports in 2016, Chinese Taipei imports were dumped by []%; Hong Kong imports by []%; Japanese imports by []%; and Portuguese imports by []%, while the margins for Belarus and Spain remain largely the same as the very high averages for

the overall POI. These more recent margins of dumping indicate the likely trend – which is worsening – in the absence of a finding.

III. Evidence of Injury

120. This Complaint follows the finding of the CITT in January of 2015 in *Rebar I* that the dumping and subsidizing of rebar from China, Korea and Turkey was threatening to cause injury to the domestic industry. The Subject Countries in this Complaint entered the Canadian market following the *Rebar I* finding in massive volumes and at very low prices. The volume of imports from the *Rebar I* countries in 2014 was 175,475 MT at an average declared value of \$712/MT. By way of comparison, the present Subject Countries accounted for 239,023 MT in 2015 at an average declared value of \$665/MT. In other words, the Subject Countries not only replaced the injurious volumes of dumped and subsidized imports from the *Rebar I* countries, they have surpassed those volumes by 27% and captured market share with even lower prices. This trend has continued into 2016 with the Subject Countries accounting for over 157,000 MT in the period from January through May of 2016 (377,000 MT on an annualized basis) at an even lower average declared value of \$466/MT.
121. As is set out in more detail below and in the sworn statements of ArcelorMittal, Alta Steel and Gerdau, the Subject Countries' aggressive price undercutting has lowered Canadian market pricing and caused the domestic industry to suffer substantial financial losses. The customer specific evidence provided in the sworn statements demonstrates the causal link between the rapidly growing volume of imports of dumped and subsidized Subject Goods and the very substantial financial losses that have been suffered by the domestic industry.
122. This is a classic case of source switching; the Subject Countries have caused injury to the domestic industry by importing huge volumes of rebar at increasingly lower prices that systemically undercut domestic producer pricing.
123. The Subject Countries also pose an imminent and foreseeable threat of injury. The trend demonstrated in the evidence before the President is very troubling. The Subject

Countries have been increasing their export volumes to the Canadian market by lowering prices. The evidence in the sworn statements of ArcelorMittal, Alta Steel and Gerdau demonstrate that the Subject Goods are a dominant factor in all sales discussions and price negotiations. The Subject Goods will continue to suppress Canadian market pricing in the absence of a finding against the Subject Countries.

124. In assessing the injury caused by Subject Country imports, the Complainants submit that it is appropriate and necessary to cumulatively assess the effects of imports from all of the Subject Countries.
125. While rebar comes in a variety of sizes and can be either regular or of a weldable variety, rebar is a commodity-type product. Further, imported rebar is interchangeable with domestically produced rebar. In addition, domestically produced rebar is similar to the Subject Goods in terms of physical and market characteristics.
126. For those reasons, the Complainants submit that the effect of the injury caused by imports from the Subject Countries must be assessed on a cumulative basis.
127. From 2011 to mid-2014, there were increasing volumes of low-priced rebar imports from China, Korea and Turkey. Their share of total rebar imports into Canada increased from 19.7% in 2011 to 28.3% in 2014.⁶³ On June 13, 2014, CBSA initiated anti-dumping and countervailing duty investigations against rebar imports from these three countries. Preliminary duties were imposed on September 11, 2014⁶⁴ and final duties were imposed on December 10, 2014.⁶⁵ On January 9, 2015, the Tribunal determined that dumped goods from China, Korea and Turkey and subsidized goods from China were threatening to cause injury to the domestic industry.⁶⁶

⁶³ Confidential Attachment 8: Apparent Canadian rebar market table; Public Attachment 26: Statistics Canada import data.

⁶⁴ Public Attachment 28: CBSA Final Statement of Reasons respecting *Certain Concrete Reinforcing Bar* (December 23, 2014).

⁶⁵ *Ibid.*

⁶⁶ Public Attachment 4: *Rebar I, supra.*

128. There were no imports from the present Subject Countries in 2013 or during the first eight months of 2014. Following the imposition of preliminary duties in September 2014 in *Rebar I*, rebar from the Subject Countries started being imported into Canada. The Complainants began seeing offers for low-priced Subject Goods as early as September 2014. In Q4 2014, there were 33,301 MT of Subject Goods imported into Canada.⁶⁷ This grew to over 239,000 MT in 2015, an increase of 618%. In other words, the volume of imports from the Subject Countries in 2015 was even larger than the volume of imports from the *Rebar I* countries was in the previous year.
129. The Complainants submit that the injury caused by the dumped Subject Goods began in mid-2014 and continues to present day.
130. Because of the dumped Subject Goods, the Complainants have suffered material injury in the form of lost sales, price undercutting, price suppression, and reduced market share. As a result, the Complainants' rebar business has been negatively impacted, as reflected in diminished net sales revenues, gross margins and net profits, as well as capacity underutilization and reduced shifts.⁶⁸ The consolidated industry income statement in Confidential Attachment 5 demonstrates the extent to which the Subject Goods have caused material injury to the domestic industry.⁶⁹
131. As noted above, the Complainants accounted for approximately []% of the Canadian domestic industry in 2015.⁷⁰
132. SIMA defines "domestic industry" to mean "[...] the domestic producers as a whole of the like goods or those domestic producers whose collective production of the like goods

⁶⁷ Confidential Attachment 8: Apparent Canadian rebar market table.

⁶⁸ Confidential Statement of Evidence of Roger Paiva, paras. 4-6. [

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⁶⁹ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry income statement).

⁷⁰ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry production and capacity data).

constitutes a *major* proportion of the total domestic production [...]”(emphasis added).⁷¹ Tribunal and Federal Court of Appeal jurisprudence has long held that “major” means “significant” and does not prescribe a precise mathematical threshold of 50% plus one.⁷² The Complainants represent approximately []% of Like Goods production in Canada.⁷³ Therefore, the Complainants constitute a “major proportion” of Canada’s domestic Like Goods production and may be considered as the “domestic industry” for the purposes of both a preliminary injury inquiry and final injury inquiry.

133. For those reasons, the Complainants submit that the injury caused to them by dumped Subject Goods imports is indicative of the injury suffered to the domestic industry as a whole.

A. Apparent Canadian Market

134. The apparent Canadian market table is attached as Confidential Attachment 8.

135. Additional information about Subject Goods is also available to the President through import documentation filed with CBSA. The import figures in Confidential Attachment 8 are based on Statistics Canada data for HS 7213.10 and 7214.20, and Global Affairs Canada import permit data for April and May 2016. As the only tariff classification numbers under 7213.10 and 7214.20 are 7213.10.00.00 and 7214.20.00.00 (i.e., the codes for which the Subject Goods are generally, although not exclusively, imported under), the Complainants submit that the Statistics Canada data contains only rebar.⁷⁴ Apart from the reservations made with respect to Portuguese, German and Belarussian imports (see paras 114-115), *supra*), the Complainants submit that the Statistics Canada data provides a reasonable indication of the Canadian market for Subject Goods rebar.

⁷¹ SIMA, s. 2(1). Note that a separate definition of domestic industry applies with respect to section 31 of the Act.

⁷² Public Attachment 4: *Galvanized Steel Wire*, PI-2012-005, Determination and Reasons (April 8, 2013) at para 37 and *Japan Electrical Manufacturers Assn. v. Canada (Anti-Dumping Tribunal)* (1986), 32 D.L.R. (4th) 222 (FCA).

⁷³ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry production and capacity data).

⁷⁴ Public Attachment 29: Customs Tariff Schedule, p. 72-12, 72-14.

136. Substantial volumes of Subject Goods have been imported into Canada. The levels of Subject Goods imports went from 1 MT in 2013 to 33,301 MT in 2014 to 239,023 MT in 2015.⁷⁵ This represents no less than a 618% increase in the absolute volume of subject imports into Canada between 2014 and 2015. In comparison, the Canadian rebar market *contracted* by []% from 2013 to 2015. It is instructive to look at the Canadian rebar market post open of navigation, which indicates that with the arrival of Subject Goods starting in spring 2016, the Canadian rebar market contracted by []% in April and May 2016 compared to 2013.
137. The volume of subject imports is likewise significant relative to domestic production and to domestic sales from domestic production. In 2014, subject imports represented a mere []% of domestic production. Only one year later, imports of Subject Goods rose to represent []% of domestic production by 2015. In 2016 year-to-date through to May, imports of Subject Goods rose by again and now represent []% of domestic production.
138. Relative to domestic sales from domestic production, imports of Subject Goods similarly rose from []% in 2014 to []% in 2015, before reaching a stunning []% in 2016 year-to-date through May.
139. The overall significance of these volumes is demonstrated by examining the substantial market share that has been captured by the dumped Subject Goods. In 2013, the Subject Goods were non-existent in the Canadian market. By 2014, their share had increased to []% of the market. This surged to []% of the market in 2015.⁷⁶ In comparison, the Complainants' market share dropped from []% in 2013 to []% in 2014.⁷⁷ In 2015, their share []% although this []% US imports which remained stable at approximately []% in 2013 and 2014 and dropped to []% in 2015 (drop of []%). In particular, []

⁷⁵ Confidential Attachment 8: Apparent Canadian rebar market table.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

].⁷⁸ In short, the increase in the Complainants' market share in 2015 is due to [] rather than an actual gain in sales orders among Canadian customers. For example, ArcelorMittal's sales volume was down by []% in 2015 compared to 2014.⁷⁹ AltaSteel's sales volume was down []% in 2015 compared to 2014.⁸⁰

140. Further, the Subject Goods' share of the Canadian market in 2015 ([]%) was greater than the peak market share of the *Rebar I* countries ([]% in 2014). The Subject Goods gained this significant market penetration in only one year.

B. Indicators of Injury

1. Price Undercutting, Erosion and Suppression

141. Subject Goods have captured market share at the expense of the Canadian industry by aggressively undercutting the Canadian producers' pricing. Even with the expense of shipping rebar long distances, rebar from the Subject Countries is still priced substantially below the prices offered by the Canadian producers.
142. The Complainants have been injured through lost sales and by price erosion on accounts that they have maintained in the face of low-priced import competition. As the economy has slowly recovered from the economic crisis of 2009, the Canadian industry has been unable to return to profitability as a result of substantial volumes of low priced goods that have caused lost sales and price suppression.
143. The table below sets out the average prices for rebar in Canada in the period between 2013 and Q1 2016:

⁷⁸ Confidential Statement of Evidence of Roger Paiva, paras. 4-6.

⁷⁹ Confidential Attachment5 : Consolidated domestic industry income statement, production, capacity and employment for rebar (see ArcelorMittal industry income statement).

⁸⁰ Confidential Attachment5 : Consolidated domestic industry income statement, production, capacity and employment for rebar (see AltaSteel industry income statement).

