



OTTAWA, October 7, 2020

RB3 2020 IN

STATEMENT OF REASONS

Concerning the initiation of an investigation into the dumping of

CERTAIN CONCRETE REINFORCING BAR ORIGINATING IN OR EXPORTED FROM ALGERIA, EGYPT, INDONESIA, ITALY, MALAYSIA, SINGAPORE, AND VIETNAM

DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated an investigation on September 22, 2020, respecting the alleged injurious dumping of certain concrete reinforcing bar originating in or exported from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore, and Vietnam.

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

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SUMMARY

[1] On August 4, 2020, the Canada Border Services Agency (CBSA) received a written complaint from AltaSteel Inc., ArcelorMittal Long Products Canada, G.P., and Gerdau Ameristeel Corporation (hereinafter, “complainants”) alleging that imports of certain concrete reinforcing bar (commonly known as rebar) originating in or exported from the People’s Democratic Republic of Algeria (Algeria), the Arab Republic of Egypt (Egypt), the Republic of Indonesia (Indonesia), the Italian Republic (Italy), the Federation of Malaysia (Malaysia), the Republic of Singapore (Singapore) and the Socialist Republic of Vietnam (Vietnam) (hereinafter “named countries” and “subject goods”) have been dumped, have caused injury and are threatening to cause injury to Canadian producers of rebar.

[2] On August 25, 2020, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainants that the complaint was properly documented. The CBSA also notified the governments of Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore and Vietnam that a properly documented complaint had been received.

[3] The complaint provided evidence to support the allegations that the subject goods have been dumped and that this dumping has caused injury and is threatening to cause injury to the domestic industry producing like goods.

[4] On September 22, 2020, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of certain concrete reinforcing bar from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore, and Vietnam.

BACKGROUND

[5] Over the years, there have been several dumping and subsidy cases in Canada regarding rebar from various countries. The current ongoing cases are summarized below.

Rebar I

[6] On December 10, 2014, the CBSA made a final determination of dumping with respect to certain concrete reinforcing bar originating in or exported from the People’s Republic of China (China), the Republic of Korea (Korea) and the Republic of Turkey (Turkey) and made a final determination of subsidizing with respect to certain concrete reinforcing bar originating in or exported from China.

[7] On January 9, 2015, the Canadian International Trade Tribunal (CITT) found in Inquiry No. NQ-2014-001 that the dumping of rebar from China, Korea, and Turkey, and the subsidizing of rebar from China had not caused injury but was threatening to cause injury to the domestic industry in Canada.¹ This finding will hereinafter be referred to as the “Rebar 1 finding”.

¹ <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354225/index.do>

Rebar II

[8] On April 3, 2017, the CBSA made a final determination of dumping with respect to certain concrete reinforcing bar originating in or exported from the Republic of Belarus (Belarus), the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (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).

[9] On May 3, 2017, the CITT found in Inquiry No. NQ-2016-003 that the dumping of rebar from Belarus, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) (excluding those goods exported by Feng Hsin Steel Co., Ltd.), Hong Kong, Japan, Portugal and Spain had caused injury to the domestic industry in Canada.² This finding will hereinafter be referred to as the "Rebar 2 finding".

INTERESTED PARTIES

Complainants

[10] The names and addresses of the complainants are as follows:

AltaSteel Inc.
9401 34 Street
Edmonton, AB
T6B 2X6

ArcelorMittal Long Products Canada, G.P.
4000 Routes des Acières
Contrecoeur, QC
J0L 1C0

Gerdau Ameristeel Corporation
1 Gerdau Court
Whitby, ON
L1N 5T1

AltaSteel Inc.

[11] The company now known as AltaSteel Inc. (AltaSteel) was founded in 1955. It has undergone various ownership changes and is now owned by Kyoei Steel Ltd. AltaSteel is a scrap-based mini-mill with melting and casting manufacturing facilities in Edmonton, Alberta. AltaSteel employs approximately 360 people and 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.³

² <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354744/index.do>

³ Rebar 3 Complaint, Public Complaint, page 6.

ArcelorMittal Long Products Canada, G.P.

[12] ArcelorMittal Long Products Canada, G.P. (AMLPC) is the largest rebar producer in Canada and has three rebar producing facilities in Québec. The Contrecoeur East facility produces rebar in coil form while the Contrecoeur West and Longueuil facilities produce cut-to-length rebar. AMLPC employs over 1,900 people and produces a range of products including rebar, billets, flats, and wire rod.⁴ AMLPC is part of the ArcelorMittal family of companies, which is the largest steel producer in the world and has operations in more than 60 countries.

Gerdau Ameristeel Corporation

[13] Gerdau Ameristeel Corporation (Gerdau) has manufacturing facilities in Whitby and Cambridge, Ontario and in Selkirk, Manitoba. Gerdau's three Canadian rebar-producing operations are capable of producing the full range of sizes and grades of rebar. It also produces Merchant Bar Quality (MBQ) and Special Bar Quality (SBQ) in rounds, squares, flats, channels and angles. The parent company of Gerdau is Gerdau S.A of Brazil.⁵

Other Producers

[14] There are two other domestic producers of rebar in Canada, Max Aicher North America Ltd. (MANA) and Ivaco Rolling Mills 2004 LP (IRM).

[15] MANA is a wholly owned subsidiary of the Max Aicher Group of Companies in Germany. In 2010, MANA acquired the bar mill and certain other assets of the former Stelco Inc. in Hamilton, Ontario from US Steel Canada. MANA's bar mill produces both hot-rolled bar coils and cut bar lengths.⁶

[16] IRM is a producer of wire rod in L'Orignal, Ontario. IRM was first established in the 1970s and was acquired by Heico Holdings Inc. in 2004. IRM primarily produces wire rod, but will produce rebar occasionally.⁷

[17] Both MANA and IRM filed letters in support of this complaint and provided certain rebar production and sales information with their letter of support.⁸

Trade Union

[18] The complainants identified one trade union, the United Steel Workers (with its various locals) that represents persons employed in the production of rebar in Canada.

⁴ Rebar 3 Complaint, Public Complaint, pages 3 to 5.

⁵ Rebar 3 Complaint, Public Complaint, page 5.

⁶ Rebar 3 Complaint, Public Complaint, page 7.

⁷ Rebar 3 Complaint, Public Complaint, page 7.

⁸ Rebar 3 Complaint, Public Complaint, Attachment 2: Letter of support from MANA and IRM.

Exporters

[19] The CBSA identified 75 potential exporters of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI).

Importers

[20] The CBSA identified 18 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer RFI.

