



Notice of conclusion of a re-investigation: Certain concrete reinforcing bar (RB1 2022 RI)

Ottawa, May 10, 2023

The Canada Border Services Agency (CBSA) has today concluded a re-investigation of the normal values and export prices of certain concrete reinforcing bar (rebar) originating in or exported from the Republic of Turkey (Türkiye), in accordance with the *Special Import Measures Act* (SIMA). As part of the re-investigation, the CBSA formed the opinion that a particular market situation exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada.

The re-investigation was initiated on September 8, 2022, as part of the CBSA's ongoing enforcement of the Canadian International Trade Tribunal's (CITT) order issued October 14, 2020 in Expiry Review No. RR-2019-003.

The product definition and the applicable tariff classification numbers of the goods subject to the CITT's order can be found on the CBSA's [Measures in force](#).

Period of investigation

The period of investigation (POI) and the profitability analysis period (PAP) for the re-investigation was from July 1, 2021 to August 31, 2022.

Re-investigation process

At the initiation of the re-investigation, the CBSA sent a request for information (RFI) to all known importers, exporters, producers and vendors to solicit information on the costs and selling prices of subject goods and like goods. The information was requested for purposes of updating the normal values and export prices for subject goods imported into Canada. The CBSA received responses to the RFI from five exporters in Türkiye (the “respondents”) and from two importers of rebar. On-site verifications were conducted at the premises of three exporters located in Türkiye. The other two exporters in Türkiye were verified remotely with verification questionnaires.

At the initiation of the re-investigation, the CBSA sent a particular market situation (PMS) RFI to the Government of Türkiye (GOT). The GOT submitted a response to the PMS RFI, which was considered by the CBSA for the purposes of this proceeding.

As part of the re-investigation, case briefs and reply submissions were provided by counsel representing the complainants, responding exporters, and responding importers. Details of the representations are provided in [Appendix 1](#). Details pertaining to the information submitted by the exporters in response to the RFIs as well as the results of the CBSA’s re-investigation are provided below.

Specific normal values, export prices and amounts of subsidy for future shipments of rebar have been determined for exporters that submitted a complete response to the Dumping RFI, Supplemental RFIs, and for where verification of information was considered reliable.

Normal values and export prices

Normal values

Normal values are generally determined based on the domestic selling prices of like goods in the country of export, in accordance with section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with paragraph 19(b) of SIMA.

Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, normal values are determined pursuant to a Ministerial specification in accordance with subsection 29(1) of SIMA.

Particular market situation

During the dumping re-investigation, the CBSA investigated the Canadian industry's allegations that a particular market situation (PMS) may exist with respect to Türkiye's rebar market. A PMS may be found to exist where factors such as government regulations, macroeconomic volatility, or distorted input costs have a significant impact on the domestic sales of like goods in the country of export, while not permitting a proper comparison with the sales of the goods to the importer in Canada.

Based on information on the record, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the

sales of the goods to the importer in Canada, due to the combined effects of the following factors:

1. distortions in the markets for input materials (i.e. steel billet and scrap steel), caused by large volumes of Russian steel billet available at heavily discounted prices, which resulted in depressing and suppressing domestic prices of rebar; and
2. the volatile economic conditions in Türkiye, in particular, hyperinflation and severe currency depreciation, combined with the effect of Turkish policies in response to hyperinflation, which resulted in distorted costing and pricing for rebar

The combined effect of both of these factors has significantly impacted the domestic sales of like goods in Turkey in a manner which does not permit a proper comparison between domestic sales of like goods in Türkiye and export sales as contemplated in paragraph 16(2)(c) of the SIMA.

Export prices

The export price of goods sold to importers in Canada is generally determined in accordance with section 24 of SIMA, based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, export prices are determined pursuant to a Ministerial specification under subsection 29(1) of SIMA.

The following table lists all exporters/producers who provided a complete response to the CBSA's dumping RFI and provided responses to supplementary RFIs. Specific normal values for future shipments of subject goods, effective on or after May 10, 2023, were issued to these producers/exporters.

Çolakoglu Metalurji A.S. (Colakoglu)

Colakoglu is a producer and exporter of rebar in Türkiye. Colakoglu did not ship subject goods to Canada during the POI, but has previously had normal values issued in prior CBSA proceedings. Colakoglu provided substantially complete responses to the CBSA's RFI and supplemental RFIs for the purposes of obtaining prospective normal values for future shipments of rebar to Canada. An on-site verification of Colakoglu's information was conducted at the company's headquarters in Istanbul in December 2022.

Colakoglu had domestic sales of like goods during the POI/PAP. However, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Under SIMA, such sales must be disregarded from the determination of normal values. Therefore, normal values cannot be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs plus a reasonable amount for profit. While the SIMA prohibits using sales that are impacted by a PMS in the determination of an amount for profit, in consideration of the particular circumstances of this case, the CBSA is of the opinion that sales that occurred during the first six month of the POI (i.e. between July 1, 2021 and

December 31, 2021) still permitted a proper comparison with the goods sold to Canada, as they occurred prior to the distorting affects that resulted from the PMS. The amount for profits was therefore determined in accordance with subparagraph 11(1)(b)(ii) of the *Special Import Measures Regulations* (SIMR) by using Colakoglu's profitable domestic sales of goods of the same general category. The sales used for this purpose were the domestic sales of all rebar products during the period of July 1, 2021 to December 31, 2021, that met the conditions of subsection 16(2) of SIMA.

Ekinciler Demir ve Çelik Sanayi A.Ş. (Ekinciler)

Ekinciler is a producer and exporter of rebar in Türkiye. Ekinciler did not ship subject goods to Canada during the POI and has never previously had normal values or participated in a CBSA proceeding. Ekinciler provided substantially complete responses to the CBSA's RFI and supplemental RFIs for the purposes of obtaining prospective normal values for future shipments of rebar to Canada. An on-site verification of Ekinciler's information was conducted at the company's headquarters in Istanbul in December 2022.

Ekinciler had domestic sales of like goods during the POI/PAP. However, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Under SIMA, such sales must be disregarded from the determination of normal values. Therefore, normal values cannot be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs plus a reasonable amount for profit. While the SIMA prohibits using sales that are impacted by a PMS in

the determination of an amount for profit, in consideration of the particular circumstances of this case, the CBSA is of the opinion that sales that occurred during the first six month of the POI (i.e. between July 1, 2021 and December 31, 2021) still permitted a proper comparison with the goods sold to Canada, as they occurred prior to the distorting affects that resulted from the PMS. The amount for profits was therefore determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR by using Ekinciler's profitable domestic sales of goods of the same general category. The sales used for this purpose were the domestic sales of all rebar products during the period of July 1, 2021 to December 31, 2021, that met the conditions of subsection 16(2) of SIMA.