Table 6
Selling prices (\$/MT)⁸¹

	2013	2014	2015	Q1 2016	April 2016	May 2016
Sales from domestic production	[]
Subject Country imports	1,073	628	665	586	461	428
Non-subject imports	703	744	775	613	611	630

144. Note that the Subject Goods imports in 2013 were only 1 MT so the above price of \$1,073/MT is not representative. When making price comparisons between Subject Goods and domestic producers' prices, it is important to bear in mind that there are longer lead times associated with Subject Goods, therefore, in many cases the appropriate price comparison is the domestic price in a given quarter to the Subject Goods price in the previous quarter. For example, Subject Goods that were imported into Canada in Q1 2016 would have been sold to the Canadian customer in Q4 of 2015. In response to those low-priced import sales, the domestic industry would have had its prices forced down by the time the imported product arrived in Canada.
145. In 2014, imports from the Subject Countries were lower priced than the Complainants by \$[]/MT (or []%) and by \$[]/MT (or []%) in 2015. The latter figure however does not reveal the actual quarter by quarter competition and undercutting which was occurring as the year progressed. Subject Goods were also lower than imports from non-subject countries by \$116/MT (or 16%) in 2014, by \$110/MT (or 14%) in 2015 and by \$150/MT (or 24%) so far in 2016. In Q1 2016, the Complainants were forced to continue lowering their prices in order to remain competitive with the Subject Goods. This is discussed in detail in the Statements of Evidence of Mr. Fafard, Mr. Zurbrigg and Mr. Canosa. In April 2016, imports from the Subject Countries were again lower priced than sales from domestic production by \$[]/MT (or []%). In May 2016, the price gap

⁸¹Confidential Attachment 8: Apparent Canadian rebar market table.

between the Complainants and Subject Goods widened to a staggering \$[]/MT (or []%).

146. The table below indicates that on average, between Q3 2015 and May 2016, imports from the Subject Countries were lower priced than the Complainants by \$[]/MT (or []%).

Table 7
Selling Prices (\$/MT)⁸²

	Q3 2015	Q4 2015	Q1 2016	Apr 2016	May 2016	Average (Q3 2015 to May 2016)
Complainants	[]
Belarus	-	-	-	433	407	420
Hong Kong	686	0	556	400	-	542
Japan	602	638	594	0	409	570
Portugal	651	582	0	441	-	530
Spain	616	562	0	511	-	542
Taiwan	1025	670	611	579	489	629
Total Subject Country Average	644	622	586	461	428	534

147. As noted above, imports from the Subject Countries began in Q4 2014, rose sharply in 2015 and continued throughout Q1 2016. Imports from the Subject Countries have continued to rise sharply in April and May 2016. However, during this time, the Complainants were experiencing a price-cost squeeze as demonstrated in the table below:

⁸² Confidential Attachment 8: Apparent Canadian rebar market table. Note: Belarus price for April 2016 is \$433/MT based on commercial intelligence showing that the April shipment was for 27,000 MT.

Table 8
Consolidated Domestic Industry Financial Results⁸³

	\$/MT						\$/MT change Q4 2014 - Q1 2016
	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	Q1 2016	
Net sales value	[
Cost of goods sold							
Gross margin (loss)]

148. Prices dropped continuously through 2015 from a high of \$[]/MT in Q4 2014 to a low of \$[]/MT in Q1 2016.⁸⁴ During this time, costs of goods sold also dropped, but at a much slower rate from \$[]/MT in Q4 2014 to \$[]/MT in Q1 2016. In short, the Complainants' net selling value decreased by \$[]/MT while their costs decreased by only \$[]/MT.
149. This price-cost squeeze had a significant impact on the Complainants' gross margin which decreased by \$[]/MT from \$[]/MT in Q4 2014 to a []/MT in Q1 2016.
150. While global rebar and scrap pricing dropped during 2015, the above table demonstrates that rebar pricing in Canada dropped much more than the drop in production costs. The Complainants submit that this rapid price decline was due to the increasing volume of Subject Goods in the Canadian market.
151. Not only do the average price figures show lower prices for Subject Goods, but the customer specific evidence gathered by the Complainants also reflects deep price undercutting by Subject Goods. The confidential import reports in the Statements of Evidence of Mr. Frederic Fafard of ArcelorMittal, Mr. Ben Zurbrigg of AltaSteel and Mr. Canosa of Gerdau demonstrate, on a product-by-product basis, that Subject Goods are the

⁸³ Confidential Attachment Attachment5 : Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry income statement).

⁸⁴ *Ibid.*

price leaders in the Canadian market and substantially undercut comparable domestic producer pricing.

152. This price undercutting and price depression were the direct result of the low-priced competition from the Subject Countries.
153. As discussed in the Statements of Evidence of Mr. Frederic Fafard of ArcelorMittal, Mr. Canosa of Gerdau, and Mr. Ben Zurbrigg of AltaSteel, when price competition is examined on a product and transaction specific basis, import pricing has substantially undercut the Complainants' already discounted prices.

2. Specific Examples of Injury

154. The Complainants have been facing increasing price pressures across the Canadian market from imports from the Subject Countries. The widespread knowledge of these low import pricing levels has had an impact on all of the Complainants' business in Canada. The degree of price undercutting by these imports is further demonstrated by examining specific examples which are provided in the Statements of Evidence of Mr. Frederic Fafard of ArcelorMittal, Mr. Ben Zurbrigg of AltaSteel and Mr. Canosa of Gerdau.
155. These import offers described in their Statements of Evidence are just a representative sample of the head-to-head competition which the Complainants have faced from imports from the Subject Countries in the recent period. These imports have caused the Complainants lost sales and forced them to reduce their pricing, both of which have caused them material injury.
156. Further, it is clear that even an offer, with no actual purchase, can and does have a negative downward effect on pricing in the Canadian market.
157. The Tribunal commented on this in the 2011 expiry review on *Hot-rolled Sheet*:

345. The Tribunal heard testimony that, sometimes, even the presence of "zero volume" is enough to disrupt the domestic market, given that only the threat of an offer priced significantly below the price of Canadian hot-rolled steel sheet is enough to cause prices to cascade downward. To further corroborate this, the Tribunal heard testimony that, given the relative size and the fragility of the Canadian market, import offers such as 5,000 metric tonnes or even 3,000 metric tonnes can affect and devastate pricing in the Canadian market.

346. In such a case, the company to which a low-priced offer was made, whether it be a service centre or an end user, would quickly contact its core supplier and expect it to match the offered price, which can be extremely disruptive to the domestic market. [Footnotes omitted]⁸⁵

158. The same is true in the case of rebar where the mere fact of an offer can cause a downward spiral in pricing.

3. Lost Sales and Lost Market Share

159. The table below demonstrates that the Complainants' market share decreased with the arrival of subject imports in 2014 and that Subject Goods have rapidly captured a significant portion of the Canadian rebar market in 2015 and 2016.

**Table 9
Canadian Rebar Market Share⁸⁶**

	2013	2014	2015	Jan-May 2016	April-May 2016
Complainants	[
<i>Rebar I</i> countries					
Subject Countries					
US imports					
Other imports]

160. While the market share of imports from the US, the *Rebar I* countries (China, Korea, Turkey) and other non-subject countries each remained essentially the same from 2013 to 2014, the market share of Subject Goods increased by []% while the Complainants saw their share decrease by []%. In 2015, the Subject Countries captured market share previously held by the *Rebar I* countries, US imports as well as the Canadian producers. Between January and May 2016, the Subject Countries' share of the market grew, reaching []%, while the Complainants' market share dropped to []% despite a lack of imports of Subject Goods into Eastern Canada in Q1 2016 due to the close of navigation in the winter. Offshore imports normally begin arriving in Eastern Canada in

⁸⁵ Public Attachment 4: See *Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strip*, RR-2010-001, Order and Reasons (August 15, 2011) at paras. 345-346.

⁸⁶ Confidential Attachment 8: Apparent Canadian rebar market table.

the spring (open of navigation). For example, there were over 31,000 MT of imports from Portugal in April 2016, over 33,000MT of imports from Spain and 17,320 MT of imports from Belarus.⁸⁷ Note that commercial intelligence obtained by the Complainants indicates that the April 2016 imports from Belarus were nearly double that reported by GAC, at 27,000 MT.⁸⁸ There were also 6,400 MT of imports from Hong Kong in April 2016. In May 2016, there were 27,737 MT of imports from Belarus, 3,077 MT from Japan and 10,600 MT from Taiwan.⁸⁹ After the open of navigation, the Complainants' market share plummeted to []% in April-May 2016, while the Subject Countries saw their share of the market increase to more than double its 2015 market share at []%.

161. It is important to note that while the Complainants saw [], this was due to []

[]. However, the [] was not an equal ratio as the Subject Goods captured market share from the domestic producers. More specifically, the share of US imports decreased by []% from 2014 to 2015 while the Complainants' market share increased by only []%.

162. Subject Goods began being offered in September 2014 and were first imported in October 2014.⁹⁰ In only a year, Subject Goods went from being essentially non-existent to representing almost [] of the entire Canadian rebar market.

163. In terms of sales volume over the POI, the Complainants saw their volume of domestic sales from domestic production decrease by []% in 2014 and increase by []% in 2015 (once again []).⁹¹ Their sales dropped from [] MT in 2013 to [] in 2014 and increased to [] MT in 2015.

⁸⁷ Public Attachment 25: GAC April and May 2016 data (Note the Belarus shipment is counted at 27,000 MT, as confirmed by ArcelorMittal's commercial intelligence instead of 17,320 MT reported to GAC).

⁸⁸ Public Statement of Evidence of Frederic Fafard at para. 26 and Confidential Attachment 12: ArcelorMittal import activity report dated January 6, 2016 and related correspondence.

⁸⁹ Public Attachment 25: GAC April and May 2016 data.

⁹⁰ Public Attachment 26: Statistics Canada import data.

⁹¹ Confidential Attachment 8 ; Confidential Statement of Evidence of Roger Paiva, paras. 4-6.

During this time, Subject Good imports increased from nil in 2013 to 33,301 MT in 2014 to 239,023 MT in 2015.⁹²

164. In sum, the Subject Countries have increased their share in the Canadian market by offering rebar at low prices that are injurious to the domestic industry.

4. Financial Results

165. Confidential Attachment 5 contains the Complainants' consolidated and individual income statements for domestic rebar sales from domestic production for 2013-2015, Q1 2016, and April and May 2016.

166. The following table sets out the Complainants' financial results on a quarterly basis once Subject Goods started being imported into Canada in Q4 2014:

Table 10
Consolidated Domestic Industry Financial Results⁹³

	\$/MT						April 2016	May 2016
	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016		
Net sales value	[
Cost of goods manufactured								
Cost of goods sold								
Gross margin (loss)								
GS&A								
Financial expenses								
Other expenses								
Net income (loss) before taxes]

167. The domestic industry has lost money for the past 3 quarters and 2 months, which coincides with the importation of large volumes of low-priced Subject Goods. As

⁹² Confidential Attachment 8: Apparent Canadian rebar market table.