PRODUCT INFORMATION

DEFINITION

[21] For the purpose of this investigation, subject goods are defined as:⁹

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 People's Democratic Republic of Algeria, the Arab Republic of Egypt, the Republic of Indonesia, the Italian Republic, the Federation of Malaysia, the Republic of Singapore, and the Socialist Republic of Vietnam.

Also excluded 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).

ADDITIONAL PRODUCT INFORMATION¹⁰

[22] For greater clarity, the rebar considered to be subject goods includes 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.

[23] 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 is 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.

⁹ Rebar 3 Complaint, Public Complaint, page 9.

¹⁰ *Ibid.*

[24] Fabricated rebar products are generally engineered using Computer Automated Design 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.

[25] Rebar is produced in Canada in accordance with the National Standard of Canada CAN/CSA-G30.18-09(R2019) - Carbon Steel Bars for Concrete Reinforcement,¹¹ (the "National Standard") published by the CSA Group and approved by the Standards Council of Canada.

[26] The following are the most common bar designation numbers for the subject goods in Canada, with the corresponding diameter in millimeters 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 millimeters. Other diameters may also be demanded, and other measurement systems employed. For example, Imperial measure #7 bar (approximately 22 millimeters) is a common designation used in the mine roofing industry.

[27] 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 domestic 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.

[28] The National Standard also identifies yield strength levels of 300, 400, 500 and 600. 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.

[29] 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.

¹¹ Previously: CAN/CSA-G30.18-M92 - Billet-Steel Bars for Concrete Reinforcement.

PRODUCTION PROCESS¹²

[30] 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 are cut to various lengths depending on the customers' requirements.

[31] 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.

PRODUCT USE¹³

[32] Rebar is used in a number of applications, the most common of which is construction. 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. Rebar is also known as "reinforcing steel bar".

CLASSIFICATION OF IMPORTS

[33] Imports into Canada of the subject goods are normally classified under the tariff classification numbers: 7213.10.00.00 and 7214.20.00.00.

[34] In some instances, imports of subject goods may also be classified under the following tariff classification numbers: 7215.90.00.90 and 7227.90.00.90.

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

PERIOD OF INVESTIGATION

[36] The complainants submit that an appropriate period of investigation (POI) for the CBSA to investigate the alleged dumping of subject goods is from June 1, 2019 to June 30, 2020.¹⁴ It is during this POI that the complainants allege they have been materially injured by the presence of dumped goods in the Canadian market.

¹² Rebar 3 Complaint, Public Complaint, page 11.

¹³ Rebar 3 Complaint, Public Complaint, page 12.

¹⁴ Rebar 3 Complaint, Public Complaint, page 19.

[37] The CBSA typically selects a POI that covers a twelve-month period that ends within three months of the date of initiation of an investigation. However, the 13-month period coincides with the alleged injurious surge in imports of subject goods into Canada following the lifting of provisional safeguard measures by the CITT. This 13-month period also ends within three months of the date of initiation of an investigation. As such, the CBSA is satisfied that this is an appropriate POI for the dumping investigation.

LIKE GOODS AND SINGLE CLASS OF GOODS

[38] 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 CITT typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics and whether the domestic goods fulfill the same customer needs as the subject goods.

[39] In its past inquiries involving rebar, the CITT determined that domestically produced rebar constituted like goods to the goods at issue. In making both the Rebar 1 and Rebar 2 findings, the CITT determined that domestically produced rebar were like goods to the goods at issue in those inquiries.¹⁵ The complainants maintain that there has been no change of circumstances with respect to the criteria identified by the CITT in the previous proceedings.

[40] The CBSA is satisfied that the like goods and subject goods are commodity products that compete with one another in the Canadian market place, and are fully interchangeable. After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that domestically produced rebar are like goods to the subject goods and constitute only one class of goods.

THE CANADIAN INDUSTRY¹⁶

[41] The domestic industry is comprised of five producers, the complainants, AltaSteel, AMLPC and Gerdau, as well as MANA and IRM, whom support the complaint.¹⁷ Based on the available evidence, the CBSA is satisfied that the complainants’ production represents almost all of the like goods produced in Canada, with the remainder being attributable to MANA and IRM.

¹⁵ Canadian International Trade Tribunal: Rebar I Finding, NQ-2014-001, Finding and Reasons, paragraphs 83-85. Rebar II Finding, NQ-2016-003, Finding and Reasons (May 18, 2017) and Corrigendum (June 30, 2017) at paragraph 45.

¹⁶ Rebar 3 Complaint, Public Complaint, pages 3-9.

¹⁷ *Ibid.*

Standing

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

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

[43] The complainants, together with MANA and IRM, are the only producers of rebar in Canada, whose combined production accounts for 100% of the total domestic production of like goods. Therefore, the CBSA is satisfied that the standing requirements pursuant to subsection 31(2) of SIMA have been met.

THE CANADIAN MARKET

[44] The complainants estimated the domestic market by supplementing their own internal sales information with the information provided by the other two producers, MANA and IRM and from publicly available import data obtained from the CBSA for the period of 2016 to March 2020. The import data for April 2020 to May 2020 was from Statistics Canada and for June 2020, from Global Affairs Canada (GAC) import permit data.¹⁸

[45] The CBSA conducted its own independent review of imports of rebar from the CBSA's (Facility Information Retrieval Management (FIRM)) database as per the tariff classification numbers under which the subject goods are imported from the named countries. In addition, B3 customs entry supporting documentation was requested from the Trade Compliance Division of the CBSA. The review of customs entry documentation resulted in substantial changes to the import statistics.

[46] The CBSA's import data support the complainants' claims that imports of subject goods into Canada from the named countries have been increasing and are not negligible.

[47] Detailed information regarding the sales from domestic production by each producer and the volume of imports of subject goods cannot be divulged for confidentiality reasons. The CBSA, however, has prepared the following tables to show the estimated import share of subject goods in Canada as well as the Canadian market as a whole.

¹⁸ Rebar 3 Complaint, Public Complaint, paras. 62 and 63.