İçdas Çelik Enerji Tersane ve Ulaşım A.Ş. (Icdas)

Icdas is a producer and exporter of rebar who exported subject goods to Canada during the POI. Icdas provided substantially complete responses to the CBSA's RFI, supplemental RFIs, and also to the CBSA's verification questionnaire.

Icdas had domestic sales of like goods during the POI/PAP. However, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Under SIMA, such sales must be disregarded from the determination of normal values. Therefore, normal values cannot be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs plus a reasonable amount for profit. While the SIMA prohibits using sales that are impacted by a PMS in the determination of an amount for profit, in consideration of the particular

circumstances of this case, the CBSA is of the opinion that sales that occurred during the first six month of the POI (i.e. between July 1, 2021 and December 31, 2021) still permitted a proper comparison with the goods sold to Canada, as they occurred prior to the distorting affects that resulted from the PMS. The amount for profits was therefore determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR by using Icdas' profitable domestic sales of goods of the same general category. The sales used for this purpose were the domestic sales of all rebar products during the period of July 1, 2021 to December 31, 2021, that met the conditions of subsection 16(2) of SIMA.

For the subject goods exported from Icdas to Canada during the POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

Kaptan Demir Celik Endustrisi ve Ticaret A.S. (Kaptan Demir)

Kaptan Demir is a producer and exporter of rebar who exported subject goods to Canada during the POI. Kaptan Demir provided substantially complete responses to the CBSA's RFI, supplemental RFIs, and also to the CBSA's verification questionnaire.

Kaptan Demir had domestic sales of like goods during the POI/PAP. However, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Under SIMA, such sales must be disregarded from the determination of normal values. Therefore, normal values cannot be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for

administrative, selling and all other costs plus a reasonable amount for profit. While the SIMA prohibits using sales that are impacted by a PMS in the determination of an amount for profit, in consideration of the particular circumstances of this case, the CBSA is of the opinion that sales that occurred during the first six month of the POI (i.e. between July 1, 2021 and December 31, 2021) still permitted a proper comparison with the goods sold to Canada, as they occurred prior to the distorting affects that resulted from the PMS. The amount for profits was therefore determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR by using Kaptan Demir's profitable domestic sales of goods of the same general category. The sales used for this purpose were the domestic sales of all rebar products during the period of July 1, 2021 to December 31, 2021, that met the conditions of subsection 16(2) of SIMA.

For the subject goods exported from Kaptan Demir to Canada during the POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

Kroman Çelik Sanayii A.Ş. (Kroman)

Kroman is a producer and exporter of rebar who exported subject goods to Canada during the POI. Kroman provided substantially complete responses to the CBSA's RFI and supplemental RFIs. An on-site verification of Kroman's information was conducted at the company's headquarters in Istanbul in December 2022.

Kroman had domestic sales of like goods during the POI/PAP. However, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Under SIMA, such sales must be disregarded from the

determination of normal values. Therefore, normal values cannot be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs plus a reasonable amount for profit. While the SIMA prohibits using sales that are impacted by a PMS in the determination of an amount for profit, in consideration of the particular circumstances of this case, the CBSA is of the opinion that sales that occurred during the first six month of the POI (i.e. between July 1, 2021 and December 31, 2021) still permitted a proper comparison with the goods sold to Canada, as they occurred prior to the distorting affects that resulted from the PMS. The amount for profits was therefore determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR by using Kroman's profitable domestic sales of goods of the same general category. The sales used for this purpose were the domestic sales of all rebar products during the period of July 1, 2021 to December 31, 2021, that met the conditions of subsection 16(2) of SIMA.

For the subject goods exported from Kroman to Canada during the POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

Importer responsibility

Importers are reminded that it is their responsibility to calculate and declare their anti-dumping and countervailing duty liability. If importers are using the services of a customs broker to clear importations, the brokerage firm should be advised that the goods are subject to anti-dumping and countervailing measures and be provided with sufficient information

necessary to clear the shipments. To determine their liability for anti-dumping and countervailing duty, importers should contact the exporters to obtain the applicable normal values and amounts of subsidy. For further information on this matter, refer to Memorandum D14-1-2, Disclosure of normal values, export prices, and amounts of subsidy established under the *Special Import Measures Act* to importers.

The *Customs Act* applies, with any modifications that the circumstances require, with respect to the accounting and payment of anti-dumping and countervailing duties. As such, failure to pay the duties within the prescribed time will result in the application of the interest provisions of the Act.

Should the importer disagree with the determination made on any importation of goods, a request for re-determination may be filed with the director general, Trade and Anti-dumping Programs Directorate, 11th Floor, 100 Metcalfe St., Ottawa, Ontario, K1A 0L8. Such a request must be received within 90 days from the making of the determination in the form and manner outlined in Memorandum D14-1-3, Procedures for making a request for a re-determination or an appeal of goods under the *Special Import Measures Act*.

Exporter responsibility

Please note that exporters with normal values are required to promptly inform the CBSA in writing of changes to domestic prices, costs, market conditions or terms of sale associated with the production and sales of the goods. All parties are cautioned that where there are increases in domestic prices, and/or costs as noted above, the export price for sales to Canada should be increased accordingly to ensure that any sale made to Canada is not only above the normal value but at or above selling prices and full costs

and profit of the goods in the exporter's domestic market. Where exporters do not properly notify the CBSA of any such changes, do not adjust export prices accordingly, or do not provide the information required to make any necessary adjustments to normal values and export prices, retroactive assessments of anti-dumping or countervailing duties may be warranted.

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Appendix 1: Representations

Case briefs and reply submissions were received on behalf of the exporters Colakoglu, Ekinciler, Icdas and Kroman in a joint filing, ¹ as well as by Kaptan Demir ². Case arguments were also received by Canadian producers of rebar: ArcelorMittal Long Products Canada, G.P. (AMLPC) and AltaSteel Inc. (AltaSteel) ³; Gerdau Ameristeel Corporation ("Gerdau") ⁴; and Max Aicher (North America) Ltd. (MANA) ⁵. The Canada Border Services Agency (CBSA) also received case arguments from one importer of rebar, Jebesen & Jessen Metals GmbH (JJM) ⁶.

Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss all issues raised in these submissions.

The material issues raised by the parties are summarized as follows:

PMS Arguments

On whether Russian billet imported distorted input costs and resulted in a PMS

Arguments

Canadian producers argued, with evidence, that the diversion of discounted Russian billet into Türkiye after sanctions were imposed on Russia by several countries after its invasion of Ukraine, resulted in a distortion in the prices of steel billet and scrap steel from all sources, and that it has resulted in depressing rebar prices. The producers argued that even if billets are internally produced, rebar prices in the marketplace were still impacted by the availability of cheap Russian billet in the Turkish market.

