



OTTAWA, May 22, 2020

# STATEMENT OF REASONS

Concerning expiry review determinations under paragraph 76.03(7)(a) of the  
*Special Import Measures Act* regarding

**THE DUMPING AND SUBSIDIZING OF CERTAIN CONCRETE REINFORCING BAR  
ORIGINATING IN OR EXPORTED FROM CHINA, SOUTH KOREA, AND TURKEY**

## DECISION

On May 7, 2020, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the Canadian International Trade Tribunal's finding made on January 9, 2015, in Inquiry No. NQ-2014-001:

- i. in respect of the dumping of certain concrete reinforcing bar originating in or exported from China, South Korea and Turkey is likely to result in the continuation or resumption of dumping of the goods into Canada; and
- ii. in respect of certain concrete reinforcing bar originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

---

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

## **TABLE OF CONTENTS**

EXECUTIVE SUMMARY .....	1
BACKGROUND .....	3
PRODUCT INFORMATION .....	4
PRODUCT DEFINITION .....	4
ADDITIONAL PRODUCT INFORMATION .....	4
CLASSIFICATION OF IMPORTS .....	5
PERIOD OF REVIEW .....	5
CANADIAN INDUSTRY .....	5
CANADIAN MARKET .....	7
ENFORCEMENT DATA .....	10
PARTIES TO THE PROCEEDINGS .....	10
INFORMATION CONSIDERED BY THE CBSA .....	11
POSITION OF THE PARTIES - DUMPING .....	11
PARTIES CONTENDING THAT CONTINUED OR RESUMED DUMPING IS LIKELY .....	11
PARTIES CONTENDING THAT RESUMED OR CONTINUED DUMPING IS UNLIKELY .....	18
CONSIDERATION AND ANALYSIS - DUMPING .....	19
CHINA .....	21
DETERMINATION REGARDING LIKELIHOOD OF CONTINUED OR RESUMED DUMPING FOR CHINA .....	24
SOUTH KOREA .....	24
DETERMINATION REGARDING LIKELIHOOD OF CONTINUED OR RESUMED DUMPING FOR SOUTH KOREA .....	27
TURKEY .....	27
DETERMINATION REGARDING LIKELIHOOD OF CONTINUED OR RESUMED DUMPING FOR TURKEY .....	31
POSITION OF THE PARTIES – SUBSIDIZING .....	31
PARTIES CONTENDING THAT CONTINUED OR RESUMED SUBSIDIZING IS LIKELY .....	31
PARTIES CONTENDING THAT CONTINUED OR RESUMED SUBSIDIZING IS UNLIKELY .....	32
CONSIDERATION AND ANALYSIS – SUBSIDIZING .....	33
DETERMINATION REGARDING LIKELIHOOD OF CONTINUED OR RESUMED SUBSIDIZING – CHINA .....	35
CONCLUSION .....	36
FUTURE ACTION .....	36
INFORMATION .....	37

## EXECUTIVE SUMMARY

[1] On December 9, 2019, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its finding made on January 9, 2015, in Inquiry No. NQ-2014-001, concerning the dumping of certain concrete reinforcing bar from the People's Republic of China (China), the Republic of Korea (South Korea) and the Republic of Turkey (Turkey), and the subsidizing of certain concrete reinforcing bar from China (subject goods).

[2] As a result of the CITT's notice of expiry review, the Canada Border Services Agency (CBSA) initiated an expiry review investigation on December 10, 2019, to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the finding is likely to result in the continuation or resumption of dumping and/or subsidizing of the subject goods. The period of review for the CBSA's expiry review investigation is from January 1, 2016, to September 30, 2019.

[3] The CBSA received a response to its Canadian Producer Expiry Review Questionnaire (ERQ) from Max Aicher (North America) Inc. (MANA)<sup>1</sup>, Gerdau Ameristeel Corporation (Gerdau)<sup>2</sup>, Moly-Cop AltaSteel Ltd. (AltaSteel)<sup>3</sup> and ArcelorMittal Long Products Canada G.P. (AMLPC),<sup>4</sup> producers of concrete reinforcing bar (rebar) in Canada. The CBSA received additional information prior to the close of the record from Gerdau<sup>5</sup>, AltaSteel<sup>6</sup> and AMLPC<sup>7</sup>. The CBSA also received a letter of support from Ivaco Rolling Mills LP (Ivaco), a fifth Canadian producer of rebar.<sup>8</sup> This letter of support contained certain production and sales information for Ivaco's rebar business in Canada.

[4] The CBSA received responses to its Importer ERQ from the following two Canadian importers of rebar: Acierco KSE Inc. (Acierco)<sup>9</sup> and Ferrostaal Metals GmbH (Ferrostaal)<sup>10</sup>.

[5] The CBSA received responses to the Exporter ERQ from the following four producers/exporters of rebar, all from Turkey: Diler Demir Celik Endustri ve Ticaret Anonim Sirketi (Diler)<sup>11</sup>, Çolakoglu Metalurji A.S. (Colakoglu)<sup>12</sup>, Icdas Celik Enerji Tersane ve Ulasim Sanayi A.S. (Icdas)<sup>13</sup> and from Kaptan Demir Çelik Endustrisi ve Ticaret A.S (Kaptan)<sup>14</sup>.

---

<sup>1</sup> Exhibits 16 (PRO) & 17 (NC) – Response to Expiry Review Questionnaire (ERQ) from Producer – MANA

<sup>2</sup> Exhibits 24 (PRO) & 25 (NC) – Response to Expiry Review Questionnaire (ERQ) from Producer – Gerdau

<sup>3</sup> Exhibits 26 (PRO) & 27 (NC) – Response to Expiry Review Questionnaire (ERQ) from Producer – AltaSteel

<sup>4</sup> Exhibits 28 (PRO) & 29 (NC) – Response to Expiry Review Questionnaire (ERQ) from Producer – AMLPC

<sup>5</sup> Exhibit 43 (NC) – Close of Record - additional information from Gerdau

<sup>6</sup> Exhibits 41 (PRO) & 42 (NC) – Close of Record - additional information from AMLPC and AltaSteel

<sup>7</sup> *Ibid.*

<sup>8</sup> Exhibits 34 (PRO) & 35 (NC) – CBSA Expiry Review Letter of Support from Ivaco Rolling Mills LP

<sup>9</sup> Exhibits 18 (PRO) & 19 (NC) – Response to Importer ERQ – Acierco KSE Inc.

<sup>10</sup> Exhibits 22 (PRO) & 23 (NC) – Response to Importer ERQ – Ferrostaal Metals GmbH

<sup>11</sup> Exhibits 20 (PRO) & 21 (NC) – Response to Exporter ERQ – Diler

<sup>12</sup> Exhibits 30 (PRO) & 31 (NC) – Response to Exporter ERQ – Colakoglu

<sup>13</sup> Exhibits 32 (PRO) & 33 (NC) – Response to Exporter ERQ – Icdas

<sup>14</sup> Exhibits 36 (PRO) & 37 (NC) – Response to Exporter ERQ – Kaptan

[6] The CBSA did not receive a response to the Foreign Government ERQ from the Government of China (GOC).

[7] Case briefs were received on behalf of the Canadian producers, jointly by AMLPC and AltaSteel<sup>15</sup>, Gerdau<sup>16</sup> and MANA<sup>17</sup>. The case briefs submitted by the Canadian producers included information and arguments presenting their position that continued or resumed dumping and subsidizing of the subject goods is likely if the CITT's finding is allowed to expire. No other parties filed case briefs and no parties filed reply submissions.

[8] With respect to China, information on the record indicated: weakening economic growth and demand for rebar in China; China's significant excess steel and rebar production capacity; the export orientation of Chinese rebar producers; the restricted access to export markets due to trade restrictions imposed by other export markets; the anti-dumping measures in place in Canada and in other jurisdictions against rebar and other steel products that demonstrate that Chinese rebar exporters have a propensity to dump into export markets; and the inability of Chinese producers to compete in Canada at non-dumped prices.

[9] In addition, information on the record indicated the continued availability of subsidy programs for rebar producers and exporters in China and a propensity of the GOC to subsidize a variety of steel goods imported into Canada.

[10] With respect to South Korea, information on the record indicated: weakening economic growth and declining construction investment in South Korea; the declining sales and financial performance of South Korean rebar producers; South Korea's significant excess steel and rebar production capacity; the export orientation of South Korean rebar producers; the restricted access to export markets due to trade restrictions imposed by other export markets; the anti-dumping measures in place in Canada and in other jurisdictions against rebar and other steel products that demonstrate that South Korean rebar exporters have a propensity to dump into export markets; and the inability of South Korean producers to compete in Canada at non-dumped prices.

[11] With respect to Turkey, information on the record indicated: declining economic growth and falling construction investment in Turkey; Turkey's significant excess steel and rebar production capacity; the reliance on export markets of rebar producers in Turkey; the restricted access to export markets due to trade restrictions imposed by other export markets; the anti-dumping measures in place in Canada and in other jurisdictions against rebar and other steel products that demonstrate that rebar exporters in Turkey have a propensity to dump into export markets; and the dumping of subject goods while the finding has been in place.

---

<sup>15</sup> Exhibits 48 (PRO) & 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel

<sup>16</sup> Exhibits 50 (PRO) & 51 (NC) – Case brief filed on behalf of Gerdau

<sup>17</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA

[12] For the foregoing reasons, having considered the information on the administrative record, the CBSA made determinations on May 7, 2020, pursuant to paragraph 76.03(7)(a) of SIMA that:

- i. the expiry of the finding in respect of the dumping of certain concrete reinforcing bar originating in or exported from China, South Korea and Turkey is likely to result in the continuation or resumption of dumping of the goods into Canada; and
- ii. the expiry of the finding in respect of certain concrete reinforcing bar originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

## **BACKGROUND**

[13] On June 13, 2014, following a complaint made by AltaSteel, AMLPC, and Gerdau, the CBSA initiated investigations, pursuant to subsection 31(1) of SIMA, respecting the dumping and subsidizing of the subject goods originating in or exported from China, South Korea and Turkey (the named countries).

[14] On December 10, 2014, pursuant to subsection 41(1) of SIMA, the CBSA made final determinations of dumping concerning the subject goods originating in or exported from China, South Korea, and Turkey and the subsidizing of the subject goods from China.

