

CANADA BORDER SERVICES AGENCY

**The Dumping of Rebar Originating in or Exported from the Republic of Belarus,
Chinese Taipei, the Hong Kong Special Administrative Region of
the People's Republic of China, Japan, the Portuguese Republic
and the Kingdom of Spain**

Public Statement of Evidence of Ben Zurbrigg

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Public Statement of Evidence of Ben Zurbrigg of AltaSteel Inc.

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Table of Contents

I.	Introduction.....	1
II.	AltaSteel's recent results on like goods rebar	1
A.	Financial Results.....	2
B.	Unplanned shutdowns.....	4
III.	Canadian rebar market.....	5
A.	Subject imports in Western Canada.....	6
IV.	Conclusion	12

COMPLAINT

The Dumping of Rebar Originating in or Exported From the Republic of Belarus, Chinese Taipei, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, the Portuguese Republic and the Kingdom of Spain

Public Statement of Evidence of Ben Zurbrigg of AltaSteel Inc.

I. Introduction

1. My name is Ben Zurbrigg. I am Manager, Sales & Production Planning at AltaSteel Inc. (“AltaSteel”).
2. I have been with AltaSteel working in a sales capacity for over seven years and have been in my current position for three years. I am a graduate of the University of Alberta’s undergraduate business program, majoring in marketing. During my more than seven years with AltaSteel I have dealt with all of AltaSteel’s rebar accounts in Alberta, Saskatchewan, Manitoba and British Columbia.
3. AltaSteel is filing this Complaint with the Canada Border Services Agency (“CBSA”) in order to address the injurious dumping of Rebar (as defined in the Complaint) by Belarus, Hong Kong, Japan, Portugal, Spain and Taiwan (the “Subject Countries”).
4. This Statement is made in support of AltaSteel’s Complaint.

II. AltaSteel’s recent results on like goods rebar

5. *Rebar I* (NQ-2014-001) concerned rebar from China, Korea and Turkey. Provisional duties were imposed on September 11, 2014 and the Canadian International Trade Tribunal’s (the “Tribunal”) order was made on January 9, 2015.

A. Financial Results

6. AltaSteel's financial performance improved after the imposition of provisional duties. It posted [] in Q4 2014 compared to [] during January-September 2014.¹ Total []. However, the increasing volume of Subject Goods during 2015 led to a deterioration in AltaSteel's financial performance. It posted []

7. The following table sets out AltaSteel's financial results on a quarterly basis during the past year:

**Table 1
AltaSteel Financial Results for Rebar (\$/MT)²**

	2015 Q2	2015 Q3	2015 Q4	2016 Q1	April-May 2016
Net sales value	[]				
Cost of goods manufactured					
Cost of goods sold					
Gross margin (loss)					
General, selling and admin. expenses					
Financial expenses					
Net income (loss) before taxes					

8. In fact, its performance worsened significantly in the later part of 2015 and in 2016. On a per metric tonne basis, AltaSteel's []

¹ Confidential Attachment 7:to the Complaint: AltaSteel income statement for rebar.

² Confidential Attachment 7:to the Complaint: AltaSteel income statement for rebar.

9. Further, AltaSteel was experiencing a price-cost squeeze in second half 2015 and Q1 2016. From Q2 2015 to Q1 2016, pricing fell by \$[]/MT or []%. Over that same period, costs declined by only \$[]/MT or []%.
10. AltaSteel's gross margin dropped from [], for a decrease of []%.
11. In short, AltaSteel's financial performance for rebar improved in late 2014, but deteriorated in 2015 and Q1 2016 as Subject Imports grew.
12. We forecast similar negative results in Q2 2016 based on material costs increasing and pressure from low-priced imports from the Subject Countries. The failure to pass along the scrap price increases (discussed below) will have a direct impact on our Q2 2016 margins.
13. In particular, we expect pricing to be mixed in Western Canada. We are anticipating some price increases in Alberta and Saskatchewan from Q1 to Q2 2016 on the basis of scrap price increases. Unfortunately, due to competitive pressures in British Columbia, we have not been able to pass on the full impact of the scrap price increase. This pressure appears to be the result of [