Replies

The respondents and JJM argued that the importation of Russian input into Türkiye did not lead to a PMS. They argued that the Turkish respondents generally produce their own billets, that there has been no increase of imports from Russia after the invasion, and that Russian input prices were in-line with market prices. With respect to scrap, they noted that Russian scrap prices were often among the highest prices, and noted the existence of an export tax on scrap in Russia. They argued that the Canadian producers' claims that the use of Russian inputs also distorts the prices of Turkish producers who do not use Russian inputs are unsubstantiated.

CBSA's position

Evidence on the record shows that a surge in imports of Russian billets, and offers of heavily discounted billets, depressed the prices of all billets in Türkiye to a greater extent than the general international trend. The

evidence on the record also shows that the diversion of heavily discounted Russian steel billets to the Turkish market resulted in a depression of the scrap steel prices in Türkiye.

The CBSA noted an initial surge in Russian billet imports into Türkiye right after sanctions were imposed on Russia, followed by a period of substantial and continuous drop in billet prices in Türkiye until the end of the period of investigation (POI). Evidence on the record demonstrates that the discounting of billet in Türkiye and its effect on scrap prices were the result of the diversion of heavily discounted Russian billet, caused by international sanctions. The availability of large volumes of heavily discounted Russian billet impacted billet prices from all sources in Türkiye (i.e. domestic and imports).

The CBSA acknowledges that scrap steel of Russian origin was not a cause of the distortion rather, the presence and availability of large volumes of heavily discounted Russian billet in the post-sanction period of the POI (April 2022 to August 2022) lead to a corresponding distortion of scrap prices in Türkiye.

The production of rebar starts first with the production of billet as a semi-finished product, which is then further manufactured into rebar or, when prices are advantageous, producers may shift to purchased steel billets for their production of rebar. Given that rebar production is capital intensive in nature, with higher fixed costs, producers are incentivized to maintain or increase capacity utilization. As such, the CBSA believes that rebar producers would normally prefer to produce their own steel billets. However, if producers are able to purchase imported steel billets at a lower cost than producing them themselves, they would shift to imports of steel billets, in order to compete domestically. Otherwise, producers may be forced to sell at a loss or at reduced profitability during the period of time

that cheap billets are available in significant quantities in their market. The information on the record shows that the mere availability of Russia's excess steel billet has resulted in increased supply conditions in Türkiye which, particularly due to the high price elasticity of demand, resulted in significant pressure on the domestic prices of billets in Türkiye.

Evidence on the record shows that the vast majority of rebar producers in Türkiye, use the Electric Arc Furnace (EAF) method of steel production, meaning that they use scrap steel as a ferrous resource, as opposed to basic oxygen furnace (BOF), and open hearth furnace (OHF), which use iron ore as a ferrous resource. As such, in order to discourage steel producers from switching to steel billet instead of scrap steel as their input for further-processed steel products, such as rebar, scrap steel distributors will lower their prices when heavily discounted billets are widely available in the marketplace. In light of this relationship, the prices of steel billet and scrap steel are strongly correlated.

With respect to the respondents, it was not that the cost of the billets purchased distorted rebar prices rather, it was the distortion of billet prices in Türkiye, due to the availability of Russian discounted billet in the marketplace, that effected the cost of scrap and rebar prices of all Turkish producers, whether or not they manufactured their own billets. Further, rebar producers in Türkiye are more reliant on scrap steel, and particularly more reliant on imported scrap steel, for rebar production than producers in other countries that use iron ore as their ferrous resource in greater proportion. As such, Turkish rebar producers were particularly impacted by the effect of the distortions to scrap steel prices.

The CBSA's analysis revealed that rebar prices were being depressed and suppressed in the post-sanction period of the POI, while the total costs reported by the respondents were still rising higher than the domestic

selling price of rebar, (this occurrence is discussed further below). While rebar prices fell along with the downward price pressures exerted on the input materials, overall costs nevertheless continued to increase, leading to a prolonged period where producers were unable to pass on their total costs. Under normal market conditions, producers should be able to pass on their total costs in the marketplace.

On the basis of its analysis, the CBSA concluded that in the last portion of the POI (the relevant period for the determination of prospective normal values), rebar selling prices in Türkiye were depressed and suppressed by heavily discounted Russian steel billet diverted to and available in the Turkish market, which had an effect on Turkish scrap steel prices.

On that basis, the CBSA is of the opinion that the presence and availability of large volume of heavily discounted Russian billet in Türkiye contributed to a PMS in the Turkish rebar market.

On whether the CBSA should substitute the distorted raw material prices

Arguments

Canadian producers argued that the costs of inputs used in the production of subject goods should be substituted pursuant to subsection 11.2(2) of *Special Import Measures Regulations* (SIMR).

To demonstrate that domestic input costs are allegedly distorted, the Canadian industry suggested a comparison with input prices in India, and argued that Russian billet import prices in Türkiye no longer correlate with benchmark billet prices. Similarly, Gerdau suggested that a comparison between domestic prices of scrap with Indian scrap prices demonstrated that domestic prices of scrap were out of line with normal market prices.

To support their selection of India as a benchmark country (to compare both input and rebar prices), they argued that both countries are classified as “emerging market economies” by the IMF, both countries had similar growth rates in 2022, both are significant producers of crude steel, they both exported similar amounts of steel in 2020, and that India is a significant producer of like goods and has a well developed rebar industry. They also alleged that Russian steel exports to India were not significant enough to be distortive and that there was no evidence that an export tax in India was affecting costs. For instance, Gerdau argued that the fact that scrap prices fell less in India than elsewhere was evidence that the export tax was not disproportionately affecting prices more than what was occurring in other markets.

Gerdau suggested that the CBSA should adjust the distorted domestic raw material prices (both billets and scrap) on the basis of published prices in India. Gerdau argued that the CBSA should use published prices for the inputs in the country of export as reported in Fastmarkets, pursuant to SIMR paragraph 11.2(2)(c) to adjust scrap prices impacted by hyperinflation. Further, it claimed that because the domestic market for billets is also distorted by the PMS, the CBSA should use Turkish domestic billet prices pursuant to SIMR paragraph 11.2(2)(a) to adjust Russian billet purchase prices reported by exporters.

Replies

The respondents and JJM do not agree that either input prices or rebar prices are distorted. They also raised several issues with Gerdau’s comparison of Indian and Turkish input prices and the conclusions that they reached. For example, they suggested that the “disassociation” between Turkish and Indian prices in May 2022 claimed by Gerdau arises

only because Indian prices are converted to Turkish Lira (TL) by Gerdau using an exchange rate that is not in line with commercial rates, and also noted the effect of an export tax in India.

CBSA's position

As mentioned above, the CBSA is of the opinion that the presence and availability of large volume of heavily discounted Russian billet in Türkiye resulted in a distortion in the prices of all purchased billets in Türkiye, regardless of their origin. However, the CBSA also determined that the use of Russian billet, or even of purchased billet more generally, was not a significant factor in the production of rebar by the respondents for the purposes of subsection 11.2(2), as they mostly produced their billet internally. As such, a substitution of the cost of billet pursuant to subsection 11.2(2) was not warranted.