TABLE 1
CBSA'S ESTIMATES OF IMPORTS
(BASED ON VOLUME)

	2017	2018	2019	Jan - June 2020	POI (June 2019 - June 2020)
Algeria	-	-	9.0%	7.2%	10.4%
Egypt	-	-	6.0%	-	4.4%
Indonesia	2.7%	5.5%	9.0%	3.3%	8.8%
Italy	4.7%	0.0%	15.8%	25.8%	21.6%
Malaysia	2.1%	4.6%	5.1%	-	3.4%
Singapore	4.2%	5.5%	9.0%	9.2%	11.3%
Vietnam	3.0%	3.8%	-	21.9%	9.3%
Total Imports from Named Countries	16.7%	19.4%	54.0%	67.3%	69.3%
Imports from Countries Subject to Rebar 1 Finding	28.3%	45.2%	4.2%	6.7%	6.3%
Imports from Countries Subject to Rebar 2 Finding	-	2.7%	7.0%	0.2%	2.4%
Imports from the US	54.8%	32.2%	15.4%	24.0%	19.1%
Imports from All Other Countries	0.1%	0.4%	19.4%	1.8%	2.9%
Total Imports	100%	100%	100%	100%	100%

*Some percent totals may not add to 100% due to rounding

TABLE 2
CBSA'S ESTIMATE OF THE CANADIAN MARKET
(BASED ON PERCENTAGE OF VOLUME)

	2017	2018	2019	Jan - June 2020	POI (June 2019 - June 2020)
Domestic Industry	41.1%	44.8%	56.1%	50.6%	50.9%
Imports from Subject Countries					
Algeria	-	-	43.9%	3.6%	5.1%
Egypt	-	-	2.6%	-	2.2%
Indonesia	1.6%	3.0%	4.0%	1.6%	4.3%
Italy	2.8%	-	6.9%	12.7%	10.6%
Malaysia	1.2%	2.5%	2.2%	-	1.7%
Singapore	2.5%	3.0%	4.0%	4.5%	5.6%
Vietnam	1.8%	2.1%	-	10.8%	4.5%
Total Imports from Subject Countries	9.8%	10.7%	23.7%	33.3%	34.0%
Imports from Countries Subject to Rebar 1 Finding	16.7%	24.9%	1.8%	3.3%	3.1%
Imports from Countries Subject to Rebar 2 Finding	-	1.5%	3.1%	0.1%	1.2%
Imports from the US	32.3%	17.8%	6.7%	11.8%	9.4%
Imports from All Other Countries	0.1%	0.2%	8.5%	0.9%	1.4%
Total Imports	58.9%	55.2%	43.9%	49.4%	49.1%
Total Canadian Market	100%	100%	100%	100%	100%

*Some percent totals may not add to 100% due to rounding

[48] The CBSA will continue to gather and analyze information on the volume of imports during the POI of June 1, 2019 to June 30, 2020 as part of the preliminary phase of the dumping investigation and will refine these estimates.

EVIDENCE OF DUMPING

[49] The complainant alleged that the subject goods from the named countries has been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

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

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

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

NORMAL VALUE

Complainants' Estimates of Normal Value

[53] For purposes of estimating a margin of dumping, the complainants had limited information on the actual selling prices of the like goods to unrelated purchasers in each of the named countries. The complainants were only able to provide some steel industry publications' reported domestic selling prices for rebar in Egypt. The complainants were unable to obtain published domestic selling prices of rebar in any of the other named countries. The complainants therefore estimated normal values and dumping margins in accordance with section 15 of SIMA for Egypt only. The complainants also estimated normal values in accordance with section 19 of SIMA for all of the named countries.

Section 15 Methodology

[54] The complainants provided home market rebar pricing for Egypt from Fastmarkets MB (Metal Bulletin).¹⁹ The complainants estimated section 15 normal values for Egypt by using Metal Bulletin monthly pricing. Monthly Metal Bulletin pricing was averaged across quarters and converted to Canadian dollars using Bank of Canada exchange rates. The dumping calculations, pursuant to section 15, compared the offer/selling price in Canada from Statistics Canada import data to the home market price estimated from Metal Bulletin. The complainants assumed that the export price would have been agreed to approximately two months prior to the arrival in Canada. Accordingly, they compared the home market price from one quarter before the export price.

Section 19 Methodology

[55] The complainants estimated normal values based on section 19 of SIMA for all of the named countries. Egypt was included in the section 19 normal value estimates to provide a more comprehensive estimate of the margin of dumping for this country. The complainants based these estimates on the aggregate of their own costs of production, general, selling and administrative expenses ("GS&A"), financial expenses, and an amount for profits.

¹⁹ Fastmarkets MB, previously known as Metal Bulletin, is a specialist international publisher and information provider for the global steel, non-ferrous and scrap metals markets.

[56] Section 19 normal values were determined for all named countries on the basis of the complainants' own costs of production, adjusted to reflect differences in the labour and profit components with respect to each subject country. The complainants used quarterly cost data from the period January 2019 to March 2020, lagged one quarter from the arrival of the imports.²⁰ The complainants note that imported rebar is typically produced to order and then shipped to Canada, and as a result, there is a lag of three months between when a purchase is made and when it arrives in Canada.²¹ It is important to match the appropriate cost to the export sale because of the variations in the price of scrap metal, the main input in the production of rebar, over the POI.

[57] For raw materials, the complainants used scrap and billet pricing published by Metal Bulletin.²² Since Metal Bulletin does not track both scrap and billet pricing for every market, the complainants used the type of pricing (scrap or billet) that was available.

[58] For the cost of labour, the complainants used their own labour costs of the four main Canadian rebar producers (AMLPC, AltaSteel, Gerdau and MANA)²³, adjusted based on the subject country government labour data reported by TradingEconomics.com or by the International Labour Organization (ILO) where no data was available from TradingEconomics.com.

[59] Overhead costs were based on the complainants' factory overhead costs, with an adjustment applied to the portion of overhead relating to indirect labour. The adjustment was made by applying the subject country labour adjustment to the Canadian producers' indirect labour costs that are attributable to the cost of overhead for the production of like goods.

[60] The complainants' estimated section 19 normal values included adding GS&A expenses, financial expenses, and an amount for profit. These amounts were determined based on publicly available financial information for a representative producer from each subject country, where available. If no rebar producer's public financial statements were available for the subject country, then either the financial statements of another steel producer in the subject country or a third-country rebar producer's financial statements were used. The information and amounts by country are explained below.

[61] For Algeria, the complainants were unable to find publically available information for a producer in Algeria. Instead, the complainants estimated the GS&A, financial expenses, and an amount for profit for Algeria based upon publicly reported profitability and cost information for the Italian steel producer Danieli & C Officine Meccaniche S.p.A. (Danieli).²⁴ Danieli is an Italian rebar producer making its finances a reasonable proxy to calculate expense and profit for the Algerian rebar industry due to its geographic proximity.

²⁰ Rebar 3 Complaint, Confidential Attachment 8.

²¹ Rebar 3 Complaint, Public Complaint, page 27.