⁹³ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry income statement).

discussed above, the Complainants were experiencing a price-cost squeeze as net selling values decreased by []% from Q4 2014 to Q1 2016 and cost of goods sold decreased by only []%. This resulted in a significant decrease in their gross margin by []% and resulted in a gross loss for the first time during this period.

168. The Complainants' net losses were \$[]/MT in 2015, with total losses of over \$[]. Further, their financial performance worsened significantly in the latter part of 2015 and in Q1 to early Q2 2016. The Complainants posted net losses every quarter after Q2 2015 dropping to -\$[]/MT in Q1 2016. The Complainants have continued to post net losses in April and May 2016 at -\$[]/MT and -\$[]/MT, respectively.

169. In sum, the Complainants' financial performance worsened throughout 2015 and in Q1 and early Q2 2016 as imports from the Subject Countries rose sharply.

5. Production and Overcapacity

170. The Subject Goods have also negatively impacted the Complainants' rebar production. While the consolidated industry data shows [

].⁹⁴ The table below sets out rebar production by producer:

Table 11
Total Rebar Production⁹⁵

MT	2013	2014	2015	Q1 2016
AltaSteel	[
ArcelorMittal				
Gerdau				
Total]

⁹⁴ Confidential Statement of Evidence of Roger Paiva, paras. 4-6.

⁹⁵ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry cost of goods manufactured).

171. While []
].
172. Further, the Complainants' utilization rate is low and at unsustainable levels. Their utilization rate was only []% in 2015 and dropped further to []% in Q1 2016.⁹⁶
173. With low utilization rates, the Complainants' excess capacity increased from [] MT in 2013 to [] MT in 2014 (or by []%). While excess capacity decreased slightly in 2015 to [] MT (or by []%), excess capacity was still higher than in 2013. In Q1 2016, the Complainants' excess capacity was [] MT, which if remaining constant, the Complainants' excess capacity for full year 2016 could be expected to worsen to [] MT.
174. The lack of rebar orders due to Subject Goods also resulted in several unplanned mill shutdowns. ArcelorMittal was forced to shut down not only its rebar producing mills (Contrecoeur West and Longueuil bar mills and Contrecoeur East rod mill), but also its steelmaking operations at Contrecoeur East and West as a result of lower rebar production:

⁹⁶ Confidential Attachment 5: Consolidated domestic industry income statement, production, capacity and employment for rebar (see industry production and capacity data).

demonstrated propensity of the Subject Countries to dump steel clearly demonstrate that there is a reasonable indication that Subject Goods threaten the domestic industry with injury.

179. Subsection 37.1(2) of the SIM Regulations lists the factors the Tribunal may consider in addressing the question of whether dumped goods are threatening to cause injury. The Complainants submit that these factors should also be considered by the CBSA when assessing whether or not a complaint provides a reasonable indication that the alleged dumping of particular goods threaten to injure the domestic industry.
180. The evidence available to the Complainants also demonstrates that the domestic industry is threatened with further material injury by reason of dumped imports from Subject Countries. Imports are increasing and are almost certain to continue to do so, given the unused and growing production capacity in the Subject Countries, their export focus on the Canadian market, as well as the other factors described below.
181. Increasing imports at prices that substantially undercut domestic producer pricing will continue to depress and/or suppress domestic prices and to take market share from Canadian producers. The adverse volume and price effects of increasing dumped imports will cause domestic producers to suffer further declines in production, capacity utilization, employment, market share, prices, operating income, return on investment, and other indicators of material injury.
182. In making its assessment of threat of injury, the Tribunal generally considers a timeframe of 12 to 24 months.¹⁰⁰ If recent trends continue, the domestic industry will be facing a situation where 350,000 MT or more of dumped Subject Goods are imported into Canada in 2016 at prices that substantially undercut domestic producer pricing. This is a reasonable inference to draw from the 2015 and year to date 2016 import data, the domestic industry consolidated income statement, and the commercial intelligence included in the sworn statements of ArcelorMittal, AltaSteel and Gerdau. If this occurs,

¹⁰⁰ Public Attachment 4: *Rebar I, supra*, at para 78.

the domestic industry will suffer lost sales and Canadian market prices will be suppressed, causing the domestic industry to suffer millions of dollars in lost revenue, in addition to the consequential impacts of this lost revenue (reduced employment, reduced investment).

A. Global Market Conditions

1. Weak Global Economic Outlook and the Continuing Effects of the Global Economic Crisis

183. There are two major global developments currently affecting the market for rebar, each of which increase the threat of injury posed by the Subject Goods to the domestic industry. First, the global economic outlook is weak and the market for rebar is still recovering from the global economic crisis. This global weakening is having a significant impact on the pricing and demand for the Subject Goods. Second, and related, there is presently a massive global over-capacity problem in the market for rebar, driven primarily by producers in China.

184. TD's Quarterly Economic Forecast from December 2015 reported that 2015 was "the slowest pace of economic growth since the financial crisis."¹⁰¹

185. In the 2012 expiry review regarding hot-rolled plate from China, the Tribunal commented on the bleak outlook for the steel industries:

Fiscal consolidation, a still-weak financial system and a general sense of uncertainty aggravated by the sovereign debt crisis in the Eurozone and fiscal issues in the United States are constraining global growth prospects.

This lethargic global economic recovery has negatively affected the global steel industry in general and the global demand for plate in particular.¹⁰²

¹⁰¹ Public Attachment 30: TD Economics, "Canada's Two Speed Economy To Get An American-Led Boost" (December 17, 2015), p. 1

¹⁰² Public Attachment 4: *Hot-Rolled Steel Plate from China*, RR-2012-001, Statement of Reasons (January 8, 2014) at paras. 68-69.

186. These sentiments continued through the end of 2013 where, in the expiry review regarding plate from Bulgaria, the Czech Republic and Romania, the Tribunal once again noted the negative global outlook:

The global financial crisis that started in 2008 resulted in a serious economic downturn affecting most industries around the world, including the Canadian carbon steel plate industry. Although it appears that there has been some recovery since the lows of 2008, the global economy is slow to return to its previous state. ...”¹⁰³

187. In January 2015, the Tribunal noted the ongoing recovery in *Fasteners*:

The recovery of the world economy from the recession in 2008 is ongoing, with moderate growth expected over the next five years. World gross domestic product (GDP) growth decreased from 4.1 percent in 2011 to 3.3 percent in 2013 and was projected by the International Monetary Fund (IMF) to level out in 2014 before increasing to 3.8 percent in 2015 and 4.0 percent in 2019. The Bank of Canada has forecasted slightly lower world GDP growth from 2.9 percent in 2014 to 3.7 percent in 2016.¹⁰⁴ [Footnotes omitted]

188. The OECD notes that growth in global apparent steel use “has nearly come to a halt” and that steel prices have been decreasing.¹⁰⁵ It also notes that “[w]eak earnings have led to a decline in the industry’s profitability over the last few years, with little recovery expected in the near future.”¹⁰⁶

189. At the OECD Steel Committee meeting in December 2015, recent market developments were summarized as follows:

- Economic outlook has weakened
- Steel market sentiment is down
- Demand for steel falling in major economies
- Broad-based decline in production
- World exports of steel are increasing

¹⁰³ Public Attachment 4: *Hot-Rolled Steel Plate from Bulgaria, Czech Republic and Romania*, RR-2013-002, Statement of Reasons (January 22, 2014) at para. 38.

¹⁰⁴ Public Attachment 4: *Fasteners*, RR-2014-001, Statement of Reasons (January 20, 2015) at para. 81.

¹⁰⁵ Public Attachment 31: OECD, “Steel market Developments” (Q2 2015), p. 3.

¹⁰⁶ *Ibid.*

- Sharp fall in steel and steelmaking raw material prices
- Profitability is likely to have worsened this year
- Forecasts for apparent steel use have been lowered recently
- Oversupply and adjustment pressures have increased for the steel industry¹⁰⁷

190. The OECD also noted that the world average steel price has dropped 25% since the beginning of 2014.¹⁰⁸

191. The World Steel Association noted global steel demand growth contracted in 2015 by 3.0%, is forecasted to continue to contract at -0.8% in 2016 and show modest signs of recovery in 2017 with 0.4% growth.¹⁰⁹ The economic environment facing the steel industry continues to be challenging with China's slowdown impacting globally across a range of indicators contributing to volatility in financial markets, sluggish growth in global trade and low oil and other commodity prices. The OECD forecasts continued contraction in steel demand in China in 2016.¹¹⁰

192. At the OECD Steel Committee meeting in May 2015, the Chairman made the following observations about the future of the steel sector:

The outlook for the steel sector remains weak with many uncertainties including the pace of world economic growth, geopolitical tensions, the future evolution of oil and raw material markets, the long-term decline in Chinese steel demand and the impacts of excess steelmaking capacity.¹¹¹

193. With respect to the rebar sector, global rebar demand is also slowing.

¹⁰⁷ Public Attachment 32: OECD, "Recent Market Developments", Presentation by the OECD Secretariat at the 79th Session of the OECD Steel Committee (December 2015), p. 1.

¹⁰⁸ *Ibid.*, at p. 7.

¹⁰⁹ Public Attachment 33: World Steel Association Short Range Outlook 2016-2017.

¹¹⁰ *Ibid.*

¹¹¹ Public Attachment 34: OECD, Statement from Risaburo Nezu, Chairman of the OECD Steel Committee, 78th Session of the Steel Committee (May 2015).

Table 13
Global Rebar Demand Growth¹¹²

	2013	2014	2015	2016	2017	2018
Annual growth	9.7%	5.0%	-2.8%	-1.0%	2.2%	2.7%

194. CRU data indicates that global rebar demand growth peaked in 2013 at 9.6%, dropped to approximately half that pace in 2014 at 5.0%, and hit its lowest point in 2015 at -2.8%. CRU forecasts global rebar demand to grow at a slower pace through to 2018. In 2016, negative growth will remain the norm at -1.0%, and is projected to increase negligibly to 2.2% in 2017 and 2.7% in 2018, which represents one quarter of the 2013 global rebar demand growth.

2. The China Factor: Steel Market Disruptions Caused by China

195. While not a Subject Country, it is difficult to overstate the impact that the Chinese steel industry is having on global markets, and the threat it poses to the Canadian domestic industry. The Chinese rebar industry is plagued with high levels of excess capacity and is becoming increasingly export dependant as the Chinese economy slows down. Chinese government policies directed at maintaining employment mean that production decisions in China are not economically rational.