Further, the CBSA does not agree that India is a proper benchmark to compare with input prices in Türkiye. In particular, contrary to arguments raised, the CBSA believes that an increase (or a less rapid decline) in input prices in India is consistent with the effect of an export tax on such input, introduced in May 2022. The CBSA believes it would be inappropriate to ignore the potential effect of such an export tax on the pattern of input prices in India. Additionally, the record does not contain evidence that supports the argument that Russian steel exports to India, a country that did not impose sanctions on Russia, were not significant enough to be distortive.

Finally, the CBSA noted that for each of the respondents, scrap steel was a significant input in the production of rebar. However, despite the Domestic Producers' argument that the CBSA should substitute the cost of input, pursuant to paragraph 11.2(2)(c) of SIMA, the CBSA concludes that a substitution of the cost of scrap is not warranted. This is due to the fact that

Türkiye influences scrap trade as the largest importer of scrap in the world and their prevalent use of scrap in steel and rebar production in Türkiye, compared to other markets. As such, the distortions to the scrap prices in Türkiye extend to international prices. Thus, the record does not contain sufficient information to support a substitution of the cost of scrap pursuant to paragraph 11.2(2)(c) as the information on the record suggests that the acquisition cost of the input reasonably reflect the actual cost of that input.

On whether the volatile economic conditions in Türkiye (i.e. Hyperinflation and substantial currency devaluation) is creating or contributing to a PMS

Arguments

The Canadian producers argued that the Turkish economy became hyperinflationary during the POI, which has also led to a significant depreciation of the Turkish Lira, further distorting costs and selling prices. The industry argued that the extent of the inflation, which surpassed 80% by the end of the POI, and of the currency devaluation, along with drastic changes in monetary policies to combat economic volatility, distinguishes the current economic conditions in Türkiye with the circumstances that existed when the CBSA assessed whether a PMS existed in the corrosion-resistant steel sheet 2 (COR2) and heavy plate investigations.

They also argue that while the bulk of the input material purchases is denominated in foreign currencies, there is no evidence that the impact of the volatility has been minimized by the Turkish exporters, and no evidence that domestic prices of rebar are truly based on the US dollar. They also noted the Government of Türkiye's (GOT) "liraization strategy", with its

main aim to increase the weight of lira-denominated items in the assets and liabilities of the banking sector, households, and companies, so that the financial system as a whole becomes centered on the Turkish Lira.

Further, they noted Turkish Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated January 9, 2022, which allows Turkish companies to delay crucial hyperinflation accounting provisions. They also argued that whether or not any individual producers were required to make such adjustments, the effect of hyperinflation and extreme currency devaluation ended up distorting the costs of input and rebar prices in Türkiye.

Replies

The respondents and JJM argued that the effect of currency depreciation on cost is not relevant because domestic sales prices of rebar, even when denominated in TL, are also truly determined on the basis of the US Dollar. They argued that just as in the CBSA's corrosion-resistant steel sheet investigation (COR2), the evidence demonstrates that the respondents are hedging against currency and interest rates movements. They alleged that monthly inflation is more relevant than annual inflation and that since normal values are unlikely to be issued in lira, these effects are not relevant. Further, they argued that the correlation between scrap prices and rebar prices, and the almost perfect correlation between Turkish scrap prices and international prices, should dispel the notions that inflation and the devaluation of the Turkish lira have distorted domestic selling prices.

On the matter of hyperinflation accounting being delayed, they claimed that the only adjustment that could be made to their reported costs would be to the depreciation component, and that they have demonstrated that such adjustment would be negligible. They also argued that all respondents

have followed Turkish GAAPs and the applicable laws and regulations of Türkiye. As such, the CBSA should not question the reported costs, which have been verified by the CBSA.

Finally, they maintained that it is not the extent of inflation that creates a PMS, but rather its effect on domestic prices. They argued that the Canadian industry failed to demonstrate such an effect, and also failed to explain how the lack of inflation accounting adjustments had any effect on domestic prices.

CBSA's position

The CBSA agrees that the extent of inflation and of currency devaluation, along with policies to combat economic volatility, distinguishes the current economic conditions in Türkiye with the circumstances that existed when the CBSA assessed whether a PMS existed in recent investigations.

Evidence on the record shows that prices of rebar during the last portion of the POI were distorted by the effects of the significant volatility in the economic conditions in Türkiye, in particular, hyperinflation and severe currency depreciation, combined with the effects of Turkish policies in response to the hyperinflation. Specifically, there is a noted distortion in the matching of revenues and expenses and the corresponding profitability of sales, due to the effects of hyperinflation, which was further exacerbated by government policies in responses to the hyperinflation, including for the delay of hyperinflationary accounting.

The extent of the effects of hyperinflation are also affected by time lags between the purchases of material, manufacturing and sales; the timing of payments; the conversion of currencies; the difference in inventory valuation methodologies; etc. Evidence points to a disassociation in the monthly costs and prices of the respondents, starting during the

hyperinflationary period beginning in 2022. The CBSA concludes that the oscillations between the rebar prices of the different producers in certain periods timed to periods of swings in material costs, demonstrates how the distortion to the costs of production flowed through to the prices of rebar.

Furthermore, while the GOT and the exporters claim that the effects of hyperinflation is minimized by the alleged dollarization of the rebar industry, the record contains evidence of Turkish policies that aim to achieve the opposite, further exacerbating the hyperinflation. The CBSA noted Turkish policies aimed at making “the Turkish Lira the primary currency in the financial system including assets, liabilities and invoicing behavior of individuals, firms and banks”, and at reducing dollarization in the Turkish economy, etc. Part of such policies is forcing companies to exchange some of their foreign currencies to Liras.

With respect to the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law, financial statements will not be subject to inflation adjustment for the accounting periods of 2021 and 2022 and the provisional tax periods for the accounting period of 2023, regardless of whether the conditions for inflation adjustment within the scope of the Tax Law are met. Thus, financial statements will not reflect inflation adjustments until 2024.

It is believed that in such circumstances, not adjusting financial reports to account for hyperinflation greatly reduces the relevance and faithfulness of those reports because items recorded in the financial statements do not express the real values of those items. Prices and revenues continue to rise but the purchasing power of the monetary unit at the date of measurement continue to decrease. Further, not adjusting financial reports is believed to lead to defective pricing policies.⁷ As such, even if the respondents are following their government policies, such policies are conducive to leading to cost and price distortions.