²² Rebar 3 Complaint, Confidential Attachment 17.

²³ Rebar 3 Complaint, Confidential Attachment 10.

²⁴ Rebar 3 Complaint, Public Complaint, pages 29-30.

[62] For Egypt, the GS&A and financial expenses were estimated based on the publicly reported profitability and cost information for the Egyptian rebar producer Ezz Steel Company for January to September 2019.²⁵ However, Ezz Steel Company reported a negative net income for this period. As such, the complainants used the reported net income for the Italian steel producer Danieli to estimate an amount for profit for Egypt.

[63] For Indonesia, the GS&A and financial expenses were estimated based on the publicly reported profitability and cost information for the Indonesian rebar producer PT Gunung Raja Paksi Tbk for 2019.²⁶ However, PT Gunung Raja Paksi Tbk reported a negative net income for this period. As such, the complainants used the reported 2019 net income before tax for an Indonesian pipe producer Steel Pipe Industry of Indonesia Tbk PT to estimate an amount for profit for Indonesia.

[64] For Italy, the GS&A, financial expenses, and an amount for profit were estimated based on the publicly reported profitability and cost information for the Italian rebar producer Danieli.

[65] For Malaysia, the GS&A and financial expenses were estimated based on the publicly reported profitability and cost information for the Malaysian rebar producer Malaysia Steel Works (KL) BHD for 2019.²⁷ However, Malaysia Steel Works (KL) BHD reported a negative net income for this period. As such, the complainants used the reported 2019 net income before tax for an Indonesian pipe producer Steel Pipe Industry of Indonesia Tbk PT to estimate an amount for profit for Malaysia.

[66] For Singapore, the complainants were unable to find publically available financial information for a rebar producer in Singapore. Instead, the complainants estimated the GS&A and financial expenses based on the publicly reported profitability and cost information for the Indonesian rebar producer PT Gunung Raja Paksi Tbk for 2019.²⁸ The complainants also used the reported 2019 net income before tax for an Indonesian pipe producer Steel Pipe Industry of Indonesia Tbk PT to estimate an amount for profit for Singapore.

[67] For Vietnam, the GS&A, financial expenses, and an amount for profit were estimated based on the publicly reported profitability and cost information for the Vietnamese rebar producer Hoa Phat for the January 2019 to March 2020 period.²⁹

²⁵ Rebar 3 Complaint, Public Complaint, page 30.

²⁶ Rebar 3 Complaint, Public Complaint, page 31.

²⁷ Rebar 3 Complaint, Public Complaint, page 33.

²⁸ Rebar 3 Complaint, Public Complaint, page 34.

²⁹ Rebar 3 Complaint, Public Complaint, page 35.

SECTION 20 ALLEGATIONS

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

[69] The provisions of section 20 are applied on a sector basis rather than on the country as a whole. The sector reviewed will normally only include the industry producing and exporting the goods under investigation.

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

[71] The complainants alleged that the conditions described in section 20 of SIMA prevail in regards to the rebar sector in Vietnam. That is, the complainants alleged that this industry sector in Vietnam does not operate under competitive market conditions and consequently, prices of rebar established in the Vietnamese domestic market are not reliable for determining normal values.³⁰

[72] The CBSA reviewed the information submitted in the complaint and conducted research regarding the Government of Vietnam's macroeconomic policies and measures in relation to the rebar sector in Vietnam. Based on its own analysis of the information included with the complaint to support these allegations, the CBSA does not believe that there is sufficient evidence to support a Section 20 inquiry into the allegations that the measures taken by the Government of Vietnam substantially determine prices in the rebar sector and that the prices are substantially different than they would be in a competitive market.³¹

CBSA's Estimate of Normal Value

[73] The CBSA estimated section 19 methodology normal values for all of the named countries. Based on the information available to the complainants, the CBSA found the section 19 normal value estimates to be reasonable and representative.

³⁰ Rebar 3 Complaint, Public Complaint, pages 35-40 and Appendix A.

³¹ Exhibit 009 (PRO) – CBSA Complaint Analysis, Attachment 5.

[74] The CBSA notes that the specificity of the complainant's estimated normal values is limited. The complainants provided one single normal value for rebar for each quarter during the POI. This normal value does not account for other characteristics, such as rebar tensile/yield strength, or product dimensions. However, this normal value was calculated based on the costs associated with the complainants' production of all rebar during the POI. As such, this single normal value reflects a mix of various rebar products. Based on the CBSA experience in conducting the Rebar 1 and Rebar 2 investigations, there may be some differences in the cost and/or price of the various models of subject rebar. However, for purposes of initiation, the CBSA finds that it is reasonable to assume that the subject goods shipped to Canada during POI would reflect a product mix similar to the complainants' production for that period. As such, the CBSA finds that the normal value calculated for each quarter may reasonably represent the subject goods shipped to Canada during that period, with some adjustments explained below.

[75] The CBSA found the raw material input information was also reasonable for purposes of initiation. The CBSA also accepted the adjustments for labour rates made by the complainants for the named countries to be reasonable for purposes of initiation and consistent with approaches used by the CBSA in recent investigations. The CBSA therefore used the same raw material input amounts and labour adjustment rates as the complainants when estimating section 19 normal values.

[76] Regarding the GS&A expense amount that was estimated by the complainants, the CBSA found the amount estimated for Algeria to be higher than would be reasonably expected to be incurred by rebar producers in that country. The CBSA notes that the complaint used a GS&A amount of 4.4% for Egypt based on information from an Egyptian rebar producer. The CBSA does not find it reasonable to apply significantly higher GS&A amounts to rebar producers operating in comparative markets (39.3% for Algeria versus 4.4% for Egypt). The CBSA therefore used 4.4% for GS&A and the financial expenses amount of 9.6% that the complainants provided for Egypt when estimating section 19 normal values for the purposes of this analysis. The CBSA accepted all other GS&A and financial expenses estimated as reasonable for the purposes of estimating normal values for initiation.

[77] For the amounts for profit, the complainants' selection of producers used as the source for the amounts for profit for Indonesia, Italy, and Vietnam fall within the scope of the hierarchy of profits found in paragraph 11(1)(b) of the *Special Import Measures Regulations*. The amount of profit for Algeria, Egypt, Malaysia and Singapore, was based on the overall profit information from the closest geographic subject country for which information was available. Based on a lack of any other information in the complaint or publically available, the CBSA finds these estimates to be reasonable for the purposes of estimating normal values for initiation.

