



OTTAWA, December 18, 2020

**RB4 2020 IN**

## **STATEMENT OF REASONS**

**Concerning the initiation of an investigation into the dumping of**

### **CERTAIN CONCRETE REINFORCING BAR ORIGINATING IN OR EXPORTED FROM OMAN AND RUSSIA**

## **DECISION**

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated an investigation on December 4, 2020, respecting the alleged injurious dumping of certain concrete reinforcing bar originating in or exported from Oman and Russia.

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 September 22, 2020, the Canada Border Services Agency (CBSA) initiated a dumping investigation, referred to as Rebar III, with respect to certain concrete reinforcing bar (commonly known as rebar) originating in or exported from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore and Vietnam. Following the initiation of this investigation, there was a surge of imports from other countries and the CBSA received allegations that imports of rebar originating in or exported from Oman and Russia (hereinafter “referred to as “subject goods” and “named countries”) have been dumped, have caused injury and are threatening to cause injury to Canadian producers of rebar.

[2] The CBSA has conducted its own independent research and analysis. The information available substantiates the allegations that the subject goods originating in and exported from the named countries have been dumped and that this dumping has caused injury and is threatening to cause injury to the domestic industry.

[3] On December 4, 2020, pursuant to subsection 31(1) of SIMA, the CBSA, on its own initiative, initiated an investigation respecting the dumping of certain concrete reinforcing bar from the named countries.

## **BACKGROUND**

### **CURRENT MEASURES IN FORCE: REBAR I AND II**

[4] In recent years there have been two CBSA dumping investigations regarding rebar from various countries that have resulted in 9 countries’ rebar exports to Canada being subject to anti-dumping duties. The current measures identified as Rebar 1 and Rebar 2 have been in force since 2015 and 2017 respectively; with Rebar 1 including goods from China, South Korea and Turkey, and Rebar 2 including goods from 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, Japan, Portugal and Spain.

### **ONGOING INVESTIGATION: REBAR III**

[5] On September 22, 2020, the CBSA initiated a dumping investigation with respect to rebar from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore and Vietnam.

[6] On November 23, 2020, the Canadian International Trade Tribunal (CITT) made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping of rebar from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore and Vietnam has caused injury or retardation or is threatening to cause injury to the domestic industry.

## **INTERESTED PARTIES**

### **DOMESTIC INDUSTRY**

[7] The domestic industry is comprised of five producers, AltaSteel Inc., ArcelorMittal Long Products Canada, G.P., Gerdau Ameristeel Corporation, Max Aicher North America Ltd. and Ivaco Rolling Mills 2004 LP.

### **EXPORTERS**

[8] The CBSA identified five potential exporters of the subject goods from CBSA import documentation. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI).

### **IMPORTERS**

[9] The CBSA identified five potential importers of the subject goods from CBSA import documentation. All of the potential importers were asked to respond to the CBSA's Importer RFI.

## **PRODUCT INFORMATION**

### **DEFINITION**

[10] For the purpose of this investigation, subject goods are defined as:<sup>1</sup>

*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 the Sultanate of Oman and the Russian Federation.*

*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 INFORMATION<sup>2</sup>**

[11] 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.

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<sup>1</sup> EXH 3 (NC) - Rebar 3 Complaint, page 9.

<sup>2</sup> *Ibid.*

[12] 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.

[13] 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.

[14] 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,<sup>3</sup> (the "National Standard") published by the CSA Group and approved by the Standards Council of Canada.

[15] 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.

[16] 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.

[17] 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.

[18] 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.

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<sup>3</sup> Previously: CAN/CSA-G30.18-M92 - Billet-Steel Bars for Concrete Reinforcement.

## **PRODUCTION PROCESS<sup>4</sup>**

[19] 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.

[20] 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 USE<sup>5</sup>**

[21] 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**

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

[23] 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.

[24] 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**

[25] The CBSA typically selects a period of investigation (POI) that covers a twelve-month period that ends within three months of the date of initiation of an investigation. However, a six-month POI, from June 1, 2020 to November 30, 2020, coincides with the potentially injurious surge in imports of goods into Canada following the initiation of the Rebar III investigation and meets the minimum six-month requirement set out by the Anti-Dumping Agreement. Therefore, the CBSA is satisfied that this is an appropriate POI for the dumping investigation and will use June 1, 2020 to November 30, 2020 as the relevant POI for the purposes of this investigation.