Contrary to a claim made by respondents in their case briefs, adjustments to depreciation is not the only required adjustment under hyperinflation accounting. IAS 29 - *Financial Reporting in Hyperinflationary Economies*, provides guidance on the financial reporting of the entity whose functional currency is the currency of hyperinflationary economy. The standard requires the financial statements (and corresponding figures for previous periods) of an entity with a functional currency that is hyperinflationary to be restated for the changes in the general pricing power of the functional currency. Indeed, all non-monetary items should be restated based on the change in the general price index between the date those items were acquired or incurred and the balance sheet date. KPMG confirmed that Türkiye should apply IAS 29, for reporting periods ending on or after 30 April 2022, on the basis of data published by the Turkish Statistical Institute. Article 298 of the Turkish Tax Procedure Law No.213 contains similar provisions for accounting during hyperinflationary conditions. Among other items, the cost of inventories (input material, semi-finished and finished goods) will also be undervalued if left unadjusted. In this regard, a lack of adjustment of their value to reflect an increase in their fair market value will generally result in underestimating costs and overestimating the profitability of sales.

The CBSA has observed very significant differences in the components of the reported costs (and the resulting total costs reported) for identical products sold in relatively the same quantities, in the same month, which was due to a difference in the month of production. Further, the evidence suggests that while the weighted average monthly reported costs of rebar produced and sold by each of the five respondents followed a close trend in the first part of the POI, the trend then lost its correlation and became disconnected and disassociated in 2022 (the hyperinflationary and post-sanction period), and increasingly so. For example, costs of two of the

respondents were correlated by a coefficient of about 0.95 during the first half of the POI, and by only 0.55 during the second half. Most importantly, evidence also points to such disassociation in the monthly prices of the respondents as well, suggesting that the volatility between the rebar prices of the different producers in certain periods timed to periods of swings in material costs, demonstrates the distortive effect on the marketplace.

The record does not support that other rebar producers forming a significant proportion of the Turkish market were isolated from the effects of hyperinflation and currency depreciation and from the effect of government policies in response to these conditions. As such, the CBSA concludes that the observations made with respect to the five respondents, which represent close to 30% of domestic rebar production in Turkey, extend to the Turkish rebar industry more generally.

On whether additional GOT policies and regulations, including government support programs and taxation policies, led to a PMS

Arguments

The Canadian producers alleged that a PMS was also caused by additional GOT policies and regulations, government support programs (financial or otherwise), including actionable and non-actionable programs and taxation programs. In this regards, they argued that additional programs and actions by the GOT likely affected steel production costs and prices in Türkiye and contribute to a PMS. With respect to support programs, they referred to the PMS Letter submitted by counsel for AMLPC and Alta Steel on December 28, 2022,⁸ in which some details on potential subsidy programs in Türkiye was provided and argued that the CBSA's analysis is not subject to the de minimis threshold set out at subsection 2(1) of SIMA for subsidy investigations, nor that it is bound in this analysis by the legal requirements for the establishment of an actionable or prohibited subsidy.

With respect to taxation policies, counsel argued that the respondents (or other producers) may have received tax benefits and requested that the CBSA investigate whether any Turkish rebar producers are located in a technopark and received tax advantages during the POI.

Replies

The respondents and JJM argued that the arguments submitted by the Canadian producers regarding government support programs were unsubstantiated, and contained no evidence of any support provided to these exporters. In fact, they argued that their arguments were not supported by the information submitted by the GOT, and that the respondents' subsidy rates were found to be insignificant in the original Rebar investigation, and that it would not be appropriate for the CBSA to make conclusions on subsidy in a dumping re-investigation.

They also pointed out that the CBSA should consider that the reason for assessing government programs in this analysis is to establish whether domestic sales of like goods in Türkiye do not permit a proper comparison with sales to Canada. JJM maintained that it is not clear how extremely small amounts of unquantified alleged subsidy could have such a significant market-distorting impact that would justify discarding domestic sales. The company also argued that a national fiscal policy is only relevant to the assessment of PMS to the extent that a causal relationship can be drawn between the policy and a change in domestic selling price. JJM maintained that as corporate tax rates are not sector specific, it is extremely difficult to measure the impact of the rate on a particular sector, let alone demonstrate that the rate had an impact on domestic sales prices.

CBSA's position

While the Canadian producers argued that additional actions by the GOT likely affected steel production costs and prices in Türkiye and contribute to a PMS, they did not provide any information as to how these policies created or contributed to distorted prices of rebar in Türkiye.

The CBSA believes that the Canadian producers provided insufficient information on the level or extent of support allegedly provided to the respondents and no information on how the alleged support distorted domestic prices of rebar in Türkiye. Thus, there was no evidence on the record that government support programs contributed to a distortion of domestic prices of rebar. At the time of the original investigation for this case, a subsidy investigation was conducted and was terminated due to minimal amount of subsidy, which was determined to be equal to 0.1%, when expressed as a percentage of the export price.⁹ There is also no evidence of non-countervailable support that was not included in that amount of subsidy but distorted rebar prices.

While the CBSA acknowledges that there is no guidance as to a minimal amount of support that may be considered distortive for the purposes of PMS (just as there is no guidance in terms of what level of support is considered distortive for the same purposes), a proper analysis should nevertheless demonstrate the extent of support actually received and how such support contributed to price distortion. Similarly, while support does not have to consist of countervailable subsidies, a proper analysis should nevertheless demonstrate the extent of support actually received and how the support contributed to price distortion.

Similarly to the other alleged support programs, the allegations with respect to taxation policies provided no detail on the level or extent of support provided to the respondents and no detail on how the alleged benefits, if any, distorted domestic prices of rebar in Türkiye.

As such, the CBSA considered that there was insufficient evidence that additional GOT policies and regulations or government support programs (financial or otherwise), including tax benefits, contributed to a PMS. Further, the substantive allegations on GOT policies and regulations, government support programs and taxation programs, were submitted very late in the proceeding (three weeks before the closing of the record), which prevented the CBSA from adequately investigating them.

Furthermore, the evidence gathered by the CBSA in this re-investigation points to distortions in rebar prices that are linked, in time, to the most pronounced period of economic volatility and to the effect of sanctions imposed on Russia after its invasion of Ukraine. The CBSA's analysis did not reveal distortion prior to this period. As such, this would further suggest that the potential effect of these additional alleged factors, if any, would be immaterial.

On benchmark comparison to quantitatively assess the impact of the PMS on rebar prices in Türkiye

Arguments

The Canadian producers proposed several alternative benchmarks to compare with Turkish prices, suggesting that each demonstrates that a deviation from “normality” in the portion of the POI affected by hyperinflation and the effect of sanctions on Russia.