EXPORT PRICE

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

[79] The complainants' estimated export prices were taken from Statistics Canada import data for the tariff classification numbers 7213.10.00.00 and 7214.20.00.00 for the period of June 1, 2019 to May 31, 2020 and from GAC permit data for June 1 to 30, 2020 for all named countries except Algeria and Vietnam. The complainants estimated an average export price for each subject country based on the weighted average declared value for duty per metric tonne (MT) for each quarter of the POI.

[80] The CBSA estimated export prices for each named country based on the value for duty as declared on the customs entry documentation and reported in FIRM for each individual shipment imported into Canada during the POI.

[81] The CBSA reviewed customs entry documentation for the subject goods imported into Canada for individual transactions. These accounted for 52% of all imports from the named countries during the POI, based on volume. The CBSA adjusted the FIRM data to correct any errors respecting quantity, value and origin based on the documents submitted by importers and customs brokers.

ESTIMATED MARGINS OF DUMPING

[82] The CBSA estimated the margin of dumping for the named countries by comparing the total estimated normal values with the total weighted average estimated export prices. Based on this analysis, it is estimated that the subject goods imported into Canada from each of the named countries were dumped. The estimated margin of dumping for each country is listed in the table below.

TABLE 3
ESTIMATED MARGINS OF DUMPING
(Expressed as a percent of export price)

	Estimated Margin of Dumping
Algeria	20.2%
Egypt	11.4%
Indonesia	13.0%
Italy	58.8%
Malaysia	14.0%
Singapore	15.9%
Vietnam	16.6%

EVIDENCE OF INJURY

[83] The complainants allege that the subject goods have been dumped and that such dumping has caused and is threatening to cause material injury to the rebar industry in Canada. In support of their allegations, the complainants provided evidence of: lost sales and price depression, price undercutting, price suppression and erosion; lost market share; declining financial performance; and reduced production and capacity utilization.³²

Background and Volume of Imports

[84] The complaint states that the subject goods first appeared in large volumes in the domestic market in 2017 as before that time, the market was dominated by dumped imports from the *Rebar 2* countries as well as Turkey, which is subject to the *Rebar 1* finding. After the finding from *Rebar 2*, the subject goods quickly became the low-priced leaders in the Canadian market.³³

[85] Based on the complainants' data, the named countries' imports increased 184.6% from 2017 to 2019. They are on track to keep increasing as per the data available, showing an increase of over 250% in the first half of 2020 (H1 2020) when compared to H1 2019.³⁴

[86] The information estimated by the CBSA demonstrates that total volume of imports of rebar from the named countries collectively increased by 177.2% from 2017 to 2019. Overall, imports of subject goods during the POI are 332.2% higher than total imports of subject goods in 2017.

³² Rebar 3 Complaint, Public Complaint, page 37.

³³ Rebar 3 Complaint, Public Complaint, pages 37-38.

³⁴ Rebar 3 Complaint, Public Complaint, Public Attachment 003.

[87] The CBSA's analysis of import data supports the allegation that the import volumes of the allegedly dumped goods have increased significantly.

LOST SALES AND PRICE DEPRESSION

[88] The complaint alleges that imports of subject goods from the named countries have caused price depression in the Canadian market and gained market share by leveraging low prices in order to gain market acceptance, which has forced the complainants to lower their prices, resulting in lost revenue and reduced profitability.³⁵

[89] The complainants provided evidence of instances where they lost sales or were forced to discount their pricing in order to compete with imports of subject goods.³⁶

[90] Based on the information provided in the complaint, the CBSA agrees with the complainants and finds that the allegation of price depression and lost sales with respect to the named countries is supported and sufficiently linked to the allegedly dumped imports of the subject goods.

PRICE UNDERCUTTING ³⁷

[91] The complainants state that the allegedly dumped goods have captured market share at the expense of the domestic industry by undercutting the prices of the domestic producers. Even with the expense of shipping rebar long distances, rebar from the named countries is still priced below the prices offered by the Canadian producers.

[92] To support this allegation, the complainants provided account specific examples of price undercutting by subject goods well below that of the complainants. Additionally, based on the import data estimates provided by the complainants, it is evident that the prices for rebar from the named countries (with the exception of Algeria and Vietnam), have been significantly lower than Canadian domestic pricing since 2018. However, the complaint stated that based on their commercial intelligence and Statistics Canada data by province of clearance, the price for Algeria and Vietnam are also well-below that of the domestic industry.³⁸

[93] Based on the above, and the CBSA's analysis of the information contained in the complaint, the CBSA finds the claim of price undercutting to be supported and sufficiently linked to the allegedly dumped goods.

³⁵ Rebar 3 Complaint, Public Complaint, page 43.

³⁶ Rebar 3 Complaint, Public Complaint, page 44.

³⁷ Rebar 3 Complaint, Public Complaint, page 46.

³⁸ Rebar 3 Complaint, Public Complaint, page 46-49.

PRICE SUPPRESSION AND EROSION

[94] The complainants submitted that they have suffered price suppression and price erosion in 2019 and 2020 as the volume of subject imports increased.³⁹ The complainants submitted that their average unit value of rebar has decreased from Q2 2019 to Q2 2020. These depressive effects on domestic prices have resulted in a lower gross margin.⁴⁰

[95] The average selling price of subject goods in Canada from Q2 2019 to Q2 2020 remains well below that of the domestic industry. As shown in the complaint, the net sales value per MT of the domestic industry has decreased quarter after quarter, as imports from named countries have increased substantially from Q2 2019.⁴¹

[96] Overall, the complainants' financial performance is in decline and their gross margin has decreased significantly from Q2 2019. The CBSA therefore concludes that the complainants' financial losses can be reasonably attributed to the price suppression and price erosion resulting from allegedly dumped goods from the named countries.

LOST MARKET SHARE

[97] The complainants state that named countries have increased their market share since 2017 by offering rebar at low prices that are injurious to the domestic industry.⁴²

[98] The complainants' estimates of the Canadian market for 2017 to H1 2020 demonstrate that the subject goods market share increased from 9% in 2017 to 21% in 2019. It increased further in H1 2020 to 31%. The complainants also noted that the subject goods took market share away from other imports, mostly Tukey, as importers source switched. Additionally, the United States has lost some market share which is attributed to their traditionally higher-priced exports.⁴³

[99] The complaint states that the quarterly trend shows the direct impact of the allegedly dumped goods from the named countries. The quarterly trend demonstrates that sales by the domestic industry in the domestic market have decreased since Q2 2019 to Q2 2020 whereas the sales from subject goods imports in the domestic market have increased or remained high since Q1 2019 to Q2 2020.⁴⁴

[100] The CBSA's analysis of the Canadian market demonstrates a decrease in the market share of the domestic industry from 2019 to H1 2020. In contrast, the named countries collectively increased their share from 2017 to 2019 and further gained market share during H1 2020.

