

NON-CONFIDENTIAL

SENT VIA E-MAIL

October 26, 2020

Mr. Rand McNally
Manager, Industrial Products Division,
Trade and Anti-dumping Programs Directorate
Canada Border Services Agency
222 Queen Street, 9th Floor
Ottawa, Ontario K1A 0L8

Dear Mr. McNally:

RE: Certain Concrete Reinforcing Bar 2 / Rebar – RB2 / Reply of Gerdau Ameristeel Corporation to the Request for a Normal Value Review by Megasa Group

On behalf of Gerdau Ameristeel Corporation (“Gerdau”), a Canadian producer of rebar, we are replying to the request by Megasa Group (“Megasa”) that the CBSA initiate a normal value review for Megasa’s Portuguese group rebar production facilities.¹ Gerdau submits that the CBSA should not conduct a re-investigation at this time for the reasons set out below.

First, Megasa provided information to the CBSA on a confidential basis that purports to show trends in costs and prices between January 2018 and July 2020.² Based on these data, Megasa claims that there is now a “gap” between the normal values and home market prices in Portugal, with current prices and costs being lower than the issued normal values.³ Megasa states that “{t}he reduction in pricing and costs in Portugal is consistent with the overall steel price/cost reduction seen world wide.”⁴ There are several flaws underpinning Megasa’s claims, including in particular the following:

¹ Megasa Re-Investigation Request (9 September 2020).

² Megasa Re-Investigation Request (9 September 2020) at 2-3. Note that because Megasa has designated the cost and price information as confidential, Gerdau is not in a position to confirm or otherwise comment on the data.

³ Megasa Re-Investigation Request (9 September 2020) at 2-3.

⁴ Megasa Re-Investigation Request (9 September 2020) at 3.

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- Megasa used a time period of January 2018 to July 2020 for purposes of presenting cost and price data to the CBSA. The most recent re-investigation covering subject goods shipped from Portugal, however, had a period of investigation (“POI”) and profitability analysis period (“PAP”) of May 1, 2017 to October 31, 2017.⁵ To the extent that Megasa has normal values arising from this re-investigation, this means that normal values are likely based on costs and prices from September and October 2017 – the most-recent 60-day period of the POI/PAP.⁶ Megasa, however, only provided data from January 2018. Any price and cost analysis should instead have started from the same time period as the normal values in order to properly determine whether those normal values require updating.
- Additionally, the data provided by Megasa only go to July 2020, despite the fact that the submission was submitted in September. Megasa should have provided information through August 2020, at a minimum, in order to present to the CBSA the most up-to-date cost and price data.
- If Megasa had provided cost data through August 2020, those data would have shown that costs are essentially [] compared to levels from October 2017 (again assuming Megasa has normal values arising from the most recent re-investigation). While Gerdau does not have access to scrap costs in Portugal, it does have access to HMS 1&2 scrap as exported from Rotterdam as reported by MetalBulletin. See **Confidential Attachment 2**. Those data show that on average the price of scrap was US\$[] per tonne in October 2017. While the price of scrap was [] percent [] at US\$[] in July 2020, it is only [] percent lower in August 2020 at US\$[]. More importantly, however, when compared to the September 2020 scrap price – US\$[] – the scrap price from October 2017 is [] to current scrap prices. As such, information reasonably available to Gerdau suggest that there has been no material change in costs as between the period upon which the CBSA calculated normal values and present costs.

As Megasa has designated its price information as confidential and as Gerdau does not have access to data for rebar pricing in Portugal, Gerdau cannot comment on changes in prices.

⁵ **Non-Confidential Attachment 1**, “Exporter Request for Information – Dumping (Excerpts)”, RB1&2 2017 RI.

⁶ Gerdau notes that while the CBSA’s “Measures in Force” page indicates that the CBSA last updated Megasa’s normal values in June 2019, Megasa appears to reference two sets of normal values in its submission. See Megasa Re-Investigation Request (9 September 2020) at 3. Gerdau, unfortunately, cannot confirm this fact as the information is designated as confidential.

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Anti-dumping and Countervailing Program
Canada Border Services Agency

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Second, the Re-Investigation and Normal Value Review Policy further states that “resources available” is a consideration as to whether to conduct a normal value review or re-investigation.⁷ At present, the CBSA is investigating a new complaint concerning dumped rebar from seven subject countries – Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore, and Vietnam.⁸ Given the scope and complexity of this new investigation, Gerdau submits that CBSA resources are better spent conducting the new investigation – which is subject to strict and tight statutory deadlines – as opposed to a discretionary normal value re-investigation.

Lastly, Megasa does have an alternative way to obtain normal values. To the extent that Megasa has an importer that is interested in purchasing product from Megasa, the importer can file a request for a re-determination in order to obtain normal values for the products.⁹

For the above reasons, therefore, Gerdau submits that the CBSA should reject Megasa’s request and should not initiate a re-investigation.

Should you have any further questions regarding any of the above information, please do not hesitate to contact us.

Sincerely yours,



Andrew Lanouette
Cassidy Levy Kent (Canada) LLP

⁷ Memorandum D14-1-8, “Re-investigation and Normal Value Review Policy” at para 12.

⁸ *Certain Concrete Reinforcing Bar*, “Notice of initiation of investigation”, RB3 2020 IN (CBSA), online: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/rb32020/rb32020-ni-eng.html>.

⁹ Memorandum D14-1-3, “Re-determinations and Appeals Under the Special Import Measures Act” at paras 5-6.

CASSIDY LEVY KENT

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ATTACHMENT 1

Exporter Request for Information – Dumping (Excerpts)”, RB1&2 2017 RI



EXPORTER REQUEST FOR INFORMATION - DUMPING

under the *Special Import Measures Act* concerning

Canada's dumping re-investigation of normal values, export prices and amounts of subsidy of

CERTAIN CONCRETE REINFORCING BAR ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF KOREA AND THE REPUBLIC OF TURKEY, AND ORIGINATING IN OR EXPORTED FROM THE REPUBLIC OF BELARUS, CHINESE TAIPEI, THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA, JAPAN, THE PORTUGUESE REPUBLIC AND THE KINGDOM OF SPAIN

RELEVANT DATES

The Canada Border Services Agency (CBSA) requires sales and costing information on all subject goods imported into Canada during the period of **May 1, 2017 to October 31, 2017**, inclusive (6 months). The CBSA refers to this as the **Period of Investigation (POI)**.

The CBSA also requires domestic sales and costing information for like goods sold during the period of **November 1, 2016 to October 31, 2017**, inclusive. The CBSA refers to this as the **Profitability Analysis Period (PAP)**.

DUE DATE FOR RESPONSE

Your complete response to this Request for Information (RFI) is due by **January 11, 2018**.

RETURN YOUR RESPONSE TO

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

FOR FURTHER INFORMATION

Contact one of the following officers as follows:

Wu Ping Wei 613-954-7180
Robert Wright 613-954-1643

IMPORTANT NOTE

Information provided is deemed to be public (non-confidential) unless clearly marked **confidential**. Refer to "*Confidential and Non-confidential Information*" in the Instructions section and Part F.

ATTACHMENT 2

MetalBulletin, Average of Steel scrap HMS 1&2 (80:20 mix), fob Rotterdam

This Attachment has been designated confidential in its entirety as it is protected by copyright.