AMLPC and AltaSteel pointed out that in the COR2 and heavy plate PMS analysis, the CBSA found that steel pricing for Southern Europe was an appropriate benchmark for Türkiye because “geographically, part of Türkiye is included in Southern Europe; Southern Europe is a major source of imports and exports for steel; Southern Europe was mentioned by a major input supplier as one of the principal markets used as benchmark when monitoring or setting its own domestic prices; and the European

currency, its inflation and interest rates were stable during the POI.” ¹⁰ They pointed to the availability of data from Italy and Spain, and their appropriateness as benchmarks. They argued that the comparison demonstrates that the distortion in domestic rebar prices became more pronounced starting in April 2022, when companies whose financial statements are denominated in Turkish lira were supposed to conduct inflation accounting adjustments and also coincides with the early period of the war in Ukraine when the price gap between Russian billet imports and other import sources into Türkiye increased. Canadian producers also argued that India, in particular, and also Egypt, consisted of appropriate benchmarks, leading to similar conclusions.

Replies

The respondents and JJM argued that Southern Europe in general, or Italy and Spain in particular, are not appropriate benchmarks because Russia’s war against Ukraine precipitated an historic energy crisis in Europe, which had a profound effect on steel prices, as producers in both Italy and Spain attempted to introduce significant price hikes to offset unprecedented increases in energy costs. They argued that energy price increases in Türkiye were not as steep.

Several issues were also raised with Gerdau’s comparison of Indian and Turkish prices and the conclusions that they reached. For example, they suggested that the “disassociation” between Turkish and Indian prices in May 2022 claimed by Gerdau arises only because Indian prices are converted to TL by Gerdau using an exchange rate that is not in line with commercial rates, and also noted the effect of an export tax in India that was introduced in May 2022.

CBSA’s position

The CBSA agrees that Southern Europe remains an appropriate benchmark. The CBSA believes that Italy provides the most appropriate benchmark because not only is the data from Türkiye and Italy from the same source (i.e. Fastmarket) but also because pricing between Italy and Türkiye was strongly correlated and very similar prior to the development of the relevant PMS factors in Türkiye. In this regard, between January 1, 2020 and December 31, 2021, the correlation coefficient was 0.973, while the average of monthly pricing differences between Türkiye and Italy was only 1.3%. Pricing between the two markets started deviating in mid-2021, but after the invasion of Ukraine and the steepest increase in inflation in 2022, the deviation became more pronounced. For instance, while the price difference was almost identical over the two previous years, the average spread between the two markets increased to 15% between January 2022 and August 2022, and 17% after April 2022.

A comparison of Turkish prices against an average of Italian and Spanish prices (to estimate a Southern European prices) also suggests an increasing spread in 2022. While Turkish prices were on average 7% higher in Türkiye than in Southern Europe (i.e. the average of Italy and Spain) between January 1, 2020 and December 31, 2021, Turkish prices were, on average, 11% cheaper in 2022.

The CBSA believes that the comparison of rebar prices between Türkiye and Italy, and between Türkiye and Southern Europe (i.e. an average of Italy and Spain) supports that the PMS in Türkiye, due to the effect of distorted billet prices and the volatile economic conditions in Türkiye, has caused a distortion in the prices of rebar in Türkiye.

The CBSA noted that while the rebar price discrepancy between Türkiye and Italy, and between Türkiye and Southern Europe increased in 2022, the overall trend remained correlated. This was characterized by a surge

immediately after the Russian invasion of Ukraine began, followed by a steep drop soon afterwards continuing until the end of the POI. Even though Europe imposed sanctions on Russia which limited the availability of cheap Russian billets in the European markets, the Southern European countries, such as Italy and Spain, remained open and competitive markets. The prices in Europe converged towards lower prices as rebar made from cheaper inputs in countries that did not impose sanctions on Russia was made available in Southern Europe at depressed prices, but to a lower extent. Similarly, even though heavily discounted Russian billets were not available in Southern Europe due to sanctions, the effect of their availability in competing markets pressure their prices downward – but to a different degree. The increasing discrepancy, during the post-sanctions period of the POI, between rebar prices in Türkiye and Italy, or between Türkiye and the average of Italy and Spain, reflected the more direct and pronounced effect caused by the availability of heavily discounted Russian billets in Türkiye, as opposed to Southern Europe (where sanctions were imposed).

While recognizing the multitude of factors that can affect prices in both markets, when considering the proportion of energy costs in the total costs of production of rebar, the CBSA does not consider that the difference between energy hikes in Europe and Türkiye explains, in a significant manner, the increasing spread in rebar prices between the two markets.

The CBSA did not consider India as a proper benchmark because of the potential and apparent effect of an export tax and also because of reports of shipments of Russian billet to India.

On whether the PMS permits a proper comparison between domestic and export sales

Arguments

To support its argument that a proper comparison cannot be made with the sale of the goods to the importer in Canada due to the PMS, Gerdau presented evidence that the PMS impacts the sale of like goods differently than the sale of goods to Canada. To do so, Gerdau presented an analysis of the profitability of domestic sales and export sales of the respondents (those with subject goods sales) before and after the impact of the alleged PMS factors (i.e. hyperinflationary period and effects of sanctions on Russia). Gerdau argued that its analysis demonstrates that prior to May 2022, domestic and export sales prices moved together, but that after May 22, 2022, domestic prices started to fall, while the prices of export sales rose.

Replies

Generally speaking, the respondents and JJM claimed that the Canadian producers failed to demonstrate whether domestic sales can be properly compared to export prices despite the effects of the alleged PMS, a requirement according to the WTO Panel Report in *Australia – A4 Copy Paper* (DS529). The respondents also raised issues with Gerdau's comparative analysis of domestic and export prices, which it claimed was not comparing apples to apples, and was statistically deficient.

CBSA's position

Pursuant to Canada's obligations under the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, the ability of investigating authorities to disregard domestic selling prices and move to a constructed normal value cannot just be based on a demonstration that a PMS exists. Rather, the investigating authority must conduct a fact-specific and case-by-case analysis to support its determination that a PMS exists, such that a proper comparison between domestic and export prices is not permitted. The investigating authority

considers whether the impact on the domestic selling prices of the final goods is different from the impact on the prices of the final goods sold to Canada. Similarly, where input costs are distorted, the basis for this differentiated impact is not determined by whether the input costs were equally affected but rather, whether the domestic selling prices of like goods were impacted differently than the export prices. The investigating authority must explain why a proper comparison between domestic selling prices and export prices is not permitted because of and in spite of the effect of PMS.

The CBSA believes that rebar export prices to Canada are set in consideration of competitive conditions and the economic environment that exists in Canada and that those were significantly different than the conditions that characterized the Turkish rebar market, during the post-sanctions period of the POI. For example, Canada was nowhere near a hyperinflationary environment. Further, as Canada has imposed sanctions on Russia, it was less affected by the downward pressures on input prices, and their depressing impact on rebar prices. As such, the distortive impact of the PMS in Türkiye is having a greater impact on domestic prices in Türkiye than on export prices to Canada, as the general price level in Canada is not subject to the same downward pressures as rebar prices in Türkiye. Considering that the effects of the PMS in Türkiye on domestic sales did not extend to export prices, the CBSA is of the opinion that the PMS in Türkiye does not permit a proper comparison of domestic sales with export sales to Canada. In other words, it would be improper to compare domestic sales that are depressed by a PMS with export prices which are not subject to an equivalent price pressure. Such a comparison would distort the margin of dumping because normal values would be lower than they would be in the absence of the factors described above.