[15] On the same date, pursuant to subsection 41(1) of SIMA, the CBSA terminated the subsidy investigation with respect to subject goods originating in or exported from South Korea and Turkey. The CBSA was satisfied that the amount of subsidy on those goods was insignificant.

[16] On January 9, 2015, pursuant to subsection 43(1) of SIMA, the CITT found in Inquiry No. NQ-2014-001 that the dumping of rebar from China, South 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.<sup>18</sup>

[17] On October 18, 2019, the CITT issued a notice concerning the expiry of its finding. Based on the information received by the CITT following the notice of the expiry of the finding, the CITT decided that a review of the finding was warranted. On December 9, 2019, the CITT initiated an expiry review of its finding pursuant to subsection 76.03(3) of SIMA.<sup>19</sup>

[18] On December 10, 2019, the CBSA initiated an expiry review investigation to determine whether the expiry of the finding is likely to result in continued or resumed dumping and/or subsidizing of rebar from China, South Korea, and Turkey.

---

<sup>18</sup> <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354225/index.do>

<sup>19</sup> Exhibit 1 (NC) – CITT – Notice of Expiry Review of Finding (RR-2018-003)

## **PRODUCT INFORMATION**

### **Product Definition**

[19] The goods subject to the finding under review are defined as:

“Hot-rolled deformed steel concrete reinforcing bar in straight lengths or coils, commonly identified as rebar, in various diameters up to and including 56.4 millimeters, in various finishes, excluding plain round bar and fabricated rebar products, originating in or exported from the People’s Republic of China, Republic of Korea and the Republic of Turkey.”

[20] Exclusion:

“10-mm-diameter (10M) rebar produced to meet the requirements of CSA G30 18.09 (or equivalent standards) and 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**

[21] For further clarity, the subject goods include all hot-rolled deformed bar, rolled from billet steel, rail steel, axle steel, low alloy-steel and other alloy steel that does not comply with the definition of stainless steel.

[22] Uncoated rebar, sometimes referred to as black rebar, is generally used for projects in non-corrosive environments where anti-corrosion coatings are not required. On the other hand, anti-corrosion coated rebar are used in concrete projects that are subjected to corrosive environments, such as road salt. Examples of anti-corrosion coated rebar are epoxy or hot-dip galvanized rebar.

[23] The subject goods include uncoated rebar and rebar that has a coating or finish applied. 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.

## CLASSIFICATION OF IMPORTS

[24] The subject goods are usually classified under the following 10-digit tariff classification numbers:

7213.10.00.00      7214.20.00.00      7215.90.00.90      7227.90.00.90

[25] This listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers provided may include goods that are not subject goods and subject goods may also be imported into Canada under tariff classification numbers other than those provided. Refer to the product definition for authoritative details regarding the subject goods

## PERIOD OF REVIEW

[26] The period of review (POR) for the CBSA's expiry review investigation is from January 1, 2016, to September 30, 2019.

## CANADIAN INDUSTRY

[27] The Canadian industry for rebar production is comprised of the following five producers:

- Max Aicher (North America) Inc., Hamilton, Ontario
- Gerdau Ameristeel Corporation, Whitby, Ontario
- Moly-Cop AltaSteel Ltd., Edmonton, Alberta
- ArcelorMittal Long Products Canada G.P., Contrecoeur, Quebec
- Ivaco Rolling Mills LP, L'Orignal, Ontario

### Max Aicher (North America) Inc.

[28] 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.<sup>20</sup> MANA's bar mill produces both hot-rolled bar coils and cut bar lengths.

### Gerdau Ameristeel Corporation

[29] The parent company of Gerdau is Gerdau S.A of Brazil. Gerdau entered the North American market in 1989 with the acquisition of Courtice Steel in Cambridge, Ontario. In 2002, Gerdau merged its North American operations with Co-Steel of Whitby, Ontario, and the combined entity became Gerdau Ameristeel Corporation. Gerdau S.A acquired 100% ownership of Gerdau Ameristeel in 2010.<sup>21</sup>

---

<sup>20</sup> Exhibit 17 (NC) – Response to ERQ from Producer – MANA, Q7

<sup>21</sup> Exhibit 25 (NC) – Response to ERQ from Producer – Gerdau, Q7.

[30] 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.

### **Moly-Cop AltaSteel Ltd.**

[31] The company now known as AltaSteel was founded in 1955. It has undergone various ownership changes and, since 2017, is now owned by American Industrial Partners and is now formally known as Moly-Cop AltaSteel Ltd. AltaSteel employs over 350 people and its plant has both melting and rolling facilities and a production capability of over 330,000 metric tonnes (MT) of steel billets annually.<sup>22</sup>

### **ArcelorMittal Long Products Canada G.P.**

[32] AMLPC is one of the largest long steel producers in Canada, with sales of more than 2 million tonnes per year. With locations in Quebec and Ontario, AMLPC has more than 1,900 employees. AMLPC has facilities for steelmaking, rolling and wire drawing, as well as scrap recycling and processing facilities. AMLPC specializes in the manufacture of semi-finished products such as billets, slabs, bars and rod, dedicated mostly to the construction and automotive markets.<sup>23</sup>

[33] AMLPC has three rebar manufacturing facilities in the province of Quebec, the Contrecoeur East facility produces rebar in coil form while the Contrecoeur West and the Longueuil facilities produce cut-to-length rebar.<sup>24</sup>

### **Ivaco Rolling Mills LP**

[34] Ivaco is a producer of wire rod in L'Orignal, Ontario. Ivaco was first established in the 1970s and was acquired by Heico Holdings Inc. in 2004. Ivaco primarily produces wire rod, but will produce rebar occasionally. Ivaco employs 490 people and has an annual rolling capacity of 815,000 MT.<sup>25</sup>

---

<sup>22</sup> Exhibit 27 (NC) – Response to ERQ from Producer – AltaSteel, Q7.

<sup>23</sup> Exhibit 29 (NC) – Response to ERQ from Producer – AMLPC, Q7.

<sup>24</sup> Exhibit 29 (NC) – Response to ERQ from Producer – AMLPC, Q5.

<sup>25</sup> Exhibit 35 (NC) – CBSA Expiry Review Letter of Support from Ivaco Rolling Mills LP



## CANADIAN MARKET

[35] The apparent Canadian market for rebar during the POR is presented in **Table 1 and Table 2** below. Table 1 reports the sales volume of the apparent Canadian market in MT, while Table 2 reports the corresponding sales value in Canadian Dollars (CAD).

**Table 1<sup>26</sup>**  
**Apparent Canadian Market for the POR**  
 (Quantity in MT)

Source	2016		2017		2018		2019 Jan. 1 to Sep. 30	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Canadian Producers' Domestic Sales	572,140	46	475,636	41	603,241	44	565,558	60
China	*	*	*	*	*	*	*	*
South Korea	0	0	*	*	*	*	*	*
Turkey	*	*	192,650	17	355,958	26	*	*
Total - Named Countries	84	0	192,650	17	356,094	26	4,495	0
Rebar 2 Countries <sup>27</sup>	347,619	28	8,978	1	20,172	1	30,827	3
United States of America	316,293	25	373,050	32	239,160	18	65,100	7
All Other Countries	8,218	1	114,836	10	147,142	11	275,074	29
Total Imports	672,215	54	689,514	59	762,566	56	375,496	40
<b>Total Canadian Market Volume</b>	<b>1,244,355</b>	<b>100</b>	<b>1,165,150</b>	<b>100</b>	<b>1,365,807</b>	<b>100</b>	<b>941,054</b>	<b>100</b>

\* This data cannot be disclosed without revealing information that relates to a single company

\*\* Totals may vary from row-by-row addition due to rounding.

<sup>26</sup> Exhibit 45 (NC) – Final Import and Market Statistics

<sup>27</sup> Subject to CITT finding of injury, issued on May 3, 2017, concerning the dumping of rebar 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

**Table 2<sup>28</sup>**  
**Apparent Canadian Market for the POR**  
(Value in CAD)

Source	2016		2017		2018		2019 Jan. 1 to Sep. 30	
	Value	%	Value	%	Value	%	Value	%
Canadian Producers' Domestic Sales	\$358,354,056	52	\$343,056,035	44	\$525,219,079	47	\$523,980,780	61
China	*	*	*	*	*	*	*	*
South Korea	\$0	0	*	*	*	*	*	*
Turkey	*	*	\$127,372,908	16	\$252,799,784	23	*	*
Total - Named countries	\$70,611	0	\$127,373,618	16	\$252,919,609	23	\$3,030,536	0
Rebar 2 Countries	\$176,033,469	26	\$4,913,012	1	\$22,261,064	2	\$23,140,557	3
United States of America	\$145,004,095	21	\$237,947,885	30	\$200,438,839	18	\$62,077,115	7
All Other Countries	\$6,970,438	1	\$72,361,404	9	\$115,404,787	10	\$248,137,850	29
Total Imports	\$328,078,613	48	\$442,595,920	56	\$591,024,299	53	\$336,386,057	39
<b>Total Canadian Market Value**</b>	<b>\$686,432,669</b>	<b>100</b>	<b>\$785,651,955</b>	<b>100</b>	<b>\$1,116,243,378</b>	<b>100</b>	<b>\$860,366,837</b>	<b>100</b>

\* This data cannot be disclosed without revealing information that relates to a single company

\*\* Totals may vary from row-by-row addition due to rounding.

### Canadian Production

[36] Based on the information on the record and as presented in Table 1 and Table 2, the Canadian producers' share of the apparent Canadian market, was 46% in 2016 by volume and 52% by value. The Canadian producers' share of the market fell in 2017 to 41% of the volume and 44% of the value. In 2018, the Canadian producers' recovered some market share at 44% of the volume and 47% of the value. The 2018 year was also the largest in terms of total Canadian market size by both volume and value. Finally in the first three quarters of 2019, the Canadian producers achieved their highest market share during the POR with a 60% share of the market by volume and 61% share by value.

[37] With respect to pricing, the average price of rebar sold domestically by the Canadian producers was \$626/MT in 2016, \$721/MT in 2017, \$871/MT in 2018, and \$926/MT in the first three quarters of 2019. This demonstrated a steadily increasing price throughout the POR.