³⁹ Rebar 3 Complaint, Public Complaint, para. 170.

⁴⁰ Rebar 3 Complaint, Public Complaint, para. 171.

⁴¹ Rebar 3 Complaint, Public Complaint, page 50, Table 11.

⁴² Rebar 3 Complaint, Public Complaint, para. 173.

⁴³ Rebar 3 Complaint, Public Complaint, page 51.

⁴⁴ Rebar 3 Complaint, Public Complaint, page 53.

[101] Based on the CBSA's analysis of information contained in the complaint, as well as the CBSA's estimates and analysis of imports, the CBSA finds the complainants' claims of loss of market share to be reasonable and well supported. As such, the CBSA is of the opinion that this injury factor is sufficiently supported and linked to the volume of imports of allegedly dumped goods.

IMPACTED FINANCIAL RESULTS

[102] The complainants allege that the injurious impact of the dumped goods is demonstrated by the financial results of the complainants. To support this allegation, the complainants have provided financial results for 2017 through to H1 2020.

[103] The CBSA has reviewed this information and found that there is an upward trend on an annual basis from 2017 to 2019 with respect to the net income of the domestic industry. However, it is important to note that when the information is reviewed on a quarterly basis there is a downward trend from Q1 2019 through Q2 2020.⁴⁵

[104] Although the net income of the domestic industry increased from 2017 to 2019, the CBSA notes that the trend of decreasing revenue and profitability during the POI appears to support the allegation of financial injury. The CBSA finds that the information in the complaint has sufficiently linked the allegedly dumped goods to the complainants' impacted financial results.

REDUCED PRODUCTION AND CAPACITY UTILIZATION

[105] The complainants argue that the alleged dumping of rebar from the named countries has led to an underutilization of production capacity. Data was provided by the complainants, consolidating the production and capacity information.

[106] The CBSA has analyzed the information provided and notes that the production decreased from 2018 to H1 2020. Additionally, the complainants' utilization rate decreased from 2018 to 2019 and again in H1 2020.⁴⁶

[107] Based on the information provided in the complaint, the CBSA finds that there is a reasonable link between the allegedly dumped goods from the named countries and the complainants' underutilization of production capacity.

INVESTMENTS

[108] AMLPC submits that the continued imports from the named countries would at a minimum delay AMLPC's ability to pursue capital investment and have a severe impact on their competitiveness.⁴⁷

⁴⁵ Rebar 3 Complaint, Public Complaint, page 54.

⁴⁶ Rebar 3 Complaint, Public Complaint, page 57.

⁴⁷ Rebar 3 Complaint, Public Complaint, pages 57 -58.

[109] The CBSA finds that the allegation, as described in the complaint, does not appear to be an indicator of injury, as no evidence was provided to suggest that the complainants have suffered injury in this regard. As such, the CBSA instead reviewed this information as a factor of a threat of injury posed by subject goods from the named countries and finds that there is a reasonable link.

CBSA'S CONCLUSION – INJURY

[110] Overall, based on the evidence provided in the complaint, and supplementary data available to the CBSA through its own research and customs documentation, the CBSA finds that the evidence discloses a reasonable indication that the dumping of the subject goods from the named countries has caused injury to the domestic rebar industry in Canada. The nature of the injury is well documented with respect to lost sales and price depression, price undercutting, price suppression and erosion, lost market share, reduced profits, reduced production and capacity utilization.

THREAT OF INJURY

[111] The complainants allege that the dumped goods threaten to cause further material injury to the domestic producers of rebar. The complainants provided the following information to support the allegation that imports of subject goods threaten to cause further injury to the Canadian industry.

INTERNATIONAL MARKET CONDITIONS

[112] The complaint notes that the COVID-19 pandemic will affect the international and domestic markets for Canada and the named countries. The International Monetary Fund (IMF) reported that the pandemic has pushed the world into a recession, stating that the pandemic has had a greater negative impact on H1 2020 than anticipated and a more gradual recovery is now projected.⁴⁸

[113] The complainants state that there are three other major global developments currently affecting the market for rebar, each of which increases the threat of injury posed by the subject goods to the domestic industry. First, the global steel and rebar demand outlook is weak. Second, the global rebar prices are in a decline, and third, there is overcapacity in the market for steel, which includes rebar.

⁴⁸ Rebar 3 Complaint, Public Complaint, Public Attachments 52 and 54.

[114] The complainants provided supporting information which includes market assessments by MetalBulletin's Fastmarkets,⁴⁹ WorldSteel Association,⁵⁰ CRU International Ltd,⁵¹ G20 Global Forum,⁵² OECD Steel Committee,⁵³ and South East Asia Iron and Steel Institute.⁵⁴

[115] The CBSA agrees that the evidence shows that the international economic outlook is generally weak and the market and demand for rebar is weak and pressured by massive global overcapacity in the steel industry combined with global rebar prices in decline.

Weakening Steel Market and Economy in Europe

[116] The complainants also submit that the weakening steel market in Europe, resembles the state of Europe's economy as a whole. Due to this, they've submitted that European countries and countries that traditionally export to Europe will seek other markets which directly impacts Italian rebar producers.⁵⁵

[117] The European Commission's forecast is that the EU GDP and Eurozone GDP are expected to contract by over 8% in 2020.⁵⁶ Additionally, due to the containment measures in response to the pandemic, the EU's economy has entered into a recession,⁵⁷ and new orders for EU steelmakers contracted by approximately 75%.⁵⁸

[118] The complaint also states that the EU's steel market is struggling amidst increased imports.⁵⁹ With imports of long steel products as a percentage of market share rising to a 5-year high of 14% in Q3 2019.⁶⁰ As per CRU, Europe's steel industry has reduced or idled its capacity to bring it in line with demand and the pandemic constraints. The complaint states that this will put increased pressure on rebar prices and when business operations are restored, after the pandemic, imports and increased capacity will continue to pose a risk for the EU steel producers.⁶¹

[119] CRU reports that rebar demand in the EU grew in 2017 before contracting in 2018 and 2019. Demand is expected to recover slightly in 2020 with further growth projected in 2021. However, consumption levels will not return to at or above 2017 levels until 2022.⁶²

⁴⁹ Rebar 3 Complaint, Public Complaint, Public Attachment 55.

⁵⁰ Rebar 3 Complaint, Public Complaint, Public Attachment 56.