196. The IMF notes that China's economy grew by 6.9% in 2015 and is forecasted to see lower growth of 6.5% in 2016 and 6.2% in 2017.¹¹³ This slower growth is the "new normal" in China.¹¹⁴

197. The slowing of China's economy is having disastrous effects on its steel sector. The "new normal" of the Chinese steel industry means low growth, low pricing, low profitability, and great pressures.¹¹⁵

¹¹² Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S4.

¹¹³ Public Attachment Attachment 36: IMF, "World Economic Outlook – Too Slow for Too Long" (April 2016), p.1.

¹¹⁴ Public Attachment 37: China Metallurgical Industry Planning and Research Institute, "Steel Market in China", presentation at the 78th Session of the OECD Steel Committee (May 2015), p. 1, 6.

198. Bloomberg recently noted the following effects on steel markets from China's slowing economy:

After years of expanding capacity to keep up with surging demand at home, Chinese mills that account for half the globe's output are shifting to buyers across Asia, Europe and the Americas as the domestic economy slows. Fueled by lower prices, steel-product exports are up 25 percent this year through October to 92 million metric tons, sending mill losses this year to as much as \$537 a ton.¹¹⁶

199. China's rebar sector is also negatively affected by its slowing demand.

Table 14
Chinese Rebar Demand Growth¹¹⁷

	2013	2014	2015	2016	2017	2018
Annual growth	14.9%	5.5%	-4.3%	-1.8%	-0.5%	0.9%

201. CRU data indicates that Chinese rebar demand growth peaked in 2013 at 14.9% and dropped to slightly more than half that pace at 5.5% in 2014. Growth contracted drastically in 2015 at -4.3%. This contraction trend is forecasted to continue through to 2017, with growth only forecasted in 2018 at a marginal 0.9%.

3. Global Overcapacity and Capacity Increases

202. An OECD report from January 2015 noted the following about excess capacity in the global steel industry:

Excess capacity is one of the main challenges facing the global steel sector today. The growing gap between global steelmaking capacity and demand has led to a deterioration in the financial situation of steelmakers, and has raised concerns about the longer-term economic viability and efficiency of the industry. Although excess capacity in the global steel industry has increased significantly since the financial crisis, and despite slowing demand

¹¹⁵ *Ibid.*, p. 6.

¹¹⁶ Public Attachment 38: Bloomberg, "Steel Profit Secondary to China Mills Exporting Record Surpluses" (December 4, 2015).

¹¹⁷ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S4.

growth in global markets, there continues to be new investment projects in many parts of the world.¹¹⁸

203. During the OECD Steel Committee Meeting in December 2015, the Chairman noted that “[d]espite weak market conditions, steelmaking capacity is projected to grow further in 2015-2017” and reach 2.418 billion MT in 2017.¹¹⁹

4. Softening Asian Demand

204. The Asian steel sector is weak. Asian steel demand contracted by 3.3% in 2015 and is forecasted to see further negative growth at 1.7% in 2016 and -1.0% in 2017.¹²⁰
205. Asia’s rebar sector is also slowing. CRU data indicates that annual rebar growth peaked in 2013 at 12.9% and has severally contracted in 2015 to -2.4%. Annual rebar is forecasted to continue to contract in 2016 by 1.4% and is anticipated to show negligible growth through to 2018.

Table 15
Asian Rebar Demand Growth¹²¹

	2013	2014	2015	2016	2017	2018
Annual growth	12.9%	5.6%	-2.4%	-1.4%	0.6%	1.6%

¹¹⁸ Public Attachment 39: OECD, “Excess capacity in the global steel industry: the current situation and ways forward” (January 2015).

¹¹⁹ Public Attachment 40: Statement from Risaburo Nezu, Chairman of the OECD Steel Committee, “Immediate action is needed to address mounting challenges in the global steel sector”, OECD 79th Session, (December 2015).

¹²⁰ Public Attachment 33: World Steel Association Short Range Outlook 2016-2017.

¹²¹ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S4.

5. Softening European Demand

206. The European steel sector is weak. EU steel demand grew by 2.8% in 2015 and is forecasted to slow to 1.4% in 2016 and 1.7% in 2017.¹²²
207. Eurofer, the European Steel Association, noted in December 2015 that steel demand recovered somewhat in Q2 2015, but that increases in demand were absorbed by 3rd country imports and that domestic deliveries “hardly grew”.¹²³ Eurofer notes that 2016 will see a further slow rise in demand, but that imports will remain at an elevated level.¹²⁴
208. EU steel producers are also seeing a surge in Chinese steel imports. Chinese finished steel imports into the EU increased by 8% in 2013, by 44% in 2014 and by 60% in the first nine months of 2015.¹²⁵
209. In terms of rebar, CRU forecasts annual European demand to slow through 2018 from its peak in 2014.

Table 16
European Rebar Demand Growth¹²⁶

Annual growth	2013	2014	2015	2016	2017	2018
Europe	0.5%	4.2%	2.0%	-0.3%	5.2%	5.8%
EU-28	-8.9%	9.2%	5.7%	-1.1%	7.3%	6.3%

210. European growth peaked in 2014 at 4.2% and reached a contraction peak of -0.3% in 2016. Moderate growth is expected through 2017 at 5.2% and in 2018 at 5.8%. The EU-28 countries show slightly more fluctuation with growth having peaked at 9.2% in 2014, and an anticipated contraction peak in 2016 at -1.1%.

¹²² Public Attachment 33: World Steel Association Short Range Outlook 2016-2017.

¹²³ Public Attachment 41: Eurofer, “EU Market and Trade Challenges”, Presentation at the 79th Session of the OECD Steel Committee Meeting (November 30, 2015), slide 6.

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*, slide 7.

¹²⁶ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S4.

211. Weak domestic demand and increased import competition are forcing European rebar producers to turn to export markets. While Canada has traditionally been one of the EU's smaller export markets for rebar, this changed in 2015 where Canada became the EU's third largest rebar export market. Average monthly rebar exports to Canada were 3,000-5,000 MT during 2010-2014 and surged to 18,000 MT in the first nine months of 2015.¹²⁷

B. Subject Country Market Conditions

1. Belarus

212. Belarus' economy is weak. The recession in Russia and low commodity prices have had a major impact on Belarus' economy, which contracted by 3.9% in 2015, marking the first recession in two decades.¹²⁸ The IMF forecasts that Belarus' GDP will continue to contract to -2.7% in 2016.¹²⁹

213. The IMF noted in its April 2016 report that “[c]onditions worsened in most other Commonwealth of Independent States (CIS) economies, affected by spillovers from Russia as well as the adverse impact of lower oil prices [...]”¹³⁰

214. In Belarus specifically, economic activity is predicted to continue to contract in 2016 due to the generally weak external demand and low oil prices.¹³¹ According to the National Statistical Committee of the Republic of Belarus (BELSTAT), industrial production fell by 6.6% in 2015, marking the worst result recorded since 2010.¹³²

¹²⁷ Public Attachment 42: EU 28 exports of rebar from Official EU Trade Statistics (Comext).

¹²⁸ Public Attachment 43: Belarus Economic Update 2016.

¹²⁹ Public Attachment Attachment 36: IMF, “World Economic Outlook – Too Slow for Too Long” (April 2016), p. 39.

¹³⁰ *Ibid.*, p. 1.

¹³¹ Public Attachment 44: Belarus Economic Update Macro 2015 Article.

¹³² Public Attachment 45: Belarus Industrial Production 2015.

215. At its April 2016 High-Level Symposium on Excess Capacity and Structural Adjustment in the Steel Sector, the OECD reported that steel demand in the CIS region contracted by 10.8% in 2015, and is forecasted to continue to contract in 2016 at -7.4%.¹³³
216. According to the Ministry of Foreign Affairs of the Republic of Belarus, Russia is the largest trade partner of Belarus, accounting for more than 40% of total exports.¹³⁴ Given the poor economic conditions in Russia, exports of goods to the Russian market dropped by 26%, contributing to an overall decline in Belarusian industrial output, which fell by 6.6% in 2015.¹³⁵ This important decline in exports to Russia, Belarus' largest trade partner, is a strong indicator that Belarussian rebar exporters will necessarily need to find new and attractive export markets for their rebar products. Indeed, Canada has become a major export destination for Belarusian rebar in 2016.
217. CRU indicates that rebar production in the CIS region will consistently remain higher than demand throughout 2020, creating an ongoing and growing supply imbalance in the region well into 2020. In fact, the forecasted supply imbalance in 2015 represents a 27% y-o-y increase. This will continue with 2020's supply imbalance representing a 59% increase over 2013 figures, evidencing a worrisome trend in the CIS region.

Table 17
CIS Region Rebar Supply Imbalance¹³⁶

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Production	13.934	14.635	13.642	12.715	13.159	13.756	14.410	15.143
Demand	12.748	12.971	11.358	10.064	10.410	11.035	11.576	12.274
Supply imbalance	1.19	1.66	2.28	2.65	2.75	2.72	2.83	2.87

¹³³ Public Attachment 46:OECD Presentation 2016 slide 9.

¹³⁴ Public Attachment 47:Ministry of Foreign Affairs of Belarus on Foreign Trade.

¹³⁵ Public Attachment 43:Belarus Economic Update Spring 2016.

¹³⁶ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table 4.1.

2. Chinese Taipei

219. Chinese Taipei's economy is slowing. Its GDP grew by 3.8% in 2014, slowed in 2015 to 0.7%, and the IMF forecasts it to show meagre growth in 2016 at 1.5%.¹³⁷ The IMF noted in its April 2016 report that economic activity in "[o]ther Asian Advanced economies closely integrated with China – such as Hong Kong Special Administrative Region and Taiwan Province of China – weakened sharply during the first half of 2015 [...] Activity picked up by less than expected during the second half of the year as domestic demand remained subdued [...]"¹³⁸
220. The IMF April 2016 report indicates that the general downturn in China's imports in 2015 has been an important drag, and contribute to a noticeably softened growth in Chinese Taipei.¹³⁹
221. The Chinese Taipei Economics Ministry reported that industrial production contracted by 5.32% y-o-y in September 2015, the fifth consecutive month of decline.¹⁴⁰
222. Chinese Taipei's steel demand has "entered a mature stage".¹⁴¹ Apparent crude steel consumption decreased by 14.1% to 23.5 million tons in 2014 compared to 2004.¹⁴²
223. A BMO market research report noted in Q3 2014 that Chinese Taipei's steel producers are being "increasingly challenged from an influx of cheap products from China and other local producers."¹⁴³ This continued into Q1 2015 where BMI once again noted that "Taiwan's steel producers are facing into increasing headwinds in 2015 as global supply

¹³⁷ Public Attachment Attachment 36: IMF, "World Economic Outlook – Too Slow for Too Long" (April 2016), p. 37.