<sup>28</sup> Exhibit 45 (NC) – Final Import and Market Statistics

## **Imports – Named countries**

[38] During the POR, the volume of imports of subject goods from the named countries varied significantly. Volumes of subject goods from China and South Korea were insignificant throughout the entire POR. The volume from Turkey was minimal in 2016, jumped to 192,650 MT in 2017, further increased to 355,958 MT in 2018, before decreasing down to less than 4,500 MT in the first three quarters of 2019. In terms of market share based on volume, Turkey went from 0% of the market in 2016 to 17% in 2018 and 26% in 2018, before falling back to 0% in 2019.

[39] With respect to pricing, during 2017 when imports from Turkey were 17% of the market the average price of these imports of subject goods was \$661/MT. During 2018, when imports from Turkey were 26% of the market, the average price of these imports was \$710/MT.

## **Imports – Other Countries**

[40] During the POR, the total volume of imports from other countries as a percentage of the apparent Canadian market was 54% in 2016, 43% in 2017, 30% in 2018, and 39% in the first three quarters of 2019. Within this total amount there has been quite varied volumes for different countries, which demonstrates some source switching for sources of imports.

[41] Countries, territories and regions that are subject to the Rebar 2 finding (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) had a market share of 28% in 2016. After the imposition of the Rebar 2 finding in May 2017, the volume of imports from the Rebar 2 countries has fallen to 1% in 2017, 1% in 2018 and 3% in the first three quarters of 2019.

[42] Imports of rebar from the United States of America (US) also varied, being 28% in 2016, 31% in 2017, 18% in 2018, and falling to 7% in the first three quarters of 2019. The fall in import volumes from the US is likely attributable to countermeasures Canada imposed in 2018 on certain products originating in the US, including rebar. This was in response to tariffs imposed by the US on Canadian steel and aluminum products.<sup>29</sup>

[43] Imports of rebar from all other countries was 1% in 2016, 9% in 2017, 10% in 2018, and 29% in the first three quarters of 2019.

---

<sup>29</sup> Refer to CN [18-08](#)

## ENFORCEMENT DATA

[44] In the enforcement of the CITT's finding during the POR, as detailed in Table 3 below, the total amount of anti-dumping and countervailing duties (SIMA duties) collected on subject imports was \$1,963,746. As a percentage of the total value for duty, the anti-dumping and countervailing duties assessed during the POR were equal to 0.5%.<sup>30</sup>

**Table 3<sup>31</sup>**  
**Enforcement Data for the Period of Review**  
 (Quantity in MT and SIMA duties in CAD)

Source	2016		2017		2018		2019 Jan. 1 to Sep. 30	
	Quantity (MT)	SIMA duties (CAD)	Quantity (MT)	SIMA duties (CAD)	Quantity (MT)	SIMA duties (CAD)	Quantity (MT)	SIMA duties (CAD)
China	*	*	*	*	*	*	*	*
South Korea	-	-	*	*	*	*	*	*
Turkey	*	*	192,650	*	355,958	-	*	-
<b>Total</b>	84	\$35,580	192,650	\$1,888,133	356,094	\$38,776	4,495	\$1,257

\* This data cannot be disclosed without revealing information that relates to a single company

## PARTIES TO THE PROCEEDINGS

[45] On December 10, 2019, the CBSA sent a notice concerning the initiation of the expiry review investigation and ERQs to known Canadian producers and potential importers and exporters of the subject goods, as well as to the GOC.

[46] The ERQs requested information needed to consider the expiry review factors, as found in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR).

[47] Four Canadian producers participated in the expiry review investigation and responded to the CBSA's ERQ, a fifth Canadian producer provided a letter of support. Four exporters in Turkey provided a response to the CBSA's exporter ERQ. Two importers in Canada also provided a response to the CBSA's ERQ.

[48] Case briefs were received on behalf of the four Canadian producers. No other case briefs or reply submissions were received by the CBSA from any other parties notified by the CBSA at the initiation of this expiry review investigation.

<sup>30</sup> Exhibit 45 (NC) – Final Import and Market Statistics

<sup>31</sup> *Ibid.*

## **INFORMATION CONSIDERED BY THE CBSA**

### **Administrative Record**

[49] The information considered by the CBSA for purposes of this expiry review investigation is contained on the administrative record. The administrative record includes the information on the CBSA's exhibit listing, which is comprised of the CITT's administrative record relating to the initiation of the expiry review, the CBSA's exhibits and information submitted by interested parties, including information which the interested parties feel is relevant to the decision as to whether dumping and subsidizing is likely to continue or resume, if the finding is allowed to expire. This information may consist of expert analyst reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization (WTO) and responses to the ERQs submitted by domestic producers, importers and exporters.

[50] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties may be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the closing of the record date. This allows participants time to prepare their case briefs and reply submissions based on the information that is on the record as of the date the record closed. For this expiry review investigation, the record closed on January 28, 2020.

### **Procedural Issues**

[51] The CBSA received one importer ERQ response that was not considered. A response to the importer ERQ was submitted by Dayton Superior Corporation, however the response did not contain an adequate non-confidential version. The SIMA Registry contacted the importer but was unable to obtain an adequate non-confidential version of the ERQ response prior to the close of record for the expiry review. As such, this ERQ response was removed from the administrative record.

## **POSITION OF THE PARTIES - DUMPING**

### **Parties Contending that Continued or Resumed Dumping is Likely**

[52] The four participating Canadian producers made representations in their ERQ responses and in their case brief supporting their position that the dumping of rebar is likely to continue or resume should the CITT's finding expire. Therefore, they argued that the anti-dumping measure should remain in place.

[53] The main factors identified by the parties can be summarized as follows:

- Commodity nature of rebar
- International and domestic market conditions
- Low-priced competition from other countries
- Factors specific to named countries
  - Weak domestic demand in named countries
  - Excess capacity in named countries
  - Export-oriented exporters
  - Propensity of subject exporters to dump

### **Commodity Nature of Rebar**

[54] The Canadian producers emphasized that rebar is a commodity product and is interchangeable regardless of whether it is produced in Canada, in the named countries, or in non-named countries. They submitted that because of this commodity nature, purchasers routinely purchase on the basis of price, and that exporters are therefore more likely to dump their goods by having to price aggressively to gain export customers.<sup>32</sup>

### **International and Domestic Market Conditions**

#### *Global Excess Capacity*

[55] The Canadian producers submitted that the world continues to have a global excess steel production capacity.<sup>33</sup> They also noted that the excess capacity for steel products extends to rebar production as well. Specifically, they argued that it is a crisis that pushes global steel producers to find new markets in which to sell their steel products, including rebar, and to price aggressively to secure throughput on their mills.<sup>34</sup>

[56] AMLPC and AltaSteel noted that global steel overcapacity will continue to be a significant issue affecting global steel trade for years to come. They argued that the CRU<sup>35</sup> data shows a problem with respect to global production and consumption of rebar. Specifically, they noted that significant excess capacity for global rebar production will continue into 2022, with utilization rates remaining below 70% during that time.<sup>36</sup>

---

<sup>32</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 22. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 3.

<sup>33</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 27-39. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 7-9.

<sup>34</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 27.

<sup>35</sup> CRU is an industry trade publication that covers CRU provides news and price intelligence on the global metals, mining and fertilizer industries through market analysis, price assessments, consultancy and events. See <https://www.crugroup.com/about-cru/>

<sup>36</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 34-37.

### Global Economic Conditions

[57] The Canadian producers stated that overall global steel demand is expected to slow, and that, in-line with this slowing overall demand, the global demand for rebar was also expected to be soft in the near future. The Canadian producers cited a World Steel Association report noting that “after annual growth of 2.8 percent in 2018, global growth for rebar was expected to slow to 1.5 percent in 2019, and slow further to just 1.2 percent in 2020”.<sup>37</sup> AMLPC and AltaSteel further submitted that this has impacted global price forecasts for rebar, noting that “CRU forecasts significant price declines in 2019 and further declines or little growth through 2022”.<sup>38</sup>

### Domestic Market Conditions

[58] Gerdau submitted that compared to global market conditions, the conditions in the Canadian market for rebar are generally stable. They noted that a stable Canadian market forecast for rebar in 2020 would make Canada an attractive export destination for subject goods.<sup>39</sup> AMLPC and AltaSteel also noted some modest expected growth in the Canadian market for rebar in 2020 and beyond.<sup>40</sup>

### **Low-priced Competition from Other Countries**

[59] The Canadian producers noted the increased presence of import volumes of rebar from other non-named countries into Canada during 2019. The Canadian producers noted the quickly increasing volume of these sources of rebar imports and emphasized that they were at a low average unit price, relative to the Canadian producers’ own domestic pricing averages in 2019.<sup>41</sup> The Canadian producers stressed that these new low-priced imports of rebar were creating market pressure on prices of rebar in Canada and contended that imports of rebar from the named countries would have to be priced at similarly low levels to regain market share.

---

<sup>37</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 5. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 46.

<sup>38</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 48.

<sup>39</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 12-14.

<sup>40</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 244-245.

<sup>41</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 213-225. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 19.

## Factors Specific to Named countries

### China

[60] The Canadian producers noted that economic and industrial growth in China slowed in 2019 to the lowest levels seen in many years as the effects of trade tariffs had a significant impact.<sup>42</sup> While the GOC had introduced some fiscal stimulus measures, they further noted that China's GDP growth was still expected to continue its decline in 2020 and 2021.<sup>43</sup> The Canadian producers noted that the real estate and construction sectors in China are both expected to see declining growth in 2020 from previous levels which will decrease demand for rebar in China.<sup>44</sup>

[61] The Canadian producers emphasised that China is the world's largest steel producer and that its overcapacity in steel production continues to be a problem for the global steel market. ALMPC and AltaSteel noted that China has over 150 million MT of excess rebar production capacity, and that its capacity utilization rate is only 61%.<sup>45</sup> Gerdau noted the significance of this amount relative to the size of the apparent Canadian market for rebar.<sup>46</sup>

[62] The Canadian producers also noted how the conditions described above had affected rebar prices in China. They cited that rebar prices had peaked in China in 2018 and had fallen by 10% in 2019, with further price reductions forecasted for the next few years.<sup>47</sup>

[63] The Canadian producers noted that China is the world's largest exporter of steel. While China's net rebar exports have fallen recently, they cited forecasts expecting a significant increase of exports in 2020.<sup>48</sup> The Canadian producers surmised that the combination of weakening domestic demand, lower domestic prices and continued excess production capacity would cause Chinese exporters to look to export markets to secure additional sales.<sup>49</sup> They contended that this increases the likelihood of continued or resumed dumping should the finding be allowed to expire.