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<sup>4</sup> EXH 3 (NC) - Rebar 3 Complaint, page 11.

<sup>5</sup> EXH 3 (NC) - Rebar 3 Complaint, page 12.

## **LIKE GOODS AND SINGLE CLASS OF GOODS**

[26] 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.

[27] 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.<sup>6</sup>

[28] 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.

## **IMPORT ANALYSIS**

[29] The CBSA conducted a review of import data from the CBSA’s Facility Information Retrieval Management (FIRM) database. In addition, B3 customs entry supporting documentation was requested from the Trade Compliance Division of the CBSA. Import documentation was reviewed for transactions of subject goods during the POI.

[30] Consolidated CBSA estimates of import volumes and the apparent Canadian market were conducted for the Rebar 3 investigation initiation. The import volumes for the Rebar 3 initiation covered the years 2017, 2018, 2019 and January to June 2020. The import volumes of rebar during those three and half years did not contain any rebar from either Oman or Russia. Rebar from both Oman and Russia were not imported into Canada until the proposed POI of June 2020 to November 2020.

[31] 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 for the purposes of the initiation of the dumping investigation, has prepared the following tables to show the estimated the share of imports held by the named countries and other countries, based on FIRM data. Import volumes are allocated by country of origin. For the purposes of comparative levels for other countries, the Rebar 3 initiation import volumes are also presented.

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<sup>6</sup> 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.

**TABLE 1**  
**CBSA'S ESTIMATES OF IMPORTS**  
**(BASED ON % OF VOLUME – METRIC TONNES)**

	2017	2018	2019	Jan - June 2020	POI (June 2020 to Nov 2020)
Oman	0.0	0.0	0.0	0.0	8.0
Russia	0.0	0.0	0.0	0.0*	5.9
<b>Total Imports from Named Countries</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0*</b>	<b>13.9</b>
Imports from Countries Named in Rebar 1 Finding	28.3	45.2	4.2	6.7	2.9
Imports from Countries Named in Rebar 2 Finding	0.0*	2.7	7.0	0.2	0.2
Imports from Countries Named in Rebar 3 Preliminary Finding	16.7	19.4	54.0	67.3	51.9
Imports from the US	54.8	32.2	15.4	24.0	30.0
Imports from All Other Countries	0.1	0.4	19.4	1.8	1.2
<b>Total Imports**</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\* Some percent totals appear as 0% due to small amounts and rounding

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

[32] Results from the CBSA's analysis of imports finds that imports of subject goods into Canada from the named countries have been increasing and are not negligible.

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

### **EVIDENCE OF DUMPING**

[34] Normal values are generally based on the domestic selling prices 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.

[35] 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.

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



## NORMAL VALUE

### Section 15 Methodology

[37] The CBSA has limited information on the actual selling prices of the like goods to unrelated purchasers in each of the named countries. The CBSA was unable to obtain published domestic selling prices of rebar in Oman. The CBSA was able to obtain home market pricing for rebar in Russia from Fastmarkets Metal Bulletin monthly pricing, a steel industry publication. However, this rebar pricing information is below the estimated cost of production information available.

### Paragraph 19(b) Methodology

[38] The CBSA estimated normal values in accordance with paragraph 19(b) for both of the named countries. Paragraph 19(b) normal values were estimated for the named countries based on the best information available.

[39] Paragraph 19(b) of SIMA uses a constructed cost method of arriving at normal values based on the aggregate of:

- (i) the cost of production of the goods,
- (ii) a reasonable amount for administrative, selling and all other costs,  
and
- (iii) a reasonable amount for profits.

### *Cost of Production*

[40] To estimate normal values for each named country, the CBSA used market pricing for steel billet (the input material for rebar) from Fastmarkets Metal Bulletin (FastMarkets MB). For Oman, the CBSA used the Fastmarkets MB price for steel billet imported into the United Arab Emirates. Steel billet is a commodity product used as an input material in the production of various long steel products world-wide. While the available steel billet price information is not a price specific to Oman, it does represent a reasonable estimate of the prevailing price of steel billet available in the Middle Eastern region. For Russia, the CBSA used the Fastmarkets MB price for steel billet index export, FOB<sup>7</sup> Black Sea CIS. Again, while this steel billet price information is not specific to Russia, it does represent a reasonable estimate of the prevailing price of steel billet available in the Black Sea region, which includes Russia. The above-noted monthly steel billet prices were averaged into quarterly prices by the CBSA, and also converted from USD to CAD at the quarterly average exchange rate from the Bank of Canada, to arrive at a quarterly average billet input price in CAD/metric tonne.