The CBSA took note of the respondents concerns with Gerdau's comparative analysis of domestic and export prices. However, its own quantitative analysis led to the same conclusions as Gerdau's, which supported its qualitative assessment. Indeed, the trend in the prices of subject goods deviated from the pricing trend in Türkiye in the period affected by the PMS.

For each of the respondents, the CBSA concludes that the combined effect of the PMS factors described above are insurmountable from a price comparability standpoint. While each of the respondents had domestic sales of like goods in the ordinary course of trade, an examination of these domestic sales reveals that a proper comparison between the domestic and export prices is not permitted because of and in spite of the effect of the PMS.

While low-priced inputs may be used identically by the Turkish producers to produce rebar for the domestic and the export market, as described above, these low-priced inputs do not affect domestic and export sales prices in the same way. The CBSA also concludes that all domestic goods produced by the respondents are impacted by such distortions, as the distortions extend to all billet and scrap in the Turkish market, regardless of their source.

Similarly, the respondents had irregular variation in pricing, which can be attributed to the effects of the volatile economic conditions in Türkiye, in particular, the hyperinflation and the severe currency depreciation, combined with the Turkish policies in response to hyperinflation, such as, the policy in Türkiye delaying the use of hyperinflationary accounting. The effects of the volatile economic conditions on costs and prices of rebar

were aggravated by government policies aiming to curb the dollarization of the Turkish economy, thus increasing the impact of the currency depreciation, and delaying the use of hyperinflationary accounting.

On the basis of its assessment of the impact of these factors on the domestic sales of the respondents, the CBSA concludes that a proper comparison between the domestic and export prices is not permitted because of and in spite of the effect of the PMS.

On how the PMS affects the determination of profit for the purposes of determining normal values pursuant to paragraph 19(b) of SIMA

Arguments

The Canadian producers argued that under SIMA, sales that are impacted by PMS cannot be used for the purposes of determining an amount for profit under paragraph 11(1)(b) of the SIMR, when determining normal values using the provision of paragraph 19(b) of SIMA. In this regard, they argued that the PMS affected not only rebar prices, but also the prices of the other categories of goods. The producers noted that paragraph 11(1)(b) of the SIMR states that only sales that permit a proper comparison can be used to determine an amount for profit, and that paragraph 13(a) clarifies that such sales exclude those referred to in subsection 16(2) of the Act, which directs the CBSA to disregard sales where a PMS exists.

As such, the producers contend that profit must be determined in such manner as the Minister specifies, pursuant to section 29 of SIMA. The Canadian producers suggested that the record contains publically available financial statements from several Indian rebar producers, which would serve as a reasonable basis to determine an amount for profit pursuant to Section 29 of SIMA. They argued that India and Türkiye are both classified as emerging countries by the IMF, that they both had similar growth rates in 2022, they both exported similar amounts of steel in 2020, and that India

is also a significant producer of rebar, with a well developed industry. They also argued that the resulting amount for profit is in line with industry profit elsewhere.

Replies

The respondents argued that the Canadian producers' interpretation essentially means that if a PMS determination is made, the exporters' amounts for profits must be rejected and normal values must be determined under section 29 of SIMA in every case. The Turkish respondents submit that such an approach would be in clear violation of Canada's obligations under Article 2.2 of the WTO's Anti-Dumping Agreement (ADA). They added that under SIMA, the CBSA may only resort to section 29 where sufficient information has not been furnished or is not available to enable the determination of normal value or export price as provided in sections 15 to 28. In this case, they alleged that the Turkish respondents have furnished complete and verified information such that section 29 has no application.

CBSA's position

As explained in body of this notice of conclusion, pursuant to paragraph 16(2)(c) of the SIMA, the CBSA is of the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Under SIMA, such sales must be disregarded from the determination of normal values. Therefore, normal values cannot be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs plus a reasonable amount for profit.

The CBSA agrees that SIMA prohibits using sales that are impacted by a PMS, which does not allow for a proper comparison with the sales to the importer in Canada, in the determination of an amount for profit. However, in consideration of the particular circumstances of this case, the CBSA is of the opinion that sales that occurred during the first six month of the POI (i.e. between July 1, 2021 and December 31, 2021) still permit a proper comparison with the goods sold to Canada, as they occurred prior to the distorting affects that resulted from the PMS.

As such, the amount for profits for each respondent was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR by using the respondents' profitable domestic sales of goods of the same general category as the subject goods exported to Canada. The sales used for this purpose were the domestic sales of all rebar products during the period of July 1, 2021 to December 31, 2021, that met the conditions of subsection 16(2) of SIMA.

Other arguments

Completeness of information provided and accuracy of submitted costs

Arguments

Counsels for the Canadian producers presented various concerns pertaining to the responses to the RFIs and Supplemental RFIs provided by exporters. Issues raised included: the cost of production reporting methodologies and the completeness and accuracy of rebar sales and costs databases.

The Canadian producers also argued that the costs reported by the Turkish exporters should be rejected because they are not in accordance with international generally accepted accounting principles (GAAP), since hyperinflationary accounting standard IAS 29 was not adopted. They

submitted that the financial records for the fiscal years 2021 and 2022 of all five Turkish exporters do not reasonably reflect the cost associated with the production and sale of rebar. This is due to the GOT's decree prohibiting Turkish companies from conducting inflation accounting adjustments in 2021 and 2022 despite the Turkish economy being a hyperinflation economy. They argued that the PMS in Türkiye caused by hyperinflation has resulted in Turkish exporters no longer keeping accurate books and records based on GAAP.

There were also exporter specific issues that were raised by the Canadian producers of rebar. In order to respect the confidentiality designations made by interested parties, the CBSA is limited in the information that can be divulged in response to arguments made concerning certain topics.

Replies

Counsels for the participating exporters generally submit that they have been fully cooperative in the re-investigation, have provided the CBSA with complete responses, and gone through verifications.

Regarding accounting for hyperinflation, counsel for Colakoglu, Ekinciler, Icdas and Kroman, noted that Turkish companies prepare financial statements in accordance with Turkish Financial Reporting Standards (TFRS) issued by the Public Oversight Accounting and Auditing Standards Authority (KGK). They further explained that in 2021, the KGK published a decision noting that restatement of financial statements was not required because the cumulative CPI indices were above the threshold that triggers the requirement to restate. They argued that this means that under TFRS, even if hyperinflationary adjustments had been required, none of the exporters would have had to do so until the end of 2022, until after the POI

for this re-investigation. They argued there is no basis for the Canadian producers' allegations that the costs reported by the exporters in Türkiye are not in accordance with GAAP.