¹³⁸ *Ibid.*, p.1.

¹³⁹ *Ibid.*, p. 19.

¹⁴⁰ Public Attachment 48: China Post, "Production level falls for the fifth straight month" (October 24, 2015).

¹⁴¹ Public Attachment 49: Presentation by Chinese Taipei at the 78th Session of the OECD Steel Committee, "Current Situation of the Steel-Making Capacity in Chinese Taipei" (May 12, 2015), p. 1.

¹⁴² *Ibid.*

¹⁴³ Public Attachment 50: BMO Research and Markets, "Taiwan Metals Report Q3 2014".

levels tick upwards as a result of a cooling Chinese economy. Chinese exporters are increasingly targeting the Taiwan market, forcing local producers to reduce prices.”¹⁴⁴

224. Chinese Taipei’s rebar industry is also weakening with demand forecasted to be weak through at least 2017, and with 2017 demand still below that achieved in 2014.

Table 18
Chinese Taipei Rebar Demand¹⁴⁵

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Demand	5.793	6.060	5.675	5.395	5.878	5.960	6.097	6.191
% change	1.1%	4.6%	-6.4 %	-4.9%	9.0%	1.4%	2.3%	1.5%

225. CRU reports that domestic demand contracted with growth of -6.4% in 2015 and is forecasted to continue to contract in 2016 at -4.9%, peak in 2017 at 9.0%, with minimal growth thereafter.

226. Despite soft rebar demand, rebar production is forecasted to increase from 2016 through 2020, increasing in 2017 by 8.7%:

Table 19
Chinese Taipei Rebar Production¹⁴⁶

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Production	5.869	6.162	5.803	5.525	6.007	6.106	6.254	6.350
% change	1.6%	5.0%	-5.8%	-4.8%	8.7%	1.6%	2.4%	1.5%

227. Given the soft rebar demand and the increasing rebar production forecasted by CRU, it is no surprise that rebar exports from Chinese Taipei are set to increase steadily through 2020, and specifically by 18% between 2016 and 2020.

¹⁴⁴ Public Attachment 51: BMO Research and Markets, “Taiwan Metals Report Q1 2015”.

¹⁴⁵ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S3.

¹⁴⁶ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S19.

Table 20
Chinese Taipei Rebar Exports¹⁴⁷

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Exports	0.076	0.102	0.129	0.130	0.129	0.146	0.157	0.159

228. The above figures indicate that there were 129,000MT of rebar exports from Chinese Taipei in 2015. Statistics Canada data indicate that imports from Chinese Taipei into Canada in 2015 were 66,000MT, meaning Canada accounted for more than half of all Taiwanese exports that year. This highlights the dependence of Chinese Taipei rebar exporters on the Canadian market.

229. Chinese Taipei also has significant excess capacity. Rolling mill capacity was 5.58 million MT in 2013, meaning there was excess capacity of 864,000 MT.¹⁴⁸ Assuming there have been no expansions and capacity has remained the same, excess rebar capacity in Chinese Taipei is forecasted to remain high at approximately 800,000-900,000 MT through 2020.¹⁴⁹

3. Hong Kong

230. The IMF reports that Hong Kong's economy grew by 2.4% in 2015 and is forecasted to continue to experience slow growth of 2.2% in 2016.¹⁵⁰

231. As noted above, the Chinese economy and steel industry are slowing and are having a major impact on neighbouring and global markets, including Hong Kong. Specifically, the IMF April 2016 report indicates that "[t]he downturn in China's imports in 2015 has

¹⁴⁷ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S34.

¹⁴⁸ Confidential Attachment 52: MetalBulletin, "A Strategic Five Year Outlook for the Southeast Asian Steel and Raw Materials Industry" (2014).

¹⁴⁹ *Ibid.*

¹⁵⁰ Public Attachment Attachment 36: IMF, "World Economic Outlook – Too Slow for Too Long" (April 2016), p. 37.

been an important drag [...] In 2016, growth will soften in [...] Hong Kong Special Administrative Region (to 2.2 percent)[...]¹⁵¹

232. Shiu Wing Steel Limited is “the one and only steel rolling mill in Hong Kong”.¹⁵² It has an annual rolling mill capacity of 750,000 MT and produces rebar in sizes from 10M to 50M and in lengths from 0.5 metres to 18 metres.¹⁵³
233. Construction is the main downstream industry for rebar. BMI Market Research data shows that Hong Kong’s construction and infrastructure growth was 8.3% in 2014, fell to approximately half that mark in 2015 at 4.5%, and is expected to show meagre growth in 2016 at 4.61% and then slow through to 2019 at 1.92%.¹⁵⁴ Hong Kong’s construction sector is expected to continue to decelerate as the annual average growth from 2016-2020 is only 2.6%.¹⁵⁵ BMI noted the following trends and developments for Hong Kong’s construction sector:

A deteriorating business environment, coupled with a shortage of labour leading to escalating costs means that growth of Hong Kong’s construction sector will remain below potential over the long term in spite of a substantial project pipeline.

We maintain our conservative outlook for Hong Kong’s construction sector, as long-term growth fundamentals remain weak [...]

The long-term fundamentals for Hong Kong’s infrastructure sector remains unfavourable, with growth being weighed by a deteriorating business environment, as indicated by recent World Bank Doing Business 2016 report.

Public projects continue to face delays, with the most recent being the Guangzhou-Shenzhen-Hong Kong Express Rail Link project, currently at risk of being suspended due to financing issues as of Q2016.

A weakening economic outlook, coupled with delays on projects has weighed on the overall growth of the sector.¹⁵⁶

¹⁵¹ Public Attachment Attachment 36: IMF, “World Economic Outlook – Too Slow for Too Long” (April 2016), p. 19.

¹⁵² Public Attachment 17: Shiu Wing Steel Limited website.

¹⁵³ *Ibid.*

¹⁵⁴ Public Attachment 53: BMI Research and Markets, “Hong Kong Infrastructure Report Q1 2016”.

¹⁵⁵ Public Attachment 53: BMI Research and Markets, “Hong Kong Infrastructure Report Q1 2016”.

¹⁵⁶ Public Attachment 53: BMI Research and Markets, “Hong Kong Infrastructure Report Q1 2016”.

234. In its Q1 2016 report, BMI stated that the “long term outlook for Hong Kong’s construction sector remains muted, with a structural slowdown in China, a more challenging business environment, as well as shortage of labour weighing on growth”.¹⁵⁷

4. Japan

235. Japan’s economy is weak. The IMF reports that Japan’s GDP grew slightly by 0.5% in 2015 and is forecast to experience no growth in 2016, and contract by 0.1% in 2017.¹⁵⁸ The IMF further noted that growth came out significantly lower than expected during the fourth quarter of 2015, reflecting in particular a sharp drop in domestic consumption.

236. Japan’s steel sector is also weak. Steel demand contracted by 7.0% in 2015 and is forecasted to grow slightly by 2.3% in 2016, and contract again in 2017 by 1.2%.¹⁵⁹

237. The Japan Iron and Steel Federation noted in December 2015 that domestic steel demand has been “slowly declining” since April 2014.¹⁶⁰ The Federation also noted that demand in the construction sector (the main downstream industry for rebar) is “dropped due to decrease of public investment, and a delay of improving in non-residential construction starts”.¹⁶¹ In particular, Japanese construction demand grew by 7.7% in 2012, 10.9% in 2013 and contracted by 3.2% in 2014.¹⁶²

238. The Japan Iron and Steel Federation noted that quarterly domestic steel shipments have been decreasing for five consecutive quarters in Q3 2015.¹⁶³ Fewer shipments are resulting in an increase in inventories. The Federation noted that steel “inventories

¹⁵⁷ Public Attachment 53: BMI Research and Markets, “Hong Kong Infrastructure Report Q1 2016”.

¹⁵⁸ Public Attachment Attachment 36: IMF, “World Economic Outlook – Too Slow for Too Long” (April 2016), p. 1 and 37.

¹⁵⁹ Public Attachment 33: World Steel Association Short Range Outlook 2016-2017.

¹⁶⁰ Public Attachment 54: Japan Iron and Steel Federation, “Economic and Steel Market Situations in Japan”, Presentation at the 79th OECD Steel Committee Meeting (Nov 30 – Dec 1, 2015), p. 6.

¹⁶¹ *Ibid.*

¹⁶² *Ibid.*

¹⁶³ *Ibid.*, p. 7.

increased in late 2014 mainly because of weakening of real demand. Inventories remain in higher level during 2015.”¹⁶⁴ In particular, steel inventories contracted by 2.1% in 2012 and grew by 3.4% in 2013 and 5.2% in 2014.¹⁶⁵

239. Japanese steel producers are also feeling the effects of China’s slowing economy. The chairman of Japan’s Iron and Steel Federation noted that “China’s inability to soak up all the metal it produces due to slowing growth constitutes the biggest risk facing the steel industry.”¹⁶⁶ The Executive Vice-President of Nippon Steel said that “China’s overproduction has resulted in big declines in Asian markets”¹⁶⁷ and the General Manager of JFE’s financial department noted that “the impact of China’s economic slowdown is spreading”.¹⁶⁸
240. Japanese rebar producers are also not immune to weak domestic demand.

Table 21
Japanese Rebar Demand¹⁶⁹

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Demand	8.667	8.555	7.672	7.902	8.519	8.829	8.956	9.015
% change	5.4%	-1.3%	-10.3%	3.0%	7.8%	3.6%	1.4%	0.7%

241. Japan’s rebar industry saw positive growth in 2013 and has contracted through 2015 to a low of -10.3%. Despite a spike projected in 2017 at 7.8% growth, CRU forecasts Japanese domestic rebar demand to show very slow growth through 2020. Further, even

¹⁶⁴ Public Attachment 54: Japan Iron and Steel Federation, “Economic and Steel Market Situations in Japan”, Presentation at the 79th OECD Steel Committee Meeting (Nov 30 – Dec 1, 2015), p. 7..

¹⁶⁵ *Ibid.*

¹⁶⁶ Public Attachment 55: Bloomberg, “Japan’s Top Steel Mills Slash Profit Forecasts on China Glut” (October 29, 2015).

¹⁶⁷ *Ibid.*

¹⁶⁸ *Ibid.*

¹⁶⁹ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S3.

with the marginal rate of growth expected in 2016, the total demand in 2016 will remain well below the levels of 2013 and 2014.

242. Further, Japanese rebar producers are facing an increasingly larger supply imbalance.

Table 22
Japanese Rebar Supply Imbalance¹⁷⁰

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Production	8.904	8.749	8.088	8.258	8.863	9.184	9.316	9.378
Demand	8.667	8.555	7.672	7.902	8.519	8.829	8.956	9.015
Supply imbalance	0.237	0.194	0.416	0.356	0.344	0.355	0.360	0.363

243. Rebar production is steadily outpacing domestic consumption such that Japan's supply imbalance is forecasted to grow from 356,000 MT in 2016 to 363,000 MT by 2020, an increase of 19%.