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<sup>7</sup> Free On Board (FOB) price is net of ocean freight.

[41] For other costs of production for Oman, the CBSA used the 2019 financial statements of Al Jazeera Steel Products Co. SOAG (Al Jazeera Steel) . Al Jazeera Steel is a steel tube, pipe and bar manufacturer located in Suhar, Oman, whose steel products include rebar. Their 2019 Annual Report<sup>8</sup> was the most recent available financial statements for the company. The CBSA determined Al Jazeera Steel's 2019 production costs for direct labour and factory overhead as ratios of their stated cost of material for the period. These ratios were multiplied by the quarterly steel billet prices from Fastmarkets MB to estimate a total cost of production for rebar in Oman.

[42] For other costs of production for Russia, the CBSA's best available information was to use information in the Rebar 3 complaint to estimate costs of converting billet into rebar. The CBSA used the complainants' own costs of production (labour and factory overhead), from Q1-2020 . For the cost of labour, the CBSA adjusted the complainants' own labour costs based on labour data reported by TradingEconomics.com. The adjustment was made by calculating a ratio based on the difference between comparable Canadian wage rate and the manufacturing wage rate in Russia, resulting in a downward adjustment to the complainants' labour costs. Factory overhead costs for Russia were based on the complainants' factory overhead costs, with an adjustment applied to the portion of overhead relating to indirect labour.

*General, Selling and Administrative Expenses, Financial Expenses and an Amount for Profit*

[43] For Oman, the CBSA used the financial statements for Al Jazeera Steel to estimate the general selling and administrative (GS&A) expenses, financial expenses, and an amount for profit.

[44] For Russia, the CBSA used the financial statements for PAO Severstal (Severstal) to estimate the GS&A expenses, financial expenses, and an amount for profit. Severstal is a large steel producer in Russia, producing both flat-rolled steel products and long steel products.<sup>9</sup> The CBSA used the average amounts of GS&A expenses, financial expenses and profit from the January 2020 to September 2020 period (nine months).

[45] Based on a lack of any other publically available information, the CBSA finds these estimates to be reasonable for the purposes of estimating normal values for initiation.

**EXPORT PRICE**

[46] The export price of subject goods is generally determined in accordance with section 24 of SIMA as being the lesser of the importer's purchase price or the exporter's selling price less all costs, charges and expenses resulting from exporting the goods to Canada. In estimating export prices for the named countries, the CBSA used the Value for Duty data as declared on the customs documentation and reported in FIRM for each individual shipment imported during the POI.

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<sup>8</sup> <https://www.jazeerasteel.com/images/pdf/Annual%20Report%20English%202019.pdf>

<sup>9</sup> [https://www.severstal.com/eng/about/businesses/russian\\_steel/](https://www.severstal.com/eng/about/businesses/russian_steel/)

[47] The CBSA reviewed customs entry documentation respecting the subject goods imported into Canada from the named countries. The CBSA reviewed customs entry documentation for individual transactions which accounted for 100% of all imports from the named countries during the POI, based on volume. The CBSA did not make any adjustments the FIRM data to correct any errors respecting quantity, value and origin based on the documents submitted by importers and brokers.

#### **ESTIMATED MARGINS OF DUMPING**

[48] 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 2**  
**ESTIMATED MARGINS OF DUMPING**  
**(Expressed as a percent of export price)**

	<b>Estimated Margin of Dumping</b>
Oman	7.2%
Russia	42.5%

#### **EVIDENCE OF INJURY**

[49] There is evidence that subject goods have been dumped and that such dumping has caused and is threatening to cause material injury to the rebar industry in Canada by way of: lost sales, price depression and price undercutting. The domestic industry has also provided an information package to corroborate some of these findings.<sup>10</sup>

#### **BACKGROUND AND VOLUME OF IMPORTS**

[50] Subject goods from Oman and Russia first appeared in large volumes in the domestic market in July 2020 and November 2020, respectively. Prior to which, the import market share was dominated by the allegedly dumped imports from the countries named in the Rebar 3 investigation.