Counsel for Kaptan Demir submitted that the accounting practices of Kaptan Demir and, more in general, all Turkish companies are fully in line with the Turkish GAAP standards and are audited, accountable, and transparent. They noted that no investigating authority around the world has recently considered that the financial data submitted by Turkish companies was unreliable.

CBSA's position

The CBSA formed the opinion that a PMS exists with respect to the rebar market in Türkiye, which does not permit a proper comparison with the sales of the goods to the importer in Canada. Therefore, normal values could not be determined on the basis of domestic sales in Türkiye. Instead, normal values were determined pursuant to section 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs plus a reasonable amount for profit. The participating exporters submitted costs were considered complete and accurate for the purposes of determining normal values. Further, normal values and export prices calculated by the CBSA in this review were determined in accordance with both SIMA and the SIMR.

Due consideration has been given to submissions on the topics raised in case briefs on a case by case basis and appropriate adjustments were made, as applicable, in accordance with SIMA and SIMR. Additional information on the calculation of normal values is provided to exporters in the confidential exporter conclusion notices.

Currency denomination of normal values

Arguments

Counsel for the Canadian producers argued that the CBSA should issue future normal values to rebar producers in Türkiye denominated in U.S. Dollars (USD). Counsel noted that the Turkish Lira has exhibited rapid and significant depreciation since 2018. They noted that the Turkish Lira has been prone to abrupt depreciations during the past five years. Counsel therefore argued that issuing normal values in USD is warranted given the frequent and volatile changes impacting the Turkish Lira.

Replies

Counsel for Colakoglu, Ekinciler, Icdas and Kroman argued that denominating normal values in USD is not permissible under SIMA. They argued that while domestic sales and raw material purchases are regularly made based in USD in Türkiye, that a proper comparison between normal value and export price is made by converting the export selling price to the domestic currency using the exchange rate on the date of the export sale.

Counsel for Kaptan Demir noted that the CBSA is likely to issue normal values in USD which would be appropriate and sufficient to offset any alleged impact of hyperinflation and currency devaluation.

CBSA's position

The CBSA's policy concerning the currency denomination for normal values is published in Memorandum D14-1-8, *Administrative Review Policy – Special Import Measures Act (SIMA)*.

Contrary to the arguments of the exporters in Türkiye, the evidence on the record for this re-investigation shows that the vast majority of domestic sales of rebar in Türkiye are invoiced and accounted for in Turkish Lira, not in USD. The information on the record for this re-investigation demonstrates significant depreciation in the exchange rate for the Turkish

Lira. To address this ongoing currency depreciation, the CBSA issued future normal values in USD, as export transactions for subject goods sold to Canada are typically sold in USD in this industry.

Retroactive duty assessments

Arguments

Counsels for the Canadian producers noted that in order to ensure that normal values accurately reflect changing market conditions, exporters with normal values are required to inform the CBSA of changes to domestic prices, costs, market conditions or terms of sale associated with the production and sale of rebar. Where an exporter fails to properly notify the CBSA of such changes, fails to properly adjust their export prices, or fails to provide the CBSA with the information needed to make the relevant adjustments to normal values, the CBSA is authorized to impose retroactive anti-dumping duties on the subject goods.

Counsels for the Canadian producers alleged that the exporters in Türkiye have not adjusted the selling prices of subject goods sold to Canada to reflect increases in domestic selling prices and costs, as required by CBSA. They further argued that, given these circumstances, the CBSA should issue retroactive anti-dumping duty assessments.

Replies

Counsel for Colakoglu, Ekinciler, Icdas and Kroman submitted that if CBSA concludes that the imposition of retroactive duties is warranted, those duties cannot exceed the POI margin of dumping, calculated without zeroing.

Counsel for Katpan Demir noted the short time frame between the initiation of this re-investigation and the conclusion of their last normal value review. Kaptan Demir argued that such a short time period is not

long enough to observe lasting changes in market conditions and therefore that notifying the CBSA of changes was not warranted.

Counsel for JJM noted that the Canadian producers' request for retroactive assessments conflicts with Canada's prospective application of normal values. They argued that the conditions that may warrant retroactive duty assessment are not met in this case.

CBSA's position

Upon completion of the re-investigation, the CBSA will be conducting an analysis of subject imports from exporters of rebar during the POI, to determine whether retroactive assessments are warranted. The analysis will rely on information provided via RFI and Supplemental RFI responses received, representations submitted by parties, verification and any other available relevant information.

Footnotes

- 1 EXH 145 (PRO) and EXH 146 (NC) - Case brief filed on behalf of Colakoglu, Ekinciler, Icdas and Kroman. EXH 162 (PRO) and EXH 163 (NC) - Reply submission filed on behalf of Colakoglu, Ekinciler, Icdas and Kroman.
- 2 EXH 143 (PRO) and EXH 144 (NC) - Case brief filed on behalf of Kaptan Demir. EXH 155 (NC) - Reply submission filed on behalf of Kaptan Demir.

- 3 EXH 149 (PRO) and EXH 150 (NC) - Case brief filed on behalf of AMLPC and AltaSteel. EXH 158 (PRO) and EXH 159 (NC) - Reply submission filed on behalf of AMLPC and AltaSteel. EXH 104 PRO and EXH 105 (NC) - Comments submitted by counsel for AMLPC and Alta Steel regarding PMS
- 4 EXH 141 (PRO) and EXH 142 (NC) - Case brief filed on behalf of Gerdau. EXH 160 (PRO) and EXH 161 (NC) - Reply submission filed on behalf of Gerdau.
- 5 EXH 147 (PRO) and EXH 148 (NC) - Case brief filed on behalf of MANA. EXH 156 (PRO) and EXH 157 (NC) - Reply submission filed on behalf of MANA.
- 6 EXH 151 (PRO) and EXH 152 (NC) - Case brief filed on behalf of JJM. EXH 153 (PRO) and EXH 154 (NC) - Reply submission filed on behalf of JJM.
- 7 EXH 65 (NC) - CBSA Research 3; Aylin Poroy Arsoy, Umit Gucenme; Critical Perspectives on Accounting 20 (2009) 568-590; The development of inflation accounting in Turkey; p. 573-574 (7 and 8 of 24)
- 8 EXH 104 (PRO) and EXH 105 (NC) - Comments submitted by counsel for AMLPC and Alta Steel regarding the particular market situation (PMS)

- 9 Statement of Reasons - Final Decisions - Certain Concrete Reinforcing Bar Originating in or Exported from the People's Republic of China, the Republic of Korea and the Republic of Turkey; December 23, 2014; paras 211, 215, 221
- 10 EXH104 (PRO) and EXH 105 (NC) - Comments submitted by counsel for ArcelorMittal Long Products Canada, G.P. (AMLPC) and Alta Steel Inc. ("Alta Steel") regarding the particular market situation ("PMS"); para. 124
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