---

<sup>42</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 60-64. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 30-31. Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 32.

<sup>43</sup> *Ibid.*

<sup>44</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 71. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 31.

<sup>45</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 68-69.

<sup>46</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 27.

<sup>47</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 75-76. Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 33.

<sup>48</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 84.

<sup>49</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 82. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 29-31.



[64] Additionally, the Canadian producers all noted the Chinese exporters' propensity to dump rebar in export markets. The Canadian producers identified eight countries other than Canada that currently have anti-dumping measures in place against rebar from China, which include measures imposed by traditionally significant export markets for Chinese rebar such as the US and the European Union (EU).<sup>50</sup> The Canadian producers also identified numerous other anti-dumping findings against similar goods produced on the same equipment as rebar, such as steel wire rod and steel bars.<sup>51</sup> The Canadian producers also noted that rebar from China is subject to safeguard tariffs in both the US and EU.

[65] Finally, the Canadian producers noted the very limited quantity of subject goods that had been shipped to Canada from China since the finding has been in place, which they argued demonstrates an inability to sell in Canada without dumping.<sup>52</sup>

### South Korea

[66] The Canadian producers noted the declining economic conditions in South Korea, contending that their economy has been suffering from ongoing trade tariffs and tensions affecting Asian countries.<sup>53</sup> In addition, the construction sector in South Korea has been steadily declining, contributing to the country's slowing economic growth. Gerdau also noted that South Korea's construction orders declined 3.8% from 2017 to 2018, with a further decline of 12% in 2019.<sup>54</sup>

[67] The Canadian producers noted the effects of South Korea's weak economic conditions and slowing construction sector on the domestic demand for rebar. Gerdau cited evidence on the record from both Hyundai Steel Co. and Dongkuk Steel Mill Co., Ltd, two of South Korea's largest steel producers, whom both noted that the declining construction sector in South Korea was negatively affecting their sales of rebar in Korea.<sup>55</sup> AMLPC and AltaSteel cited evidence showing that rebar demand in South Korea had declined in 2018.<sup>56</sup> While they noted that rebar demand in South Korea is expected to show some modest growth in 2019 and 2020, they emphasized the evidence on the record showing the expected contraction in the South Korean construction sector in the coming years.<sup>57</sup>

---

<sup>50</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 85. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 231. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 33-35.

<sup>51</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 85. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 236.

<sup>52</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 197-212. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 21-22.

<sup>53</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 95-99. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 70-71. Exhibit 47 (NC) – Case brief filed on behalf of MANA, paras. 41-43.

<sup>54</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 71-72.

<sup>55</sup> *Ibid.*

<sup>56</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 106-108.

<sup>57</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 106-116.

[68] The Canadian producers emphasised that South Korea has significant excess rebar production capacity. AMPLC and AltaSteel cited South Korean excess rebar production capacity in excess of 2.7 million MT annually.<sup>58</sup> Gerdau noted that this level of excess capacity is larger than the entire Canadian market for rebar.<sup>59</sup> AMPLC and AltaSteel noted that current capacity utilization was 80%.<sup>60</sup> While they acknowledged that capacity utilization rates were forecast to increase somewhat in the next few years, they stressed that South Korean excess rebar production was still expected to remain at approximately 2 million MT per year.<sup>61</sup>

[69] The Canadian producers argued that South Korean steel producers are heavily reliant on export markets, noting that the country is the fourth largest steel exporter in the world and that they export 40% of their steel production.<sup>62</sup> The Canadian producers argued that the combination of weakening domestic demand and continued excess production capacity would cause South Korean exporters to look to export markets to secure additional sales.<sup>63</sup> They contended that this increases the likelihood of continued or resumed dumping should the finding be allowed to expire.

[70] The Canadian producers also contended that South Korean exporters have a propensity to dump rebar in export markets. The Canadian producers identified one other anti-dumping measure against rebar from South Korea, imposed by Australia.<sup>64</sup> The Canadian producers also identified another anti-dumping finding imposed by the US against a similar good, steel wire rod produced on the same equipment as rebar.<sup>65</sup> The Canadian producers also noted that Canada currently has eight other anti-dumping measures in place against steel products from South Korea, which they argue demonstrates South Korean steel exporters' propensity to dump goods.<sup>66</sup> Additionally, the Canadian producers noted four other countries that have imposed safeguard tariffs or quotas against rebar from Korea, including major markets like the US and EU.

[71] Finally, the Canadian producers noted the very limited quantity of subject goods that had been shipped to Canada from South Korea since the finding has been in place, which they argue demonstrates an inability to sell in Canada without dumping.<sup>67</sup>

---

<sup>58</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 101-102.

<sup>59</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 78.

<sup>60</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 101-102.

<sup>61</sup> *Ibid.*

<sup>62</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 118-120. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 67-68.

<sup>63</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 122. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 67-69.

<sup>64</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 85. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 231. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 85.

<sup>65</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 85. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 236.

<sup>66</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 95. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 237.

<sup>67</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 201 and 212. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 79-82.

## Turkey

[72] The Canadian producers noted the rapidly declining economic conditions in Turkey over the last few years due to increasing political turmoil. They further noted that this economic crisis has led to the rapid depreciation of the Turkish Lira, which they cite has declined 46% against the Canadian dollar since 2017.<sup>68</sup> They stressed that the rapid collapse of the Turkish Lira has had drastic effects on the economy in Turkey, causing an economic recession and inciting a rise in inflation to 25%.<sup>69</sup> The Canadian producers noted the effect of the economic collapse on the construction sector in Turkey, with 2019 seeing a particularly sharp decline in construction.<sup>70</sup>

[73] The Canadian producers noted the effects of Turkey's economic recession and declining construction sector on the domestic demand for rebar. AMLPC and AltaSteel cited evidence showing that rebar demand in Turkey had declined in 2018 and was forecasted to fall further in 2019. They further noted that rebar demand in Turkey was expected to remain below 2017 levels until at least 2022.<sup>71</sup>

[74] The Canadian producers emphasised that Turkey has significant excess rebar production capacity and that this excess capacity has been increasing. AMPLC and AltaSteel explained that "Turkey's excess capacity more than doubled in 2019 from 2.6 million MT to more than 5.6 million MT. Excess capacity is forecasted at 4.6 million MT in 2020 and, despite declines, will remain high at 2.6 million MT in 2021 and 1.7 million MT in 2022".<sup>72</sup> The Canadian producers also noted the excess rebar production capacity that is evident in the ERQ responses of the four participating exporters.

[75] The Canadian producers argued that rebar producers in Turkey are heavily reliant on export markets and that their deteriorating domestic market and increasing excess capacity makes them even more export focussed. ALMPC and AltaSteel stated that, according to the Turkish Steel Exporters' Association, Turkey is the world's second largest exporter of rebar.<sup>73</sup> In 2018 Turkey exported over 6.4 million MT of rebar, which was 38% of rebar production in the country.<sup>74</sup>

---

<sup>68</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 145-147. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 39.

<sup>69</sup> *Ibid.*

<sup>70</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 38. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 40.

<sup>71</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 165.

<sup>72</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 149.

<sup>73</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 180.

<sup>74</sup> *Ibid.*

[76] The Canadian producers also contended that exporters of rebar in Turkey have a propensity to dump rebar in export markets. The Canadian producers identified four other anti-dumping measures against rebar from Turkey.<sup>75</sup> The Canadian producers also identified that Turkish exporters had continued to dump subject goods into Canada while the current finding was in place, demonstrating their continuing propensity to dump.<sup>76</sup>

[77] Lastly, the Canadian producers explained that exporters of rebar in Turkey were suffering from heavy trade restrictions imposed by important export markets. The Canadian producers noted that the EU had imposed safeguard measures against various steel products including rebar, and that exports of rebar from Turkey have been subject to an annual quota since July 2019.<sup>77</sup> They further noted that as of October 2019, exports of rebar from Turkey had already filled their annual quota and that further exports of rebar from Turkey to the EU would be subject to tariffs until July 2020.<sup>78</sup> They also explained that rebar from Turkey is subject to the section 232 tariff measures in the US, which imposes a 25% tariff on rebar from Turkey.<sup>79</sup> This tariff has resulted in a significant decline in exports of rebar from Turkey to the US.<sup>80</sup> The Canadian producers noted that because of these additional measures, there is a significant increased likelihood of dumped rebar being exported to Canada should the finding be allowed to expire.

#### **Parties Contending that Resumed or Continued Dumping is Unlikely**

[78] In their response to the importer ERQ, Ferrostaal noted that exporters in Turkey would be unlikely to dump if the margin of dumping calculation by the CBSA was only calculated by comparing the export price of the goods to the exporters' prospective normal values in place at the time of the sales contract signing.<sup>81</sup> Ferrostaal only commented on Turkish exporters' willingness to price above normal values while subject to an anti-dumping finding, and did not express an opinion on the likelihood of their continued or resumed dumping in the absence of the finding.

[79] None of the other parties contended that continued or resumed dumping of subject goods from Turkey is unlikely if the finding expires.

---

<sup>75</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 85. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 231.

<sup>76</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, para. 28. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 142-144. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 60.

<sup>77</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, paras. 72-73. Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 190-194. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, paras. 41-47.

<sup>78</sup> *Ibid.*

<sup>79</sup> *Ibid.*

<sup>80</sup> *Ibid.*

<sup>81</sup> Exhibit 23 (NC) – Response to ERQ – Ferrostaal, q. 26.

## CONSIDERATION AND ANALYSIS - DUMPING

[80] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods, the CBSA may consider the factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant under the circumstances.

[81] Before presenting the specific analysis with respect to each country concerning the likelihood of the continuation or resumption of dumping in absence of the CITT's finding, there are certain issues listed below that relate to the goods on a broader scale which are addressed as follows:

- Commodity nature of rebar;
- Steel market developments and trends; and
- International trade restrictions on steel products.