[51] According to the CBSA's data, imports of subject goods from Oman were not present until July 2020. Likewise, imports from Russia were not present until June 2020, in which a small amount was imported. Imports from Oman increased 46% from July to November. Likewise, imports from Russia increased immensely from June to November.

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<sup>10</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers").

[52] Based on CBSA's estimates, subject goods from Oman and Russia accounted for 8.0% and 5.9% of total imports in the POI. Which results in a total of 13.9% of imports during the POI.

[53] The CBSA's data of import volumes shows a trend of increasing imports from the named countries which collectively increased considerably from June 2020 to November 2020. This is likely attributed to source switching due to the initiation of the Rebar 3 investigation.

[54] In summary, based on the CBSA's estimates and analysis of import volumes, the CBSA finds an increase of import volumes, and a significant increase since the Rebar 3 investigation. As mentioned, this is likely due to source switching. The increase was substantial in both absolute and relative terms.

#### **LOST SALES AND PRICE DEPRESSION**

[55] The domestic industry provided evidence of instances where they lost sales or were forced to discount their pricing in order to compete with imports of subject goods from the name countries.<sup>11</sup>

[56] Imports of subject goods have leveraged low prices in order to gain market acceptance, which has resulted in lower selling prices and lost sales for the domestic industry which in turn causes lost revenue and material injury.

#### **PRICE UNDERCUTTING**

[57] The allegedly dumped goods have captured market share by undercutting prices. According to the CBSA's data, during the POI the named countries represented 13.9% of total imports, and even with the expense of shipping rebar long distances, rebar from the named countries is still priced well below the prices offered by the Canadian producers that were provided in the Rebar 3 Complaint.<sup>12</sup>

[58] Based on the analysis of CBSA's FIRM data, during the POI the price of rebar from Oman and Russia was well below the average of the named countries from Q2 2019 to Q2 2020 from the Rebar 3 investigation. Likewise, as discussed above these prices are undercutting the domestic industry to secure sales. This demonstrates that the imports from the named countries have undercut prices to gain their market share.

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<sup>11</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers") .

<sup>12</sup> EXH 3 (NC) - Rebar 3 Complaint, page 48, table 10.

## **CBSA'S CONCLUSION – INJURY**

[59] Overall, based on the CBSA's analysis through its own research and customs documentation, as well as the information provided by the domestic industry, 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 by way of lost sales, price depression and price undercutting.

## **THREAT OF INJURY**

[60] The allegedly dumped goods threaten to cause further material injury to the domestic producers of rebar. The domestic producers provided an information package to corroborate some of the findings listed below.

## **INTERNATIONAL MARKET CONDITIONS**

[61] The COVID-19 pandemic will affect the international and domestic markets for Canada. 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 Q1 2020 than anticipated and a more gradual recovery is now projected.<sup>13</sup> Three other major global developments currently affect 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.<sup>14</sup>

[62] This is supported by the information provided by the domestic producers. Based on information provided by CRU, the utilization rate of rebar producers from Oman is projected to remain very low throughout 2022. Likewise, Russian rebar producers will see a low utilization rate in 2020 and 2021, before growing in 2022. With the demand in Russia set to contract in 2021 before increasing in 2022.<sup>15</sup>

[63] The international economic outlook is generally weak. It is also the case for the market, demand and prices for rebar which are pressured by massive global overcapacity in the steel industry. Due to these factors, the named countries will need new countries to continue to export their goods. This poses a threat to the domestic industry, as these new exporters will be competing for market share which will be done by means of price undercutting, price suppression and loss of sales domestically, as shown in the *Certain Concrete Reinforcing Bar RB3 2020 IN Statement of Reason*.<sup>16</sup>

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<sup>13</sup> EXH 3 (NC) - Rebar 3 Complaint, Public Attachments 52 and 54.

<sup>14</sup> EXH 3 (NC) - Rebar 3 Complaint, Public Attachments 55 – 63.

<sup>15</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers"), AMLPC para 35 – 50.

<sup>16</sup> Certain concrete reinforcing bar - RB3 2020 IN - Statement of Reasons - Initiation of an investigation, para 88 – 101.