244. The growing supply imbalance in Japan is likely to act as a catalyst for continued and growing rebar exports from Japan to more desirable markets, such as Canada. In fact, CRU forecasts steady growth in rebar exports from Japan through to 2020:

Table 23
Japanese Rebar Exports¹⁷¹

Million MT	2013	2014	2015	2016	2017	2018	2019	2020
Exports	0.237	0.194	0.416	0.356	0.344	0.355	0.360	0.363

245. As can be seen, Japanese rebar exports increased dramatically by 53% in 2015, and in 2016-2017 Japanese rebar exports are forecasted to continue to be well in excess of 50% of the 2014 levels.

¹⁷⁰ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Tables S3 and S19.

¹⁷¹ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S34.

246. Japan also has significant excess capacity. Rolling mill capacity is approximately 15 million MT according to MetalBulletin, meaning there was excess capacity of 6.855 million MT in 2015.¹⁷²

5. Portugal

247. The Portuguese economy is weak. The IMF April 2016 report indicates that activity is expected to decelerate in Portugal to 1.4% in 2016 and 1.3% in 2017.¹⁷³ The IMF also reports that Portugal's GDP grew by 1.5% in 2015 and is forecasted to see growth of only 1.4% in 2016 and slow to 1.3% in 2017.¹⁷⁴

248. In terms of rebar, a recent SteelOrbis article noted that “demand in the local Portuguese rebar market is at low levels”.¹⁷⁵ The following table sets out rebar consumption in Portugal:

Table 24
Portuguese Rebar Demand¹⁷⁶

Year	MT	% change
2008	969,000	-
2009	870,000	-10.2%
2010	789,000	-9.3%
2011	675,000	-14.4%
2012	519,000	-23.1%

¹⁷² Confidential Attachment 52: MetalBulletin, “A Strategic Five Year Outlook for the Southeast Asian Steel and Raw Materials Industry” (2014).

¹⁷³ Public Attachment Attachment 36: IMF, “World Economic Outlook – Too Slow for Too Long” (April 2016), p. 18.

¹⁷⁴ Public Attachment Attachment 36: IMF, “World Economic Outlook – Too Slow for Too Long” (April 2016), p. 36.

¹⁷⁵ Confidential Attachment 12 (at page 5): SteelOrbis, “Rebar prices in local Portuguese market” (January 26, 2016).

¹⁷⁶ Confidential Attachment 7: Portugal market size for long products 2008-2015.

Year	MT	% change
2013	412,000	-20.6%
2014	423,000	2.7%
2015	446,000	5.4%

249. Rebar demand in Portugal contracted significantly during the past few years, ranging from -9.3% to -23.1% annual growth since the financial crisis. While there was some recovery in 2014 and 2015, this growth was nowhere sufficient to return Portugal to pre-crisis levels. In particular, Portugal's rebar consumption in 2015 (446,000 MT) was less than half of 2008 levels (969,000 MT). Further, forecasts for demand in downstream industries (e.g., construction) indicate that Portuguese rebar demand will see little growth in the next few years.
250. The largest Portuguese rebar producer is Spanish-based producer Megasa. It has two plants that produce rebar in Portugal. SN Maia produces rebar in straights and has an annual production capacity of 950,000 MT of rebar.¹⁷⁷ SN Seixal produces rebar in straights and coils and has an annual production capacity of 900,000 MT of rebar and wire rod.¹⁷⁸
251. Total rebar and wire rod demand in Portugal was 641,000 MT in 2015.¹⁷⁹ With annual production capacity of 1.85 million MT for rebar and wire rod, Megasa alone can produce almost three times Portugal's domestic requirements.
252. A recent market report notes that Portugal's construction industry has seen a dramatic decline since the global financial crisis, contracting on average by 10.5% per year during 2010-2013 and by 6.0% in 2014.¹⁸⁰ The construction industry was expected to recover in

¹⁷⁷ Public Attachment 56 : Megasa plant information for Spain and Portugal and SteelOrbis company profile for Megasa.

¹⁷⁸ *Ibid.*

¹⁷⁹ Confidential Attachment 7: Portugal market size for long products 2008-2015.

¹⁸⁰ Public Attachment 57: Timetric, "Construction In Portugal - Key Trends And Opportunities To 2019" (2015).

2015, but at a very slow pace. Portugal's construction industry is forecasted to rise at a compound annual growth rate (CAGR) of only 1.2% during 2015-2019.¹⁸¹

253. Similarly, Ernst & Young forecasts slowing growth in the Portuguese construction sector with growth of only 1.2% in 2016, 0.8% in 2017 and 0.7% in 2018.¹⁸²
254. Portuguese domestic prices have been affected by slowing demand. Delivered rebar prices fell from US\$492/MT in June 2015 to US\$382/MT in November 2015. Prices remained low at US\$383/MT in January 2016.¹⁸³

6. Spain

255. The Spanish economy is not strong showing slight growth of only 3.2% in 2015, and forecast to slow to 2.6% in 2016 and further to 2.3% in 2017.¹⁸⁴
256. Spanish steel demand is forecasted to grow only slightly in 2016 at 3.0%.¹⁸⁵
257. Weak domestic demand for steel has resulted in significant excess capacity for rebar.

Table 25
Spanish Rebar Capacity and Production¹⁸⁶

Million MT	2014	2015	2016	2017	2018
Capacity	3.563	3.563	3.563	3.563	3.563
Production	1.925	1.934	1.968	2.165	2.406
Excess capacity	1.638	1.629	1.595	1.398	1.157
Utilization rate	54%	54%	55%	61%	68%

¹⁸¹ *Ibid.*

¹⁸² Public Attachment 58: EY, "EY Eurozone Forecast – Portugal: Eurozone rebalancing toward broad-based recovery" (June 2015), p. 3.

¹⁸³ Confidential Attachment 12 : SteelOrbis pricing and various SteelOrbis articles.

¹⁸⁴ Public Attachment Attachment 36: IMF, "World Economic Outlook – Too Slow for Too Long" (April 2016), p. 36.

¹⁸⁵ Public Attachment 59: World Steel Association, "Short Range Outlook", Presentation at the 79th OECD Steel Committee Meeting (Nov 30 – Dec 1, 2015), p. 4.

¹⁸⁶ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Tables S19 and S48.

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258. Spain's excess capacity for rebar is well over 1 million MT and is forecasted to remain as such through 2018. Such significant excess capacity also means that Spanish rebar mills are operating at low levels of approximately 54-68%.
259. Spanish steel producers are also very export-oriented. The Spanish Ministry of Industry, Energy and Tourism reported in May 2015 that the steel sector "remains purely exporter: more than 65% of the total production is sold abroad".¹⁸⁷

C. Domestic Market Conditions

1. Soft Canadian demand

260. Canada is continuing to experience slow growth. The IMF reports that Canada's economy grew by 1.2% in 2015 and is expected to continue to experience slow growth at 1.5% in 2016 and 1.9% in 2017.¹⁸⁸
261. TD also forecasts growth of 1.7% in 2016 for Canada's economy, mainly due to growth in exports rather than domestic spending. TD's economic forecast from December 2015 notes that "[g]rowth prospects for domestic spending are increasingly challenged by low oil prices and high household debt levels, while export prospects continue to brighten, reflecting strengthening demand stateside."¹⁸⁹
262. Canadian steel demand is forecasted to experience a modest 4.0% recovery from 2015 figures in 2016.¹⁹⁰

¹⁸⁷ Public Attachment 60: Ministerio de Industria, Energia y Turismo, "Past and Future of the Spanish Steel Industry", Presentation at the 78th Session of the OECD Steel Committee (May 2015), p. 4.

¹⁸⁸ Public Attachment Attachment 36: IMF, "World Economic Outlook – Too Slow for Too Long" (April 2016), p. 2.

¹⁸⁹ Public Attachment 30: TD Economics, "Canada's Two Speed Economy To Get An American-Led Boost" (December 17, 2015), p. 1

¹⁹⁰ Public Attachment 59: World Steel Association, "Short Range Outlook", Presentation at the 79th OECD Steel Committee Meeting (Nov 30 – Dec 1, 2015), p. 4.

263. Canada's rebar industry is forecasted to grow at a slower rate. Rebar demand contracted by 8.5% in 2015 and CRU forecasts Canadian rebar demand to grow by 3.4% in 2016, peak at 6.7% in 2017 and then slow to and then slow to 4.2% in 2018.¹⁹¹
264. Steel demand in the NAFTA region is also weak. NAFTA steel demand contracted by 8.4% in 2015 and is forecasted experience a slow growth in 2016 at 3.2%, and fall to 2.6% in 2017.¹⁹² Further, this recovery is being fulfilled by imports rather than by domestic supply. At the OECD Steel Committee meeting in December 2015, it was noted that "finished imports are capturing growth in apparent demand in NAFTA region."¹⁹³ Finished import market share in NAFTA increased by 16% in 2013 to 21% in 2014, and to 23% in the first nine months of 2015.¹⁹⁴
265. The domestic industry has experienced very weak financial performance in Q1 2016, and this is expected to continue through at least the first and second quarters of 2016.

2. Commodity Nature of Rebar

266. In addition to the above considerations, rebar is a commodity product and price is therefore the primary factor in purchasing decisions.¹⁹⁵ In *Rebar I*, the Tribunal noted: "The evidence demonstrates that rebar is a commodity product and that price is the key consideration affecting purchasing decisions."¹⁹⁶

D. Capacity

267. Subsection 37.1(2)(c) of the SIM Regulations prescribes that a factor to be considered in determining whether or not the domestic injury faces a threat of injury from the

¹⁹¹ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S4.

¹⁹² Public Attachment 33: World Steel Association Short Range Outlook 2016-2017.

¹⁹³ Public Attachment 61: NAFTA, "Recent Developments in the NAFTA Steel Industry", NAFTA Industry Presentation to the 79th OECD Steel Committee Meeting (December 2015), slide 3.

¹⁹⁴ *Ibid.*

¹⁹⁵ Public Attachment 4: *Rebar I, supra*, at paras. 47, 100, 280; *Concrete Reinforcing Bar*, RR-2004-001, Statement of Reasons (January 16, 2005) at para 68; *Concrete Reinforcing Bar*, NQ-99-002, Statement of Reasons (January 27, 2000) at 13; *Concrete Reinforcing Bar*, NQ-2000-007, Statement of Reasons (June 15, 2001) at 9.

¹⁹⁶ Public Attachment 4: *Rebar I, supra*, at para. 280.

importation of dumped goods is whether there is freely disposable capacity or an imminent, substantial increase in the capacity of an exporter.