⁵¹ Rebar 3 Complaint, Public Complaint, paras. 213-222.

⁵² Rebar 3 Complaint, Public Complaint, Public Attachment 61.

⁵³ Rebar 3 Complaint, Public Complaint, Public Attachment 62.

⁵⁴ Rebar 3 Complaint, Public Complaint, Public Attachment 63.

⁵⁵ Rebar 3 Complaint, Public Complaint, paras. 234-235.

⁵⁶ Rebar 3 Complaint, Public Complaint, Public Attachment 65.

⁵⁷ Rebar 3 Complaint, Public Complaint, Public Attachment 66.

⁵⁸ Rebar 3 Complaint, Public Complaint, Public Attachment 67.

⁵⁹ Rebar 3 Complaint, Public Complaint, para. 237.

⁶⁰ Rebar 3 Complaint, Public Complaint, Public Attachment 70.

⁶¹ Rebar 3 Complaint, Public Complaint, paras. 238-241.

⁶² Rebar 3 Complaint, Public Complaint, para. 244.

[120] The complainants submit that Italian rebar producers will need to rely on other export markets, such as Canada, to mitigate the decline in demand and increase in imports in Europe.⁶³ The CBSA's analysis of the information in the complaint revealed market conditions in Europe which the CBSA recognizes may encourage rebar producers to target certain export markets, including Canada.

Weak Steel Market and Economy in South East Asia

[121] The complainants submit that steel production in the ASEAN-6 countries (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) increased 15.1% from 2017 to 2018, however long product capacity utilization was only 49.8% in 2018. Additionally, the South East Asia Iron and Steel Institute (SEAISI) reports that consumption remains flat while production increases, and there is overcapacity in the industry. In comparison from H1 2018, in H1 2019 long steel production was up by 9.3% and exports increased by 26.2%.⁶⁴ The complainants submit that due to this over-production and China's dominance in their market, exportation is likely to continue.⁶⁵

[122] CRU forecasts that the demand for rebar in Asia is set to decline in 2020 before increasing in 2021 and 2022. Excess production will also grow in 2021 and 2022 to 1 million MT and 1.3 million MT respectively from 0.2 million MT in 2020.⁶⁶

[123] The IMF has estimated that due to COVID-19, Indonesia, Malaysia, the Philippines, Thailand and Vietnam's economic growth will contract by 2.0% in 2020 before seeing a growth of 6.2% in 2021. They have also reported that in the broader Asia region, growth will stall at 0% in 2020, which is the worst growth performance in 60 years.⁶⁷

[124] The complainants submit that this over production of steel will be exported from the named countries in South East Asia and that this steel will continue to be exported to countries such as Canada.⁶⁸ The CBSA's analysis of the information in the complaint revealed market conditions in South East Asia which the CBSA recognizes may encourage rebar producers to target certain export markets, including Canada.

Weak Steel Market and Economy in Africa

[125] The complaint stated that even prior to the pandemic, Africa's growth was constrained due to fiscal consolidation.⁶⁹ According to the IMF, Northern African economies including Algeria and Egypt, will contract 3.3% in 2020 before growing 4.2% in 2021.⁷⁰

⁶³ Rebar 3 Complaint, Public Complaint, para. 241.

⁶⁴ Rebar 3 Complaint, Public Complaint, paras. 245-249.

⁶⁵ Rebar 3 Complaint, Public Complaint, paras. 251-252.

⁶⁶ Rebar 3 Complaint, Public Complaint, page 73, Table 24 and para. 254.

⁶⁷ Rebar 3 Complaint, Public Complaint, para. 257.

⁶⁸ Rebar 3 Complaint, Public Complaint, para. 248.

⁶⁹ Rebar 3 Complaint, Public Complaint, page 74 and Table 25.

⁷⁰ Rebar 3 Complaint, Public Complaint, Public Attachment 53.

[126] CRU projects that the excess capacity for rebar production will decrease from 2020 to 2022. However, it will still remain above 5.8 million MT, with utilization rates remaining below 71%.⁷¹

[127] The complainants submit that industrial production will be most affected this year from the pandemic, as Africa presents low idled steel capacity and low levels of capacity lost by reduced operations compared to other regions.⁷²

[128] The CBSA agrees that the evidence shows that current market conditions in Africa are likely to lead rebar producers to turn to export markets, thereby threatening injury to the Canadian domestic industry.

SUBJECT COUNTRY MARKET CONDITIONS

[129] The complainants state that rebar producers in each of the named countries have either increased or possess significant excess capacity. Named countries continue to demonstrate overproduction and the propensity to export, combined with bleak economic outlooks due to the COVID-19 pandemic. In linking the capacity of the producers of subject goods to their likeliness to export to Canada, the complaint discusses domestic demand in the named sources, imports from other countries, as well as steel exports to other markets, including Canada, and the economic outlook for the named countries.⁷³

[130] The CBSA agrees that the evidence shows that current market conditions in the named countries are likely to lead rebar producers to turn to export markets, thereby threatening injury to the Canadian domestic industry.

ANTI-DUMPING MEASURES BY CANADA AND OTHER COUNTRIES IN RESPECT OF GOODS OF THE SAME DESCRIPTION OR IN RESPECT OF SIMILAR GOODS

[131] The complainants provided a list of findings by Canada against Indonesia, Italy and Vietnam as well as an anti-dumping investigation against Malaysia as evidence that certain producers have a propensity to dump to Canada.⁷⁴

[132] In respect of trade remedies by other countries, Australia, Malaysia, Morocco, the United States and Vietnam have trade remedies or decisions pending on various steel products, including rebar, against the named countries; Indonesia, Italy and Singapore. The complainants maintain that the presence of these trade remedies further increases the likelihood that these producers would export significant volumes of dumped rebar into Canada in the absence of a finding.⁷⁵

⁷¹ Rebar 3 Complaint, Public Complaint, page 75 - Table 25.

⁷² Rebar 3 Complaint, Public Complaint, para. 263.

⁷³ Rebar 3 Complaint, Public Complaint, pages 76 – 106.

⁷⁴ Rebar 3 Complaint, Public Complaint, Table 41, page 108.

⁷⁵ Rebar 3 Complaint, Public Complaint, pages 108 – 110.

[133] The CBSA agrees that the named countries above appear to have a propensity to dump steel exports, including rebar.