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

[64] Domestically, there is a dumping finding against Oman with respect to carbon steel welded pipe.<sup>17</sup>

[65] With respect to trade remedies by other countries, the United States has a finding in place on a steel product exported from Oman,<sup>18</sup> as well as findings on steel products from Russia.<sup>19</sup> Likewise, the European Union has findings in place against Russia for multiple steel products.<sup>20</sup> The named countries above appear to have a propensity to dump steel exports.

### **DOMESTIC MARKET CONDITIONS**

[66] Due to the pandemic, a recession is now forecasted for Canada's economy, and even prior to the pandemic dramatically lower oil prices had already softened the economic outlook. Output in the oil and gas sector is forecasted to be 20% below pre-crisis levels at the end of 2021. However, there are also positive indicators the economy is set to rebound in 2021.<sup>21</sup>

[67] As shown in the information package from the domestic producers, CRU forecasts that rebar demand in Canada is set to decline in 2020 and in 2021.<sup>22</sup> Slowing demand would cause downward pressure on prices at the expense of the domestic producers. Since Canada's rebar prices are usually higher relative to other regions, this could attract the exporters to the Canadian market. Given this combination of factors, the CBSA believes that the pricing pressures on the Canadian domestic industry will continue in the near future.

### **IMPACTED FINANCIAL RESULTS**

[68] The domestic industry alleges that the injurious impact of dumped goods is demonstrated by their financial results. To support this allegation, the AMLPC and Gerdau provided recent financial results.<sup>23</sup>

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<sup>17</sup> Carbon Steel Welded Pipe 2 (CSWP 2).

<sup>18</sup> <https://legacy.trade.gov/enforcement/operations/scope/country/oman/index.asp>

<sup>19</sup> <https://legacy.trade.gov/enforcement/operations/scope/country/russia/index.asp>

<sup>20</sup> <http://trade.ec.europa.eu/tdi/completed.cfm>

<sup>21</sup> EXH 3 (NC) - Rebar 3 Complaint, Public Attachment 212, 213 & 215

<sup>22</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers"), AMLPC, para 7.

<sup>23</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers"), AMLPC & Gerdau.

[69] The CBSA has reviewed this information and has noted that the financial performance of these companies has been impacted in 2020. CBSA notes that there was only one shipment each from Oman and Russia by Q3 2020. However, this demonstrates the impact that the named countries from the Rebar 3 investigation have had on their financial performance and the threat that two additional exporters dumping subject goods will have on the domestic producers who are already under stress due to allegedly dumped goods from the Rebar 3 investigation. As stated above, the subject goods in this investigation are undercutting the average price of allegedly dumped goods from the countries named in the Rebar 3 investigation. Therefore it is highly likely that the subject goods from Oman and Russia represent a threat of injury to the domestic industry.

## **INVESTMENTS**

[70] AMLPC submitted that the continued imports from the named countries would put their current investment initiatives at risk, and would delay their ability to receive capital investments.<sup>24</sup>

[71] Upon review of the information provided by the domestic producer, the CBSA determined that the information provided confirms a threat of injury of the investments.

## **PRODUCT SHIFTING**

[72] As highlighted in the Rebar 3 complaint, the potential for product shifting also exists as rebar in lengths, as it can be produced on the same equipment as Merchant bar (MBQ) and Special Bar Quality (SBQ). Likewise, rebar in coils can be produced on the same equipment as wire rod.<sup>25</sup>

[73] 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**

[74] Price is a primary factor in the purchase decision since rebar is a commodity product. Due to the capital intensity for the rebar producers, they have the incentive to maintain production volumes to protect their capital investment. With a weak global demand, production is imperative in the near to medium term as producers will compete for low volumes in the Canadian market.<sup>26</sup>

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<sup>24</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers"), AMLPC para 30-34

<sup>25</sup> Certain concrete reinforcing bar - RB3 2020 IN - Statement of Reasons - Initiation of an investigation, para 136 - 137

<sup>26</sup> Certain concrete reinforcing bar - RB3 2020 IN - Statement of Reasons - Initiation of an investigation, para 138

## **INCREASE IN VOLUME**

[75] According to the CBSA's data, imports of subject goods from Oman were not present until July 2020. Likewise, imports from Russia were not present until June 2020 in which a small amount was imported. Imports from Oman increased 46% from July to November. Likewise, imports from Russia increased substantially from June to November.