### Commodity Nature of Rebar

[82] Generally speaking, rebar produced either by a Canadian manufacturer or by a foreign manufacturer are physically interchangeable. Rebar produced by foreign manufacturers for sale to Canada are generally produced to meet Canadian standards, sizes and yield requirements. As noted by the CITT in the original injury finding "the subject goods and domestically produced rebar are commodity products that compete with one another in the Canadian marketplace on the basis of price and are otherwise fully interchangeable".<sup>82</sup> This characteristic means rebar must compete in a market that is price sensitive, where price is one of the primary factors affecting customer purchasing decision. Furthermore, because of this high degree of price sensitivity, prices in a given market have historically tended to converge over time towards the lowest available price offering.

[83] The Canadian producers placed evidence on the record of low-priced imports from countries that are not currently covered by an anti-dumping finding. They demonstrated that these imports were at a low average unit price, relative to the Canadian producers' own domestic pricing averages in 2019.<sup>83</sup> Potential future shipments of rebar from the named countries will have to compete with these other sources of supply in order to secure sales in the Canadian market. Given the commodity nature of rebar, the goods from the named countries will have to compete based on low pricing, which increases the likelihood of continued or resumed dumping if the finding were to expire.

---

<sup>82</sup> CITT Finding on Certain Concrete Reinforcing Bar Inquiry, NQ-2014-001, paras 46-47.  
[https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354225/index.do#\\_Toc410048072](https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354225/index.do#_Toc410048072)

<sup>83</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 213-225. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 19.

## Steel Market Developments and Trends

[84] According to the Organisation for Economic Co-operation and Development (OECD), steel market conditions have continued to weaken in 2019 and are facing headwinds in the short and the medium term. Weakening economic conditions, increasing global trade restrictions, new capacity investments, and the persistence of excess capacity all pose downside risks likely to have an impact on the steel industry.<sup>84</sup> According to the World Steel Association, global steel growth rates in 2019 and 2020 are expected to slow down with a slowing global economy. Uncertainties over the trade environment and volatility in the financial markets could pose downside risks to this forecast.<sup>85</sup>

[85] In 2018, global steel consumption reached 1,712.1 million MT, an increase of 4.9% compared to 2017.<sup>86</sup> However, the World Steel Association was forecasting a much slower growth rates of 1.3% in 2019 and 1.0% in 2020, reflecting a deteriorating trade environment.<sup>87</sup>

[86] Global demand for rebar is also forecasted to slow. Information provided by the Canadian producers showed that after a period of relatively strong growth in rebar demand in 2019, growth in demand is expected to slow in 2020 and 2021. This forecast is consistent with a slowing global construction sector, with the World Steel Association forecasting global construction growth to slow to 1.5% in 2019 and 1.2% in 2020.<sup>88</sup>

[87] Global crude steel production reached 1,808 million MT in 2018, up by 4.5% compared to 2017.<sup>89</sup> Global steel production further increased by 5.1% in the first half of 2019 compared with the same period from the year before.<sup>90</sup> This included a first half of 2019 growth rate of 7.6% in Asia for total steel production, including China which saw a growth rate of 10.6% since the same period from the year before.<sup>91</sup>

[88] Global steelmaking capacity increased every year for more than a decade until 2016. Annual global steel making capacity peaked in 2015 at 2.3 billion MT.<sup>92</sup> Since then it has seen moderate declines, with 2018 global capacity falling to 2.22 billion MT.<sup>93</sup> However, the OECD noted an increase in steelmaking capacity in the first half of 2019, estimating world steel capacity had rose 3.1% over the same period from 2018.<sup>94</sup>

---

<sup>84</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD, *Steel Market Developments, Q4 2019*, p. 6.

<sup>85</sup> Exhibit 39 (NC) – CBSA Supplemental Research – World Steel Association, *World Steel in Figures 2019*, p. 2.

<sup>86</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD, *Steel Market Developments, Q4 2019*, p. 6.

<sup>87</sup> *Ibid.*

<sup>88</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 46.

<sup>89</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Global Steel Report*, November 2019, pages 3-4.

<sup>90</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD, *Steel Market Developments, Q4 2019*, p. 16.

<sup>91</sup> *Ibid.*

<sup>92</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Global Steel Report*, November 2019, page 6.

<sup>93</sup> *Ibid.*

<sup>94</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD, *Steel Market Developments, Q4 2019*, p. 38.

[89] In recent years, with global production rising and steelmaking capacity moderately declining, the global production utilization rate has been slowly increasing. The utilization rate of crude steel production capacity was 71.5% in 2016, increased to 77.2% in 2017 and further increased to 80.9% in 2018, the highest utilization rate in over a decade.<sup>95</sup> However, with the increase in production capacity observed in 2019, the capacity utilization rate fell for the first time since 2015, showing a slight easing in the first half of 2019.<sup>96</sup> As investment projects continue to increase in a number of economies and as steel consumption growth is anticipated to remain moderate, the global imbalance between capacity and demand will continue to pose risks for the industry for the foreseeable future.

### **International Trade Restrictions on Steel Products**

[90] On March 8, 2018, the US issued a proclamation regulating imports of steel into the US under Section 232 of the *Trade Expansion Act* of 1962, imposing tariffs of 25% on imports of steel.<sup>97</sup> The imposed tariffs or quota restrictions cover rebar from the named countries.

[91] The US Section 232 measures created a ripple effect as the EU also put provisional safeguard measures in place in July 2018, followed by definitive safeguard measures in January 2019.<sup>98</sup> These measures also include restrictions and tariffs against imports of rebar from the named countries into the EU.

[92] The combined effect of these trade restrictions has impacted the global market for steel products and rebar specifically. Increasing the level of trade restrictions has reduced or completely restricted major export markets for rebar producers throughout the world. This has caused increased levels of competition in the global market because of reduced demand for imports in the two major markets of the US and EU.

### **China**

[93] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in China. The CBSA, therefore, relied on information submitted by participating parties, as well as other information on the administrative record, in considering whether the dumping of subject goods from China is likely to resume or continue if the finding were to expire.

---

<sup>95</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Global Steel Report*, November 2019, page 7.

<sup>96</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD, *Steel Market Developments, Q4 2019*, p. 38.

<sup>97</sup> Exhibit 47 (NC) – Case brief filed on behalf of MANA, paras. 87-89.

<sup>98</sup> *Ibid.*, pages 1022 & 1029.

[94] China is the world's largest steel producing country. In 2018, China produced 51.3% of the world's total steel production, producing a total of 928.3 million MTs of steel.<sup>99</sup> Efforts by the GOC to restrict additional steel-making capacity and force the closure of older facilities have had some success at curtailing China's steel making capacity, with total capacity in China falling from 1,150 million MT in 2015 to 1,023 million MT in 2018.<sup>100</sup> Evidence on the record also suggested that this trend could end, as there were several facility expansion projects that were expected to come online in 2019 that could add over 38 million MT in new steel making capacity in China.<sup>101</sup>

[95] With respect to rebar production and capacity, information provided by the Canadian producers shows a modest reduction in Chinese rebar production capacity between 2018 and 2019. At the same time, Chinese rebar production rose overall in 2019. Both production capacity and expected production levels are forecasted to remain relatively unchanged for the next few years. However, even with this added level of production taken into consideration, the capacity utilization rate for Chinese rebar producers was still quite low and left substantial excess production capability available. The excess capacity expected in 2020 is significantly larger than the entire apparent Canadian market for rebar.<sup>102</sup>

[96] With respect to domestic market conditions in China, information on the record indicates weakening economic conditions, with lower domestic steel demand forecasted for the future. The OECD noted that growth in China has weakened due to the impact of escalating trade restrictions.<sup>103</sup> Growth in China is expected to slow even further as increasing trade restrictions impact Chinese manufacturing output and investment.<sup>104</sup>

[97] Steel demand had managed to remain strong in China despite a slowing economy. Steel consumption in China grew 7.8% in 2018 and 1% in 2019.<sup>105</sup> However, the slowing economy was projected to have a significant impact on steel consumption in China, with 2020 expected to see steel demand fall by 1%.<sup>106</sup>

---

<sup>99</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Global Steel Report*, November 2019, page 5.

<sup>100</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD, *Recent Developments in Steelmaking Capacity 2019*, page 27.

<sup>101</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para 25.

<sup>102</sup> The apparent Canadian market of rebar was 1.365 million MT in 2018. Exhibit 45 (NC) – CBSA Final Import and Market Statistics.

<sup>103</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD Economic Outlook, Volume 2019 Issue 2 – China, page 103.

<sup>104</sup> *Ibid*, page 106.

<sup>105</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD Steel Committee Meeting, Sept. 26, 2019, page 5.

<sup>106</sup> *Ibid*.



[98] Similar to overall steel demand in China, rebar consumption in China had shown strong growth in 2018 and 2019. However, despite having relatively strong domestic demand for steel and rebar in 2018 and 2019, steel producers in China remained very export-oriented. In 2018, China was the world's largest exporter of steel, exporting 66.9 million MT.<sup>107</sup> Export volumes decreased slightly in the first half of 2019 as China exported 33.5 million MT of steel products, down 3% from the same period in 2018.<sup>108</sup> Exports of long steel products, including rebar, accounted for 25% of this volume, or 8.3 million MT in the first half of 2019.<sup>109</sup> Additionally, with significant amounts of excess production capacity available to Chinese rebar producers, there is a strong possibility that rebar producers in China will increasingly look to export markets for additional sales opportunities.

[99] While there may be strong incentive for Chinese rebar producers to seek additional export sales, they have less access to markets that are free of tariffs or import restrictions. As previously mentioned, the US Section 232 tariffs and the EU safeguard measures have both imposed trade restrictions against rebar from China. The US measures impose a 25 percent duty, while the EU measures allow import volumes at historical levels above which 25 percent tariffs are imposed.<sup>110</sup> Additionally, Malaysia, Morocco and Vietnam have also imposed safeguard measures against China that cover rebar.<sup>111</sup> Malaysia and Vietnam were both top 10 export markets for Chinese steel products in 2018 and 2019.<sup>112</sup>

[100] Rebar from China is also subject to anti-dumping measures in eight countries.<sup>113</sup> Along with the US tariffs and EU safeguard measures, Chinese rebar producers are encountering trade restrictions that are having a real impact on their ability to sell in export markets. This would make the Canadian market very attractive to Chinese rebar producers if the finding were allowed to expire. Further, the proliferation of these measures demonstrates a propensity to dump rebar in export markets. Chinese rebar producers have been found dumping numerous times in many different markets throughout the world. Additionally, the Canadian producers noted twelve anti-dumping findings in other countries against other similar goods made on the same production equipment as rebar, such as steel wire rod and flat steel bars, which again confirms the propensity of Chinese steel producers to dump steel products in export markets.<sup>114</sup>

---

<sup>107</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Global Steel Report*, November 2019, page 13.