268. As noted previously, mills in the Subject Countries have massive production capacity to produce the Subject Goods. The combined current excess capacity of Japan, Chinese Taipei and Spain is approximately 9 million MT.¹⁹⁷ Further, as discussed in the Subject Country Market Conditions section above, rebar demand is expected to remain slow in the Subject Countries, while production levels are showing growth. The Subject Countries' excess capacity, coupled with forecasted slow growth in rebar demand in the Subject Countries and projected export growth, serves as a reasonable indication that excess capacity in the Subject Countries will continue to be a trend through 2016 and that it will lead Subject Country rebar producers to seek out new export markets.
269. The fact that the Subject Countries are actively selling in Canada means the Subject Countries therefore have existing channels of distribution and therefore the risk of continued and increased sales of dumped Subject Goods is highly likely.

E. Likely Volumes of Dumped Goods

270. As discussed above, Canada is an attractive market for producers facing difficult market conditions in their home markets and ordinary export markets. The Subject Countries' imports grew by approximately 86% from 33,301 MT in 2014 to 239,023 MT in 2015.¹⁹⁸ This export growth trend is projected to continue in 2016 with imports from the Subject Countries in January-May 2016 already totalling 157,029 MT,¹⁹⁹ which represents two-thirds of the total 2015 Subject Country imports. In fact, the commercial intelligence available to the Complainants indicates that a large volume of Subject Goods is destined for the Canadian market in late summer/early fall 2016.²⁰⁰ Currently, imports from the Subject Countries are averaging 31,400 MT/month in 2016. This continued trend would

¹⁹⁷ Excess capacity in 2016 is approximately 6.826 million MT for Japan, 790,000 MT for Taiwan and 1.341 million MT for Spain (see paras. 228, 245, and 257). Data not available for Belarus, Hong Kong, Portugal.

¹⁹⁸ Confidential Attachment 8 Apparent Canadian rebar market table.

¹⁹⁹ *Ibid.*

²⁰⁰ Public Witness Statement of Frederic Fafard at para. 65.

lead to an estimated 377,000 MT of Subject Goods being imported into Canada in 2016, representing an increase of 58% over 2015 figures, and a more than 10-fold increase over 2014 figures. The Subject Countries' export patterns of high volume growth through to May 2016 are a strong indication that the Subject Countries will continue to export significant volumes of dumped goods to Canada and that these dumped goods will cause injury to the domestic industry.

1. **Attractiveness of the Canadian market**

271. A key consideration when considering the likely volume of dumped Subject Goods from the Subject Countries is the relative pricing of rebar in different international markets. The current circumstances of the rebar industries in the Subject Countries discussed above demonstrate that these countries are likely to continue to export significant volumes of rebar to Canada in the near term. The fact that Canada's prices for rebar are generally higher relative to other regions in the world supports the conclusion that those exporters will be attracted to the Canadian market.

272. The table below shows CRU rebar pricing for various markets during 2010-2018:

Table 26
World Rebar Prices (US\$/MT)²⁰¹

	US Midwest ¹	Germany ²	Asia ⁴	China ⁴	CIS Export ⁵
2013	730	654	547	585	577
2014	755	639	487	512	528
2015	648	474	337	363	369
2016	590	483	320	339	353

²⁰¹ Confidential Attachment 35: CRU Long Products Market Outlook (June 2016), Table S42.

	US Midwest ¹	Germany ²	Asia ⁴	China ⁴	CIS Export ⁵
2017	589	475	325	342	366
2018	601	482	363	383	389
Average	652	535	397	421	430

Note 1: FOB US Midwest mill

Note 2: From parity point

Note 4: Ex-warehouse Shanghai

Note 5: FOB Black Sea port

273. While not identical, Canadian and US rebar prices tend to track closely. The forecasted US Midwest price is therefore a reasonable proxy for the Canadian market price. The table demonstrates that the US (and therefore Canadian) price is forecasted to remain significantly higher than all other markets, including the Subject Countries, through 2018. For instance, in 2016, the difference between the US price (which is reflective of the Canadian market price for rebar) and the domestic Asian prices, which include Japan and Taiwan, is US\$270/MT. The Asian prices are trending, on average, 46% below the US/Canadian rebar prices. The difference between the US Midwest price and those of the CIS region (which includes Belarus) in 2016 is US\$237/MT, or 40% below the US/Canada price.
274. The higher Canadian market prices combined with the Subject Countries' excess capacity and weakening home market demand described above, strongly indicate that rebar exporters from the Subject Countries will continue to export substantial volumes of Subject Goods to the Canadian market if a positive Finding is not made.
275. In fact, 157,029 MT of rebar has already arrived in Canada from the Subject Countries between January and May 2016, despite the close of navigation in Q1 2016.²⁰² Further, the evidence available to the Complainants shows that more than 100,000 MT of rebar

²⁰² Confidential Attachment 8: Apparent Canadian rebar market table.

are expected to arrive in Canada from the Subject Countries in late summer/fall 2016.²⁰³

As discussed in detail in the sworn statement of Mr. Frederic Fafard of ArcelorMittal, this substantial volume of Subject Goods have been offered or sold to Canadian customers at prices well below prevailing market prices.

F. Anti-Dumping Measures by Canada and Other Countries in Respect of Goods of the Same Description or in Respect of Similar Goods

276. Subsection 37.1(2)(g.2) of the SIM Regulations prescribes that a factor to be considered in determining whether or not the domestic injury faces a threat of injury from the importation of dumped goods is “evidence of the imposition of anti-dumping ... measures by the authorities of a country other than Canada in respect of goods of the same description or in respect of similar goods”.

277. Certain producers have a propensity to dump rebar and other steel products exported to Canada and to other countries, as evidenced by the numerous trade remedy measures imposed by Canada and other countries against rebar and other steel products. The following tables provide a brief summary of those findings covering steel products.

1. Canada

278. Producers from the Subject Countries are subject to anti-dumping (“AD”) and/or countervailing (“CVD”) orders on the following steel products imported into Canada.

Table 27
Steel and Steel-based Products Subject to
Anti-dumping and/or Countervailing Orders in Canada

Country	Product	Measure
Chinese Taipei	Carbon steel welded pipe	AD
	Fasteners	AD
	Hot-rolled sheet	AD
	Oil country tubular goods	AD
Japan	Hot-rolled steel plate	AD

²⁰³ Public Statement of Evidence of Frederic Fafard at para. 65.

279. These findings underscore both the propensity of certain steel producers to dump their products, as well as the restrictions imposed on such producers. The presence of such restrictions on other steel products increases the likelihood that these producers would export significant volumes of dumped rebar into Canada if an anti-dumping and countervailing finding is not made.

2. Other Countries

280. Furthermore, producers in certain Subject Countries have been found to be dumping steel exports, including rebar, and are currently subject to trade remedies restrictions in the following countries.

Table 28
Steel and Steel-based Products Subject to
Anti-dumping and/or Countervailing Orders in Other Countries

Country	Country Imposing AD/CVD	Products in Actions	Measure
Belarus	European Union	Welded tubes and pipes of iron or non-alloy steel	AD
	<i>European Union</i>	<i>Rebar</i>	AD (Investigation)
	<i>United States</i>	<i>Rebar</i>	AD
Chinese Taipei	Australia	Hot-rolled structural steel sections	AD
	Australia	Hollow structural sections	AD
	Australia	Hot rolled coil steel	AD
	Australia	Zinc (galvanised) coated steel	AD
	<i>Australia</i>	<i>Rebar</i>	AD
	Australia	Rod in coils	AD (Investigation)
	Indonesia	Hot rolled coil	AD
	Indonesia	Cold rolled coil/sheet	AD
	Thailand	Flat Hot Rolled in Coils and not in Coils	AD
Thailand	Painted Hot Dip Galvanized of Cold Rolled Steel and Painted Hot Dip Plated or Coated with Aluminium Zinc Alloys of Cold Rolled Steel	AD	
Thailand	Certain Hot Dip Plated or Coated with Aluminium Zinc Alloys of Cold Rolled Steel	AD	

Country	Country Imposing AD/CVD	Products in Actions	Measure
	Thailand	Cold Reduced Carbon Steel in Coils and not in Coils	AD
	United States	Certain Oil Country Tubular Goods	AD
	United States	Circular Welded Non-Alloy Steel Pipe	AD
	United States	Certain Hot Rolled Carbon Steel Flat Products	AD
	United States	Certain Circular Welded Carbon Steel Pipes and Tubes	AD
	United States	Certain Corrosion Resistant Steel Products	AD (Provisional duties)
Hong Kong	-	-	-
Japan	Australia	Hot rolled coil steel	AD
	Australia	Hot rolled steel plate	AD
	Australia	Quenched and tempered steel plate	AD
	Australia	Hot-rolled structural steel sections	AD
	China	Certain alloy-steel seamless tubes and pipes for high temperature and pressure service	AD
	Indonesia	Cold rolled coil/sheet	AD
	Mexico	Seamless steel tubing	AD
	Thailand	Flat Hot Rolled in Coils and not in Coils	AD
	Turkey	Hot rolled coil steel	AD (Investigation)
	United States	Welded Large Diameter Line Pipe	AD
	United States	Pre-stressed Concrete Steel Wire Strand	AD
	United States	Clad Steel Plate	AD
	United States	Certain Carbon & Alloy Seamless Line & Pressure Pipe over 4.5 inches	AD
	United States	Certain Carbon & Alloy Seamless Line & Pressure Pipe under 4.5 inches	AD
Portugal	China (against the EC)	Certain alloy-steel seamless tubes and pipes for high temperature and pressure service	AD
	China (against the EC)	Certain iron or steel fasteners	AD

Country	Country Imposing AD/CVD	Products in Actions	Measure
	Morocco (against the EC)	Hot-rolled steel plate	AD
Spain	Australia	Rebar	AD
	China (against the EC)	Certain alloy-steel seamless tubes and pipes for high temperature and pressure service	AD
	China (against the EC)	Certain iron or steel fasteners	AD
	Dominican Republic	Rebar	AD
	Mexico	Carbon steel tubing with straight longitudinal or helical seams	AD (Investigation)
	Morocco (against the EC)	Hot-rolled steel plate	AD

281. In particular, the Australian Anti-Dumping Commission made final dumping determinations in November 2015 on rebar imported from Chinese Taipei and Spain, with duties ranging from 2.8-8.2%.²⁰⁴ In addition, the U.S. International Trade Commission determined in July 2013 that the revocation of antidumping duty orders in place on rebar from Belarus, China, Indonesia, Latvia, Moldova, Poland, and Ukraine would likely lead to the continuation or recurrence of material injury to the American domestic industry.²⁰⁵ Further, the European Union has recently initiated an anti-dumping proceeding concerning rebar from Belarus.²⁰⁶

3. Likelihood that Measures Taken by Other Countries Will Cause Diversion of Dumped Goods to Canada

282. In light of the above mentioned trade measures, producers from the Subject Countries will seek markets without anti-dumping measures, such as Canada. This diversion threatens to cause injury to the domestic producers.