DOMESTIC MARKET CONDITIONS

[134] Referencing RBC Economics and TD Bank, the complainants state that due to the pandemic, a recession is now forecasted for Canada's economy, and that dramatically lower oil prices had already softened the outlook even before the pandemic. Output in the oil and gas sector is forecasted to be 20% below pre-crisis levels at the end of 2021. However, they have also noted that there are also positive indicators the economy is set to rebound in 2021.⁷⁶

[135] CRU forecasts that rebar demand in Canada is set to decline in 2020 as well as in 2021 and then plateau in 2022. Due to slowing demand, the complainants submit that there will be additional downward pressure on prices at the expense of domestic producers. Additionally, since Canada's rebar prices are usually higher relative to other regions, the complaint states that this would attract exporters to the Canadian market.⁷⁷ Given this combination of factors, the CBSA believes that pricing pressures on the Canadian domestic industry will continue in the near future.

PRODUCT SHIFTING

[136] The complainants state that the potential for product shifting also exists as rebar in lengths can be produced on the same equipment as MBQ and SBQ. Likewise, rebar in coils can be produced on the same equipment as wire rod. The complainants further argue that this potential for product shifting was noted by the CITT in *Rebar 2*. Additionally, they've stated that given the numerous findings in place on other steel products, the potential for product shifting exists from the named countries if a finding is not imposed.⁷⁸

[137] The CBSA notes that the product shifting noted above could significantly increase the production capacity of the named countries with respect to rebar. The CBSA further recognizes that this, in turn, could lead to increased volumes of subject goods being offered in the Canadian market.

COMMODITY NATURE OF REBAR

[138] The complainants also submit that price is a primary factor in the purchase decision since rebar is a commodity product. Combined with the capital intensity of the rebar producers, they have the incentive to maintain production volumes to protect their capital investment. The complaint states that as demand globally is weak, production is imperative in the near to medium term as producers will compete for low volumes in the Canadian market.⁷⁹ Based on the evidence provided, the CBSA concurs with this assessment.

⁷⁶ Rebar 3 Complaint, Public Complaint, paras. 364-367.

⁷⁷ Rebar 3 Complaint, Public Complaint, paras. 373-376.

⁷⁸ Rebar 3 Complaint, Public Complaint, paras. 381-383.

⁷⁹ Rebar 3 Complaint, Public Complaint, paras. 384-387.

INCREASE IN VOLUME

[139] The complainants state that the volume of rebar imports from the named countries increased from 4,306 MT in 2016, to 99,125 MT in 2017, 143,183 MT in 2018 and then 282,123 MT in 2019. In H1 2020, imports from the named countries totalled 185,417 MT, which is more than three times the amount in H1 2019.⁸⁰ The complainants submit that the significant rate of increase of dumped subject goods indicates a likelihood of substantially increased imports if a finding is not put in place.⁸¹

[140] Given the evidence provided by the complainants and the evidence available to the CBSA, the CBSA agrees that the volumes of subject goods will likely continue to increase.

PRICES THAT ARE LIKELY TO HAVE A SIGNIFICANT DEPRESSING OR SUPPRESSING EFFECT

[141] The complaint alleges that the ongoing aggressive low pricing of the subject goods from the named countries will result in the domestic industry continuing to face severe price depression and suppression, lost revenue, market share and investments and will need to make employment cuts.⁸²

[142] Based on an analysis of the information provided in the complaint, the CBSA recognizes that the high volume of imports from the named countries at allegedly dumped prices may have a further depressive effect on the price of like goods causing further injury to the complainants.

CBSA'S CONCLUSION – THREAT OF INJURY

[143] The complaint contains reasonable evidence regarding the threat of injury to the rebar industry in Canada. The information in the complaint indicates that weak rebar demand, global excess capacity, economic conditions in Europe, Asia and Africa, named countries market conditions, ongoing trade measures, the Canadian industry, product shifting, the commodity nature of the subject goods, as well as the increase in volume and decrease in prices, as described above, are collectively posing a threat to the Canadian industry.

CAUSAL LINK – DUMPING AND INJURY

[144] The CBSA finds that the complainants have sufficiently linked the injury they have suffered to the alleged dumping of subject goods imported into Canada. The injury includes lost sales and price depression, price undercutting, price suppression and erosion, lost market share, reduced profits, reduced production and capacity utilization.

⁸⁰ Rebar 3 Complaint, Public Complaint, paras. 389 – 390.

⁸¹ Rebar 3 Complaint, Public Complaint, para. 394.

⁸² Rebar 3 Complaint, Public Complaint, para. 400.

[145] The complainants submitted that the continued dumping of goods from the named countries will cause further injury to the Canadian domestic industry in the future. As discussed above, the CBSA is of the opinion that this allegation of threat of injury is reasonably supported.

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

CONCLUSION

[147] Based on information provided in the complaint, other available information, and the CBSA's import documentation, the CBSA is of the opinion that there is evidence that rebar originating in or exported from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore and Vietnam has been dumped. Further, there is evidence that discloses a reasonable indication that such dumping has caused and is threatening to cause injury to the Canadian domestic industry. As a result, pursuant to subsection 31(1) of SIMA, a dumping investigation was initiated on September 22, 2020.

SCOPE OF THE INVESTIGATION

[148] The CBSA is conducting an investigation to determine whether the subject goods have been dumped.

[149] The CBSA has requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the CBSA's period of investigation of June 1, 2019 to June 30, 2020 were dumped. The information requested will be used to determine the normal values, export prices and margins of dumping, if any.

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

FUTURE ACTION

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

[152] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped, the CBSA will make a preliminary determination of dumping within 90 days after the date of the initiation of the investigation, by December 21, 2020. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigation.

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

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

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

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

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

[158] In the event of an injury finding by the CITT, imports of subject goods released by the CBSA after that date will be subject to anti-dumping duty equal to the applicable margin of dumping on the imported goods.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

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

UNDERTAKINGS

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

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

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

PUBLICATION

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

INFORMATION

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

[166] To be given consideration in this phase of the investigation, all information should be received by the CBSA by October 29, 2020, at noon.

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

[168] Confidential information submitted to the CBSA will be disclosed on written request to independent counsel for parties to these proceedings, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the CITT, any court in Canada, or a WTO or Northern American Free Trade Organization (NAFTA) dispute settlement panel. Additional information respecting the CBSA’s policy on the disclosure of information under SIMA may be obtained by contacting one of the officers identified below or by visiting the CBSA’s website.

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

[170] This *Statement of Reasons* has been provided to persons directly interested in these proceedings. It is also available through the CBSA's website at the address below. For further information, please contact the officers identified as follows:

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

Telephone: Rob Wright 613-954-1643
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E-mail: simaregistry@cbsa-asfc.gc.ca

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Doug Band
Director General
Trade and Anti-dumping Programs Directorate