<sup>108</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Steel Exports Report: China*, September 2019, page 2.

<sup>109</sup> *Ibid.*

<sup>110</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para 35.

<sup>111</sup> *Ibid.*

<sup>112</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Steel Exports Report: China*, September 2019, page 2.

<sup>113</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, table 27. The countries with anti-dumping measures are: Australia, the Dominican Republic, Egypt, EU, India, Mexico, Pakistan, and the US

<sup>114</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, table 29.

[101] Chinese steel producers, including rebar producers have also been found dumping other steel products into the Canadian market. Canada currently has anti-dumping and countervailing duty findings in place against seventeen steel products from China, covering various flat steel and tubular steel products.<sup>115</sup> The numerous anti-dumping findings in Canada against steel products from China also confirms a propensity to dump from Chinese steel producers and demonstrates their willingness to do so in the Canadian market.

[102] During the POR for this expiry review, there was a very low volume of imports of subject goods from China. The near total absence of shipments suggests an inability on behalf of the Chinese rebar producers to compete in Canada at non-dumped prices.

### **Determination Regarding Likelihood of Continued or Resumed Dumping for China**

[103] Based on the evidence on the record in respect of: the commodity nature of rebar; weakening global demand for rebar; weakening economic growth and demand for rebar in China; China's significant excess steel and rebar production capacity; the export orientation of Chinese rebar producers; the restricted access to export markets due to trade restrictions imposed by other export markets; the anti-dumping measures in place in Canada and in other jurisdictions against rebar and other steel products that demonstrate that Chinese rebar exporters have a propensity to dump into export markets; and the inability of Chinese producers to compete in Canada at non-dumped prices, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping into Canada of rebar from China.

### **South Korea**

[104] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters in South Korea. The CBSA therefore relied on information submitted by participating parties, as well as other information on the administrative record, in considering whether the dumping of subject goods from South Korea is likely to resume or continue if the finding were to expire.

[105] South Korea is the world's fifth largest steel producing country. In 2018, South Korea produced 4%, or 72.5 million MTs, of the world's total steel. This was a modest decline in production from the 77.1 million MT in 2017.<sup>116</sup> However, within the steel long products sector, which includes rebar, South Korea saw production levels rise from 20.1 million MT in 2016 to 21.5 million MT in 2018.

---

<sup>115</sup> See CBSA – SIMA – Measures in Force: <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

<sup>116</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Global Steel Report*, November 2019, page 5. CBSA Supplemental research – OECD 87<sup>th</sup> Session of the Steel Committee – Korean Iron and Steel Association Presentation, page 7.

[106] With respect to rebar production and capacity, information provided by the Canadian producers shows no recent or forecasted changes in rebar production capacity in South Korea. While rebar production levels fell from 2017 to 2018, the level of production forecasted for 2020 and beyond is expected to recover. However, the utilization rates experienced in 2019 and forecasted for 2020 still leave significant levels of unused rebar production capacity. The excess capacity expected in 2020 is larger than the entire apparent Canadian market for rebar.<sup>117</sup>

[107] With respect to domestic market conditions in South Korea, information on the record indicates stagnant economic conditions. As an economy that is heavily reliant upon exports driving growth, the OECD forecasted that economic growth in South Korea “will remain subdued, as the global slowdown and trade tensions hold back exports, while high uncertainty weighs on investment”.<sup>118</sup> Further, South Korea has been experiencing declines in its construction sector, a key user of rebar domestically, since 2018. The South Korean construction sector experienced a 4.3% decline in construction investment in 2018, a 3.3% decline in 2019 and a further forecasted decline of 1.6% in 2020.<sup>119</sup> It is likely that this declining investment in the domestic construction sector will cause South Korean rebar producers to look to export markets to maintain production and sales levels.

[108] Information concerning the financial performance of major South Korean rebar producers also demonstrates declining performance. Dongkuk Steel Group (Dongkuk) and Hyundai Steel are reported to have domestic rebar market share of 27% and 33% respectively. Dongkuk noted a decline in sales of rebar and steel sections of 10% between the second and third quarters of 2019 due to the recession in the construction market.<sup>120</sup> Dongkuk also reported lower total revenue, lower operating profit and a net loss in the third quarter of 2019.<sup>121</sup> Hyundai Steel also reported lower total revenue, lower operating profit and a net loss in the third quarter of 2019.<sup>122</sup> Hyundai Steel cited declining domestic construction demand and a falling domestic rebar price as part of its worsening financial performance in that quarter.<sup>123</sup> As financial performance declines for South Korean rebar producers domestically, it is likely that they will seek to recoup sales and revenue in export markets.

---

<sup>117</sup> The apparent Canadian market of rebar was 1.365 million MT in 2018. Exhibit 45 (NC) – CBSA Final Import and Market Statistics.

<sup>118</sup> Exhibit 39 (NC) – CBSA Supplemental Research – OECD Economic Outlook, Volume 2019 Issue 2 – Korea, page 165.

<sup>119</sup> Exhibit 39 (NC) – CBSA Supplemental research – OECD 87<sup>th</sup> Session of the Steel Committee – Korean Iron and Steel Association Presentation, page 3.

<sup>120</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Dongkuk Steel Group – Quarterly Earnings Report, Q3-2019, page 7.

<sup>121</sup> *Ibid*, pages 5-6.

<sup>122</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Hyundai Steel Group – 3Q 2019 Financial Results, page 17.

<sup>123</sup> *Ibid*, pages 14-15.

[109] Steel producers in South Korea are very export-oriented. In 2018, South Korea was the world's fourth largest exporter of steel. In 2014, South Korea's steel exports reached a record high of 31.6 million MT.<sup>124</sup> Since then, exports have fluctuated between 29.8 and 31.6 million MT per year.<sup>125</sup> Overall, steel producers in South Korea export greater than 40% of their production volume annually.<sup>126</sup> The majority of these exports are flat steel products, with steel long products exports, including rebar, accounting for approximately 12 percent of the steel exported from South Korea in 2019, or 3.2 million MT annually.<sup>127</sup> Further, Canada is the fourth largest export market for steel long products for South Korean producers<sup>128</sup>, despite having an anti-dumping finding in place covering rebar. This demonstrates South Korean steel producers continued presence and interest in the Canadian market as a destination for their exports.

[110] While there may be strong incentive for South Korean rebar producers to seek additional export sales, they have less access to markets that are free of tariffs or import restrictions. As previously mentioned, the US Section 232 tariffs and the EU safeguard measures have both imposed trade restrictions, in the form of quotas, against rebar from South Korea.<sup>129</sup> Additionally, Malaysia and Morocco have also imposed safeguard measures against South Korea that cover rebar.<sup>130</sup> Rebar from South Korea is also subject to an anti-dumping measure in Australia.<sup>131</sup> Along with the safeguard measures currently in place, South Korean rebar producers are encountering trade restrictions that are having a real impact on their ability to sell in export markets. This would make the Canadian market very attractive to rebar producers in South Korea if the finding were allowed to expire. Additionally, the Canadian producers noted anti-dumping findings in the US covering wire rod<sup>132</sup>, a similar product to rebar that is produced on the same production equipment. All of these other anti-dumping findings against products exported by South Korean rebar producers demonstrate a propensity to dump steel products in export markets.

[111] South Korean steel producers, including rebar producers have also been found dumping other steel products into the Canadian market. Canada currently has anti-dumping and countervailing duty findings in place against eight other steel products from South Korea, covering various flat steel and tubular steel goods.<sup>133</sup> The numerous anti-dumping findings in Canada against steel products from South Korea also confirms a propensity to dump by South Korean steel producers and demonstrates their willingness to do so in the Canadian market.

---

<sup>124</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Steel Exports Report: South Korea*, September 2019, pages 1-2.

<sup>125</sup> *Ibid.*

<sup>126</sup> *Ibid.*, page 6.

<sup>127</sup> *Ibid.*, page 2.

<sup>128</sup> *Ibid.*, page 4.

<sup>129</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para 85.

<sup>130</sup> *Ibid.*

<sup>131</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, table 27. The countries with anti-dumping measures are: Australia, the Dominican Republic, Egypt, EU, India, Mexico, Pakistan, and the US

<sup>132</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, table 29.

<sup>133</sup> See CBSA – SIMA – Measures in Force: <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

[112] During the POR for this expiry review, there was a very low volume of imports of subject goods from South Korea. The near total absence of shipments suggests an inability on behalf of the South Korean rebar producers to compete in Canada at non-dumped prices.

### **Determination Regarding Likelihood of Continued or Resumed Dumping for South Korea**

[113] Based on the evidence on the record in respect of: the commodity nature of rebar; weakening global demand for rebar; weakening economic growth and declining construction investment in South Korea; the declining sales and financial performance of South Korean rebar producers; South Korea's significant excess steel and rebar production capacity; the export orientation of South Korean rebar producers; the restricted access to export markets due to trade restrictions imposed by other export markets; the anti-dumping measures in place in Canada and in other jurisdictions against rebar and other steel products that demonstrate that South Korean rebar exporters have a propensity to dump into export markets; and the inability of South Korean producers to compete in Canada at non-dumped prices, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping into Canada of rebar from South Korea.

### **Turkey**

[114] The CBSA received an ERQ response from four exporters of rebar in Turkey. The CBSA relied on the information submitted by the four exporters, the Canadian producers as well as other information on the administrative record, for the purposes of the expiry review investigation with respect to Turkey. No case briefs or reply submissions from exporters in Turkey were received.

[115] The four companies that provided a response to the ERQ are:

- Çolakoğlu Metalurji A.S. (Colakoglu). Colakoglu first received normal values in a re-investigation in June 2016, and has participated in every review since then. Colakoglu currently has prospective normal values in effect.
- İçdas Çelik Enerji Tersane ve Ulaştırım A.Ş. (Icdas). Icdas first received normal values in a re-investigation in September 2017, and has participated in every review since then. Icdas currently has prospective normal values in effect.
- Kaptan Demir Çelik Endustrisi ve Ticaret A.S. (Kaptan). Kaptan first received normal values in the most recent re-investigation in May 2018 and currently has prospective normal values in effect.
- Diler Demir Çelik Endustri ve Ticaret Anonim Sirketi (Diler). Diler has participated in CBSA re-investigations but has not received normal values in any CBSA proceeding.