²⁰⁴ Public Attachment 62: Australian Anti-Dumping Commission, Anti-Dumping Notice No. 2015/133 (November 19, 2015).

²⁰⁵ Public Attachment 63: US ITC Dumping Decision re Belarusian rebar.

²⁰⁶ Public Attachment 64: EU Notice of initiation of antidumping of rebar against Belarus.

G. Increase in Volume and Likely Prices

283. Subsection 37.1(2)(b) of the SIM Regulations prescribes that a factor to be considered in determining whether the domestic injury faces a threat of injury from the importation of dumped goods is “whether there has been a significant rate of increase of dumped goods imported into Canada, which rate of increase indicates a likelihood of substantially increased imports into Canada of the dumped or subsidized goods”.
284. Subsection 37.1(2)(e) of the SIM Regulations prescribes that a factor to be considered in determining whether or not the domestic injury faces a threat of injury from the importation of dumped goods is “whether the goods are entering the domestic market at prices that are likely to have a significant depressing or suppressing effect on the price of like goods and are likely to increase demand for further imports of the goods”.

285. The following table sets out recent rebar imports:

Table 29
Canadian rebar imports 2013-2016²⁰⁷

	2013			2014			2015			Q1 2016			April 2016			May 2016		
	MT	% Imports	\$/MT	MT	% Imports	\$/MT	MT	% Imports	\$/MT	MT	% Imports	\$/MT	MT	% Imports	\$/MT	MT	% Imports	\$/MT
Rebar l countries	166,981	29.6%	689	175,475	28.3%	712	219	0%	1,220	88	0.1%	743	46	0.0%	1,609	67	0.1%	1,597
Belarus	0		-	0		-	0		-	0		0	27,000 ²⁰⁸		433	27,737		407
Chinese Taipei	0		17	0		-	66,093		690	5,348		611	411		579	10,600		489
Hong Kong	0		-	0		-	25,861		708	6,130		556	6,462		400	0		0
Japan	0		-	0		-	14,972		669	5,487		594	0		-	3,077		409
Portugal	0		-	27,032		594	83,238		680	0		-	31,221		441	0		0
Spain	1		1,073	6,269		776	48,859		580	0		-	33,556		511	0		0
Total Subject Countries	1	0%	1,090	33,301	5.4%	628	239,023	47.0%	665	16,965	25.9%	586	98,650	80.6%	461	41,414	65.5%	428
Other imports	397,810	70.5%	709	410,717	66.3%	758	269,184	52.9%	774	49,641	74.4%	612	23,717	21.0%	609	21,852	34.5%	621
Total imports	564,792	100%	703	619,493	100%	738	508,426	100%	723	66,694	100%	606	122,413	100%	490	63,333	100%	498

²⁰⁷ Confidential Attachment 8: Apparent Canadian rebar market table; Public Attachment 25: Global Affairs Canada permit data for April and May 2016.

²⁰⁸ Note Commercial Intelligence confirms that the April 2016 shipment from Belarus was for 27, 000 MT. See Public Statement of Evidence of Frederic Fafard at para. 26 and Confidential Attachment 12:ArcelorMittal import activity report dated January 6, 2016 and related correspondence.

286. In 2013 and the first part of 2014, rebar from China, Korea and Turkey were being shipped to Canada in large volumes. In September 2014, preliminary anti-dumping and countervailing duties were imposed and an order was put in place in January 2015. Except from one Chinese shipment in December 2014, imports from the *Rebar I* countries after August 2014 were essentially non-existent.²⁰⁹
287. As discussed above, the Complainants began seeing low-priced offers for Subject Goods as early as September 2014 and subject imports began arriving in Canada in October 2014.²¹⁰ In 2013, imports from the Subject Countries were nil and increased to 33,301 MT in 2014. Subject good imports surged in 2015 to 239,023 MT. In Q1 2016, imports from the Subject Countries totalled 16,965 MT, representing slightly more than half of the Subject Countries' overall imports of Subject Goods in full year 2014. April 2016 data indicates that shipments of Subject Goods has continued to increase exponentially, reaching 98,650 MT in April alone.
288. The share of imports from the Subject Goods went from 0% in 2013 to 5.4% in 2014 to 47.0% in 2015 and to a staggering 80.6% in April 2016. This increase is even more significant when compared to the share of imports from China, Korea and Turkey. The share of imports from these three countries was only as high as 28-29% of total imports in 2013 and 2014 (compared to 47% from the Subject Countries in 2015). The volume of imports from the Subject Countries is also significantly higher than the volume imported from the *Rebar I* countries. Subject imports were over 239,000 MT in 2015, which is 64,000 MT or 37% higher than the highest level of imports from China, Korea and Turkey (175,000 MT in 2014). And this occurred despite an 18% drop in total imports in 2015.
289. This surge in Subject Country imports at prices that have, on average, been consistently lower than those of the Complainants, have resulted in a decrease in market share for the

²⁰⁹ Public Attachment 26: Statistics Canada data for rebar. There were 5,722 MT of Chinese rebar imported in December 2014.

²¹⁰ Public Attachment 26: Statistics Canada data for rebar.

Complainants, which, based on the Subject Countries’ historical export trends and export prices, can reasonably be expected to continue well into 2016 if antidumping duties are not put in place. The Table below demonstrates that in 2015, the Complainants held []% of the rebar in Canada, while the Subject Countries held []%. So far in 2016, the Complainants’ share has dropped to []%, while the Subject Countries’ market share increased to []% of the Canadian rebar market. This impressive increase in the Subject Countries’ market share occurred despite navigation being closed for most of Q1 2016. Given that, it is instructive to take a closer look at the average of the April and May 2016 open of navigation market share figures, which show another important decrease in the Complainants’ share to a low of []%, and a corresponding increase in the Subject Countries’, taking []% of the Canadian rebar market, which is an increase of []% over 2015.

Table 30
Canadian Rebar Market Share (%) 2015-2016²¹¹

	Complainants	Subject Countries
2015	[]	
Jan – May 2016		
April – May 2016]

290. In Q1 2016, there was 16,965 MT of rebar imported from Hong Kong, Taiwan and Japan. In April 2016, a shipment of over 31,000 MT from Portugal arrived in addition to 33,500 MT from Spain, 6,462 MT from Hong Kong, 411 MT from Chinese Taiwan and approximately 27,000 MT from Belarus.²¹² In May 2016, there were a further 27,737 MT of imports from Belarus, 3,077 MT from Japan and 10,600 MT from Taiwan.²¹³

²¹¹ Confidential Attachment 8: Apparent Canadian rebar market table.

²¹² Confidential Attachment 8: Apparent Canadian rebar market table; Public Attachment 25: GAC April and May 2016 data; Public Statement of Evidence of Frederic Fafard at para. 26 and Confidential Attachment 12: to his Statement: ArcelorMittal import activity report dated January 6, 2016 and related correspondence.

²¹³ Public Attachment 25: GAC April and May 2016 data.

ArcelorMittal's commercial intelligence indicates that several boats from the Subject Countries totalling at least 100,000 MT are expected to arrive in late summer/fall 2016.²¹⁴

291. In addition, the price gap between imports from the Subject Countries and all other countries remains high (\$130/MT in 2014, \$109/MT in 2015, \$26/MT in Q1 2016 and jumping back up to \$150/MT in April 2016 and a staggering \$202/MT in May 2016).²¹⁵
292. As noted previously, the extent and trend of the price undercutting by Subject Country imports is particularly telling, with Subject Country imports undercutting Complainants' average prices by \$[]/MT (or []%) in April 2016 and \$[]/MT (or []%) in May 2016. In other words, the Subject Goods are severely undercutting the Canadian domestic prices, and are doing so at a growing rate in 2016. This trend will continue to be exacerbated by increasing material input costs, which are making it necessary for the Complainants to raise their rebar prices in the Canadian market to remain competitive.²¹⁶ This trend, combined with the success of the Subject Countries' in the taking of Canadian rebar market share by undercutting the Complainants' prices is a clear indication that the Subject Countries will benefit from, and therefore continue to sell Subject Goods at prices well below the Complainants.
293. Pricing from the Subject Countries is also declining and is expected to remain low. As discussed in the Statement of Evidence of Frederic Fafard, ArcelorMittal was forced to reduce its price during negotiations for Q4 2015 and Q1 2016 deliveries from \$[]/MT to \$[]/MT to \$[]/MT delivered with an Ontario customer ([]) because import offers from the Subject Countries dropped from \$590/MT to \$570/MT to \$540/MT delivered.²¹⁷

²¹⁴ Public Statement of Evidence of Frederic Fafard at para. 65.

²¹⁵ Confidential Attachment 8: Apparent Canadian rebar market table.

²¹⁶ Confidential Statement of Evidence of Frederic Fafard at para. 31.

²¹⁷ See Confidential Statement of Evidence of Frederic Fafard at paras. 45-49 and Confidential Attachments , 20, 22 and 27to his Statement.

294. Similarly, the most recent available import statistics show that Japanese pricing dropped from \$638/MT in Q4 2015 to \$594/MT in Q1 2016, and to \$409/MT in May 2016; Taiwanese pricing dropped from \$670/MT in Q4 2015 to \$611/MT in Q1 2016; dropped further to \$579/MT in April 2016 and dropped to \$489/MT in April 2016;²¹⁸ and Hong Kong imports dropped from \$686/MT in Q3 2015 to \$400/MT in April 2016.²¹⁹
295. This ongoing aggressive low-pricing of imports from the Subject Countries, and the growing price undercutting trend discussed in paragraph 293 clearly demonstrate that the injurious dumping of such low-priced imports will continue. As a result, the Complainants will continue to face severe price suppression, lose revenue, market share and investments, and will be forced to make large employment cuts. Without SIMA duties in place, the Complainants submit that the Subject Goods will continue to further increase their market share in Canada at the overall expense of the Canadian domestic producers.

²¹⁸ Confidential Attachment 8: Apparent Canadian rebar market table; Public Attachment 25: GAC Import Permit data April and May 2016.


²¹⁹ *Ibid.*

V. Conclusion

296. Based on the information presented in this Complaint, the Complainants submit that Subject Goods imported from Belarus, Chinese Taipei, Hong Kong, Japan, Portugal and Spain are being dumped, and that such dumping is causing and threatening to cause injury to the domestic industry producing Like Goods. The Complainants therefore request that the President initiate investigations into the injurious impact of the dumping of Subject Goods.

All of which is respectfully submitted.

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