[76] The statements provided by the domestic producers, indicate that they are expecting further shipments of rebar from Russian by the end of 2020 to early 2021.<sup>27</sup>

[77] As stated above, due to this significant increase of imports from the named countries the CBSA believes that the volumes of subject goods will likely continue to increase and are a result of source switching from the countries named in the Rebar 3 investigation. The increasing volumes of imports of subject goods at prices that substantially undercut domestic producers' pricing will continue to depress or suppress domestic prices and threaten to take market share from the Canadian producers.

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

[78] As shown in the Rebar 3 initiation, the importations of subject goods entering the Canadian domestic market at prices that are likely to have a depressing or suppressing effect on the price of like goods and are likely to increase demand for further imports of the goods, which forces the domestic industry to lower their prices, resulting in lost revenue and reduced profitability.<sup>28</sup>

[79] Based on an analysis of CBSA's import data, during the POI the average price of rebar from Oman and Russia was well below the lowest pricing domestically in the last few years.<sup>29</sup> In the absence of a finding, it is highly likely that the named countries will continue to export subject goods at prices that will have a depressing or suppressing effect on the domestic industry as there has been an increase in their import volumes during the POI.

## **CBSA'S CONCLUSION – THREAT OF INJURY**

[80] The international market conditions; the relatively high prices in the Canadian market; the demonstrated propensity of the named countries to dump steel; the financial performance of the domestic industry due to allegedly dumped imports; the threat of product shifting and impact on investments; as well as the increase of low-priced imports clearly demonstrate that there is a reasonable indication that subject goods pose a threat of injury to the domestic industry.

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<sup>27</sup> EXH 14 (NC) - Information Packages concerning rebar from the Sultanate of Oman and the Russian Federation, submitted on behalf of AltaSteel Inc., ArcelorMittal Long Products Canada, Gerdau Ameristeel Corporation and Max Aicher North America ("Domestic Producers") (NC), MANA para 5-10.

<sup>28</sup> Certain concrete reinforcing bar - RB3 2020 IN - Statement of Reasons - Initiation of an investigation, para 141-142.

<sup>29</sup> EXH 3 - Rebar 3 Complaint, page 48, table 10 and Public Attachment 3.



## **CAUSAL LINK – DUMPING AND INJURY**

[81] The CBSA finds that the subject goods are causing injury by way of lost sales, price depression and price undercutting.

[82] This injury relates directly to the price advantage the apparent dumping has produced between the imports of subject goods from the named countries and the like goods produced in Canada. Evidence also indicates that the continued alleged dumping of the subject goods would cause further injury in the future. In summary, the information available has established a reasonable indication that the alleged dumping has caused injury and is threatening to cause injury.

## **CONCLUSION**

[83] Based on the 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 Oman and Russia 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, the CBSA, on its own initiative, initiated a dumping investigation on December 4, 2020.

## **SCOPE OF THE INVESTIGATION**

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

[85] 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, 2020 to November 30, 2020 were dumped. The information requested will be used to determine the normal values, export prices and margins of dumping, if any.

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

## **FUTURE ACTION**

[87] 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 60<sup>th</sup> 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.

[88] 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 March 4, 2021. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigation.

[89] 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.

[90] 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.

[91] 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.

[92] 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.

[93] 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.

[94] 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**

[95] 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.

[96] 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**

[97] 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.

[98] 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.

[99] 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**

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

## **INFORMATION**

[101] 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.

[102] To be given consideration in this phase of the investigation, all information should be received by the CBSA by January 11, 2021 at noon.

[103] 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.

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

[105] 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](http://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.

[106] This *Statement of Reasons* will be posted on 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, 11<sup>th</sup> floor  
Ottawa, Ontario K1A 0L8  
Canada

**Telephone:** Rob Wright 613-954-1643  
Lindsay Kyne 613-960-3099

**E-mail:** [simaregistry@cbsa-asfc.gc.ca](mailto:simaregistry@cbsa-asfc.gc.ca)

**Website:** [www.cbsa-asfc.gc.ca/sima-lmsi](http://www.cbsa-asfc.gc.ca/sima-lmsi)

Doug Band  
Director General  
Trade and Anti-dumping Programs Directorate