[116] Turkey is the world's eighth largest steel producing country. In 2018, Turkey produced 37.3 million MT of steel, which was 2% of the world's total steel production that year.<sup>134</sup> Long steel products are vitally important to the steel industry in Turkey, and comprised 50% of production volume in 2018.<sup>135</sup>

[117] With respect to total rebar production, capacity and capacity utilization, information provided by the Canadian producers showed no recent or forecasted changes in rebar production capacity in Turkey. The level of production for rebar in Turkey has fallen sharply since 2017, declining in both 2018 and 2019. After falling rebar production levels, the level of production forecasted for 2020 and beyond shows an expected recovery back to 2017 levels. Capacity utilization rates saw a corresponding sharp decrease, falling from a high utilization rate in 2017 to a much lower rate of utilization in 2019. Even with some recovery in rebar production levels, the utilization rates experienced in 2019 and forecasted for 2020 represent significant levels of unused rebar production capacity. The excess capacity in Turkey expected in 2020 is larger than the entire apparent Canadian market for rebar.<sup>136</sup>

[118] With respect to the domestic market in Turkey, information on the record indicates declining economic conditions. During 2017 and 2018 the Turkish Lira depreciated 46 percent.<sup>137</sup> The rapid decline of the Turkish Lira sent the economy into recession and caused inflation to soar to 25% in 2018.<sup>138</sup> The first half of 2019 saw continuing struggles for the Turkish economy and a corresponding impact on the steel industry as the GDP in Turkey declined a further 1.9%, the construction industry contracted 11%, the manufacturing industry declined 3.8% and the overall steel industry declined 10.1%.<sup>139</sup>

[119] Information submitted by the Canadian producers showed that the effects of the economic recession and impacts on the construction industry in Turkey had a significant impact on domestic rebar demand in the country. Rebar demand in Turkey fell in 2018 and 2019. Even with a modest recovery in domestic demand forecasted for 2020, rebar producers in Turkey are very likely to seek sales in export markets to recover lost revenue.

---

<sup>134</sup> Exhibit 39 (NC) – CBSA Supplemental Research – World Steel Association, *World Steel in Figures 2019*, page 5.

<sup>135</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Turkish Steel Exporters' Association, Statistics, pages 5-8.

<sup>136</sup> The apparent Canadian market of rebar was 1.365 million MT in 2018. Exhibit 45 (NC) – CBSA Final Import and Market Statistics.

<sup>137</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para 39.

<sup>138</sup> *Ibid.*

<sup>139</sup> Exhibit 39 (NC) – CBSA Supplemental research – OECD 87<sup>th</sup> Session of the Steel Committee Turkish Steel Producers Association Presentation, page 2.

[120] Steel producers in Turkey are very export-oriented. In 2018, Turkey was the world's seventh largest exporter of steel.<sup>140</sup> Turkey's export volumes of steel products has been increasing since 2015.<sup>141</sup> From 2015 to 2018 steel exports from Turkey rose from 14.8 million Mt to 19.8 million MT.<sup>142</sup> As Turkey began to experience the effects of its declining economy domestically, steel exports saw a corresponding increase. Between 2017 and 2018 export volumes of steel increased 22%.<sup>143</sup> By 2018 Turkish steel producers were exporting 53% of the steel they produced. More recent information shows that this trend continued into 2019, with steel exports increasing a further 13.5% in the January to July period over the same period in 2018.<sup>144</sup> Information from the four participating exporters shows a similar focus on export markets. Rebar producers in Turkey are likely to continue to seek export markets for their products to replace declining sales in their domestic market.

[121] While there may be strong incentive for rebar producers in Turkey to seek additional export sales, they have less access to markets that are free of tariffs or import restrictions. As previously mentioned, the US Section 232 tariffs and the EU safeguard measures have both imposed trade restrictions, in the form of quotas, against rebar from Turkey.<sup>145</sup> After initially imposing tariffs of 25% in March of 2018, the US raised the tariff to 50% on steel from Turkey in August 2018. The safeguard duty was reduced back to 25% in May 2019, but exports of rebar from Turkey to the US have not returned to previous levels. US Import Trade Commission statistics show US imports of rebar from Turkey falling from 1,360,033 MT in 2016 to 791,586 MT in 2017 and 349,016 MT in 2018.<sup>146</sup> Moreover, US rebar imports from Turkey have declined 77% in January-November 2019 compared to the same period last year (from 32,163 MT to 7,382 MT)<sup>147</sup>, demonstrating that Turkish exporters have recently been virtually absent from the US market.

[122] Similarly, the EU safeguard measures have had a significant impact on shipments of rebar from Turkey. After the U.S measures were imposed, shipments of rebar from Turkey to the EU surged 89% in 2018, reaching 831,070 MT, as Turkish rebar producers sought other export markets.<sup>148</sup> The EU safeguard is a tariff-rate-quota system, which set the annual limit for rebar from Turkey at 296,794 MT, significantly lower than the volume of exports from Turkey shipped to the EU in 2018.<sup>149</sup> This quota level was quickly filled and won't be annually reset until July 2020.

---

<sup>140</sup> Exhibit 39 (NC) – CBSA Supplemental Research – World Steel Association, *World Steel in Figures 2019*, page 14.

<sup>141</sup> Exhibit 39 (NC) – CBSA Supplemental Research – Department of Commerce – International Trade Administration, *Steel Exports Report: Turkey*, August 2019, page 6.

<sup>142</sup> *Ibid.*

<sup>143</sup> *Ibid.*

<sup>144</sup> Exhibit 39 (NC) – CBSA Supplemental research – OECD 87<sup>th</sup> Session of the Steel Committee Turkish Steel Producers Association Presentation, page 14.

<sup>145</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para 85.

<sup>146</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 191.

<sup>147</sup> *Ibid.*

<sup>148</sup> Exhibit 39 (NC) – CBSA Supplemental Research – S&P Global Platts Insight, May 10, 2019.

<sup>149</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 192.

[123] In addition to the above-noted safeguard measures, rebar from Turkey is also subject to safeguard measures in Morocco.<sup>150</sup> Rebar from Turkey is also subject to anti-dumping measures in the Dominican Republic, Egypt, and Malaysia.<sup>151</sup> In addition to the US tariffs, rebar from Turkey is also subject to anti-dumping and countervailing duty finding in the US.<sup>152</sup> Turkish rebar producers are encountering trade restrictions, in the form of trade remedy measures, that are having a real impact on their ability to sell in export markets. This would make the Canadian market very attractive to rebar producers in Turkey if the finding were allowed to expire. Additionally, the Canadian producers noted anti-dumping findings in the US covering wire rod<sup>153</sup>, a similar product to rebar that is produced on the same production equipment. These other anti-dumping findings against products exported by rebar producers in Turkey demonstrate a propensity to dump steel products in export markets.

[124] Steel producers in Turkey have also been found dumping other steel products into the Canadian market. Canada currently has three other anti-dumping findings in place against steel products from Turkey, all of which cover various tubular steel products.<sup>154</sup> These other anti-findings in Canada against steel products from Turkey shows a propensity to dump goods by steel producers in Turkey and demonstrates their willingness to do so in the Canadian market.

[125] During the POR for this expiry review, shipments of subject goods from Turkey varied significantly from year-to-year. In 2016, prior to the rapid decline of the Turkish Lira, there was almost no imports of subject goods from Turkey. Beginning in 2017 and into 2018, Canada saw a resurgence of imports of rebar from Turkey. As previously mentioned, over this time period the Turkish Lira fell 46 percent against the Canadian dollar and Turkey saw inflation levels spike to 25%.<sup>155</sup>

[126] Several observations can be taken from this series of events. The first is that exporters in Turkey have a continued interest in the Canadian market and are capable of shipping large volumes of rebar to Canada and rapidly gaining market share. Imports of rebar from Turkey went from a 0% share of the Canadian market in 2016, to 17% in 2017 and 26% in 2018.<sup>156</sup> It can also be observed that exporters in Turkey generally shipped these subject goods above the normal values they were issued, including no SIMA duties assessed on the large quantity shipped in 2018.<sup>157</sup> While the vast majority of the shipments to Canada were above the prospective normal values issued at the time, there was some dumping of subject goods that occurred.

---

<sup>150</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 192.

<sup>151</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, table 27.

<sup>152</sup> *Ibid.*

<sup>153</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, table 29.

<sup>154</sup> See CBSA – SIMA – Measures in Force: <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

<sup>155</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para 39.

<sup>156</sup> See Table 2

<sup>157</sup> See Table 3



[127] However, it should also be noted that the large volume of shipments in 2017 and 2018 occurred only while the value of the Turkish Lira was declining and Turkey was experiencing very high inflation, leading to the deterioration of the relevance of the issued prospective normal values. In 2016, and again in 2019, exporters in Turkey were unable to sustain a presence in the Canadian market while operating with prospective normal values that remained relevant to market conditions at the time. With domestic market conditions in Turkey expected to remain weak, and with their most important export markets effectively cut-off, Turkish rebar exporters would be highly likely to resume shipping large quantities of rebar to Canada in the absence of the finding.

### **Determination Regarding Likelihood of Continued or Resumed Dumping for Turkey**

[128] Based on the evidence on the record in respect of: the commodity nature of rebar; weakening global demand for rebar; declining economic growth and falling construction investment in Turkey; Turkey's significant excess steel and rebar production capacity; the reliance on export markets of rebar producers in Turkey; the restricted access to export markets due to trade restrictions imposed by other export markets; the anti-dumping measures in place in Canada and in other jurisdictions against rebar and other steel products that demonstrate that rebar exporters in Turkey have a propensity to dump into export markets; and the dumping of subject goods while the finding has been in place, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping into Canada of rebar from Turkey.

## **POSITION OF THE PARTIES – SUBSIDIZING**

### **Parties Contending that Continued or Resumed Subsidizing is Likely**

[129] The Canadian producers all argued in their submitted case briefs that the subsidizing of rebar from China is likely to continue or resume should the CITT's finding expire. Therefore, they argued that the countervailing measures should remain in place.

[130] The main factors identified by the Canadian producers can be summarized as follows:

- information available demonstrates that countervailable subsidy programs are still available to Chinese rebar producers and exporters; and
- a propensity of the GOC to subsidize a variety of goods imported into Canada and subject goods exported to other markets.

***Countervailable subsidy programs are available to Chinese rebar producers and exporters***

[131] To demonstrate that countervailable subsidies have been available to Chinese producers and exporters since the finding has been put in place in Canada, the Canadian producers referenced China's most recent notification on subsidies submitted to the WTO in July 2019 to highlight the ongoing availability of subsidies. They noted that in the original subsidy investigation the CBSA investigated 181 alleged subsidy programs in China, and found that five of those subsidy programs were used by cooperative exporters.<sup>158</sup> The Canadian producers noted that some of these programs are still listed in China's WTO subsidy notification, a clear indication that these subsidy programs are still available to exporters in China. They also identified several other programs in the WTO subsidy notification that appear to be specifically available for steel producing or exporting companies.<sup>159</sup>

[132] Gerdau also noted information from publically traded steel companies in China, including companies that produce rebar, showing large amounts of grants and tax benefits from the GOC.<sup>160</sup> AMLPC and AltaSteel cited recent measures that have been put in place by the GOC in 2019, including increasing export rebates for certain industries, as a general indication that the GOC continues to maintain a broad policy stance of supporting exporters.<sup>161</sup>

***A propensity of the Government of China to subsidize a variety of goods imported into Canada and subject goods exported to other markets***

[133] The Canadian producers argued that the GOC has a propensity to subsidize a variety of Chinese products, including many steel products and the subject goods. The Canadian producers noted that of the 25 measures in force against Chinese products in Canada, 22 of those measures include countervailing duties, with 14 of these measures covering steel products.<sup>162</sup> They noted that some of these measures stem from recent investigations or re-investigations and cited this as evidence that many of the same subsidy programs are still available in China.<sup>163</sup>

**Parties Contending that Continued or Resumed Subsidizing is Unlikely**

[134] No case briefs or reply submissions were submitted contending that the subsidizing of rebar from China is not likely to continue or resume if the finding is rescinded.

---

<sup>158</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, paras. 255. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 89.

<sup>159</sup> *Ibid.*

<sup>160</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 90.

<sup>161</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 262.

<sup>162</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 256-259. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 91.

<sup>163</sup> *Ibid.*

## CONSIDERATION AND ANALYSIS – SUBSIDIZING

[135] In making a determination under paragraph 76.03(7)(a) of SIMA as to whether the expiry of the finding in respect of goods from China is likely to result in the continuation or resumption of subsidizing of these goods, the CBSA may consider factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances.

[136] No Chinese exporters provided a response to the ERQ, nor did they file case briefs or reply submissions. No importers provided an opinion on the likelihood of continued or resumed subsidizing. Further, no case briefs or reply submissions were received from any of the importers that imported subject goods during the POR. The GOC did not provide a response to the ERQ, nor did the GOC provide a case brief or reply submission.

[137] In the absence of participation from Chinese exporters and the GOC and only having received ERQ responses from importers of subject goods that did not express an opinion on the likelihood of continued or resumed subsidizing, the CBSA relied on other information in assessing the likelihood of continued or resumed subsidization should the CITT's order be rescinded.

[138] Guided by the aforementioned factors and having considered the information on the administrative record, the following list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to subsidizing:

- the continued availability of subsidy programs for rebar producers and exporters in China; and
- a propensity of the GOC to subsidize a variety of goods imported into Canada and exported to other markets.

### *The Continued Availability of Subsidy Programs for Rebar Producers and Exporters in China*

[139] At the time of the conclusion of the CBSA's original subsidy investigation in 2014, the CBSA had identified 181 subsidy programs and had found that 5 of the 181 identified programs had conferred benefits to the cooperative exporter.<sup>164</sup> The CBSA determined that 100% of the subject goods exported from China were subsidized and that the weighted average amount of subsidy, expressed as a percentage of the export price, was equal to 6.1%.<sup>165</sup> The amount of subsidy found for the sole cooperative exporter was 13 Renminbi (RMB) per MT.<sup>166</sup> For all other exporters, the amount of subsidy was determined under Ministerial Specification pursuant to subsection 30.4(2) of SIMA. The amount of subsidy determined for non-cooperative exporters was equal to 469 RMB/MT.<sup>167</sup>

---

<sup>164</sup> CBSA Statement of Reasons – Final Determination (English and French), para. 161.

<sup>165</sup> *Ibid.*, para. 211.

<sup>166</sup> *Ibid.*, para. 162.

<sup>167</sup> *Ibid.*, para. 211.

[140] Detailed descriptions of the programs and explanations as to why they were regarded as countervailable subsidies are contained in the CBSA's Statement of Reasons issued at the final determination.<sup>168</sup>

[141] Since the original investigation concluded, the CBSA has conducted three re-investigations of the amounts of subsidy applicable to rebar from China. Neither the GOC nor any exporter or producer of rebar in China has cooperated with the CBSA during these re-investigations.

[142] In reviewing China's most recent subsidy notification filed with the WTO in July of 2019, the CBSA noted that some of the programs available during the original investigation period appear to remain available and that there are new programs that have been added since 2014 which could potentially be used by rebar producers and exporters.<sup>169</sup> While the names used by the GOC for the programs can differ from those used by the CBSA, many of the programs included in the notification are identical or similar to programs included in the original investigation and that could be potentially available to Chinese rebar producers and exporters. As noted by Gerdau in their case arguments, one program found in the original investigation being used by the cooperative Chinese exporter is still listed in China's WTO notification, demonstrating the ongoing availability of subsidy programs to rebar producers and exporters in China.<sup>170</sup>

[143] On September 5, 2018, the GOC announced that it will provide an export tax rebate on 397 products, ranging from a rebate of 9% to 16% in order to mitigate the impact of tariffs imposed by the US. The list of affected exports included rebar, which is to receive a 13% export tax rebate.<sup>171</sup> While the CBSA does not infer that these export tax rebates, which lower the costs for exporters located in China, are a subsidy it is worth noting that these actions taken by the GOC demonstrate that the GOC continues to provide a variety of support measures to rebar producers and exporters in China.

[144] Based on the above, since the final determination of the original investigation and throughout the period of review, the information available on the administrative record indicates that the GOC continues to have subsidy programs that are available and could potentially be used by Chinese producers and exporters of rebar.

---

<sup>168</sup> CBSA Statement of Reasons – Final Determination (English and French), Appendix 2.

<sup>169</sup> Exhibit 41 (NC) – Close of Record Documents – ALMPC and AltaSteel – Attachment 72 – “China's New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – G/SCM/N/343/CHN.

<sup>170</sup> Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 89.

<sup>171</sup> Exhibit 2 (NC) – CITT Administrative Record No. RR-2019-003. “Public Submission of Gerdau Ameristeel Corporation LE-2019-002”, att. 28 and 45.

***A Propensity of the Government of China to Subsidize a Variety of Goods Imported into Canada, Including Rebar***

[145] As highlighted by the Canadian producers and noted earlier in the report, of the 25 trade measures in Canada currently in place against Chinese goods, 22 of those measures include countervailing duties in addition to anti-dumping duties, with many countervailing duty measures covering various steel products.<sup>172</sup>

[146] Since the CITT's findings concerning rebar has been in place, the CBSA has conducted seven additional subsidy investigations involving China, with five of the products investigated being steel products.<sup>173</sup> In all of these investigations the CBSA found that the GOC provided amounts of subsidy, which were not insignificant, to the exporters involved. Detailed descriptions of the programs and explanations as to why they were regarded as countervailable subsidies are contained in the CBSA's Statement of Reasons issued at the final determination for each investigation.<sup>174</sup>

[147] The existence of numerous countervailing measures in place in Canada against a variety of Chinese goods, including numerous steel products, demonstrates that Chinese producers and exporters of rebar have received countervailable benefits from the GOC and will likely continue to receive countervailable subsidies in the future.

**Determination Regarding Likelihood of Continued or Resumed Subsidizing – China**

[148] Based on the information on the administrative record in respect of the continued availability of subsidy programs for rebar producers and exporters in China and a propensity of the GOC to subsidize a variety of steel goods imported into Canada, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of subsidizing of rebar originating in or exported from China.

---

<sup>172</sup> Exhibit 49 (NC) – Case brief filed on behalf of AMLPC and AltaSteel, para. 256-259. Exhibit 51 (NC) – Case brief filed on behalf of Gerdau, para. 91.

<sup>173</sup> *Ibid.*

<sup>174</sup> See CBSA website at: <http://www.cbsa.gc.ca/sima-lmsi/i-e/menu-eng.html>

## CONCLUSION

[149] For the purpose of making determinations in the expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of information on the record, the CBSA made determinations under paragraph 76.03(7)(a) of SIMA that:

- i. the expiry of the finding in respect of the dumping of certain concrete reinforcing bar originating in or exported from China, South Korea and Turkey is likely to result in the continuation or resumption of dumping of the goods into Canada; and
- ii. the expiry of the finding in respect of certain concrete reinforcing bar originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

## FUTURE ACTION

[150] On December 9, 2019, the CITT commenced its expiry review to determine whether the expiry of the finding, with respect to the dumping of certain concrete reinforcing bar from China, South Korea and Turkey, and the subsidizing of such goods from China, is likely to result in injury to the domestic industry. The CITT's Expiry Review schedule indicates that it will make its order by October 14, 2020.

[151] If the CITT determines that the expiry of the order with respect to the goods is likely to result in injury, the CITT will make an order continuing the order in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping and/or countervailing duties on dumped and/or subsidized importations of the subject goods.

[152] If the CITT determines that the expiry of the order with respect to the goods is not likely to result in injury, the CITT will make an order rescinding the order in respect of those goods. In this case, anti-dumping and/or countervailing duties would then no longer be levied on importations of the subject goods, and any anti-dumping and/or countervailing duties paid in respect of goods that were released after the date that the order was scheduled to expire will be returned to the importer.

## INFORMATION

[153] For further information, please contact the officer listed below:

**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

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

**Web site:** [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