]. I understand that offshore material³ is being offered in BC for Q3 2016 at approximately \$[]/MT as compared to our price to BC for Q3 of approximately \$[]/MT. While our price has increased over the Q2 levels, this price represents only approximately [\$

]. The large volume of material purchased by LMS is driving Canadian and US

³ I should add that whenever I am referring to offshore material in Western Canada in 2015 and 2016, I am referring to Hong Kong, Japan and Taiwan. Based on my review of the import data, I am not aware of any significant volumes of non-US material entering Western Canada from other sources.

mills to lower their offer price to [] in order to win some business in the region.

14. The market is slow across Western Canada, although British Columbia (“BC”) is a bit more active. Orders can be had there but at a cost, as discussed above. In an effort to offset the down market in Alberta and Saskatchewan, AltaSteel must be increasingly aggressive in BC, quoting low prices in order to compete with low-priced imports from the Subject Countries and to secure work for the mill.

B. Unplanned shutdowns

15. Lastly, because of the lack of orders, AltaSteel had many unplanned shutdowns in 2015 and 2016. Throughout 2015 [

. For Q1 2016, AltaSteel []].

16. The following table sets out the number of hours each month that our bar mill and steelmaking facilities were shut down due to a lack of orders. The bar mill typically runs for 120-132 hours and the steelmaking for 152 hours each week.

**Table 2
Unplanned shutdown hours in 2015-2016**

	Steelmaking	Bar mill
Jan-15	[
Feb-15		
Mar-15		
Apr-15		
May-15		
Jun-15		
Jul-15		
Aug-15		
Sep-15		
Oct-15		

Nov-15		
Dec-15		
Jan-16		
Feb-16		
Mar-16]

17. I believe these stops in production were the result of large volumes of low-priced imports from Japan, Hong Kong and Taiwan and low demand in Western Canada.

III. Canadian rebar market

18. AltaSteel's rebar customers are located in Western Canada (British Columbia, Alberta, Saskatchewan and Manitoba). Our main customer segment consists of rebar fabricators. They purchase rebar from domestic mills, importers/brokers or directly from foreign mills.
19. Rebar is used to reinforce concrete structures in construction projects. Our customers generally fabricate structures from domestic or imported rebar for use in the construction industry. Some also provide installation services for the rebar structures.
20. AltaSteel does not produce coated rebar or send material to third parties to be coated. We produce and sell uncoated (black) rebar only. The coated rebar market in Western Canada is small, representing approximately [] of the market.
21. The Western Canadian market has been slow, especially with the drop in oil prices. Customers have informed me that rebar fabricators' yards are full of inventory so their rebar needs are low. Given all of the material that we have observed entering into Western Canada from Taiwan, Japan and Hong Kong (average of 10,000 MT per month from October 2015 to May 2016⁴) I would expect that a sizeable portion of the inventory preventing our customers from purchasing from AltaSteel can be attributed to these Subject Countries.

⁴ Public Attachment 26 to the Complaint: Statistics Canada import data for rebar; Public Attachment 25 to the Complaint: GAC April and May 2016 data.

A. Subject imports in Western Canada

22. Subject goods are imported into British Columbia and shipped east of the Rockies into Alberta, Saskatchewan and Manitoba.
23. In 2013 and 2014, dumped and subsidized Chinese and Korean rebar imports were prevalent in Western Canada. After the *Rebar I* finding, we began to see imports from the Subject Countries. We began to encounter offers for Hong Kong rebar in December 2014 and offers for Taiwanese and Japanese rebar in Q1 2015.
24. Subject Goods were first imported into Western Canada in February 2015 and increased substantially throughout the year. We had previously not encountered competition from Hong Kong, Japan or Taiwan.
25. AltaSteel encountered frequent low-priced competition from rebar from Hong Kong, Japan and Taiwan from December 2014 to present.
26. In mid-January 2015, [] informed me that a boat would be arriving soon from Hong Kong and that the price differential compared to domestic pricing was “very large”.⁵
27. [] informed me that representatives from Taiwan and Japan would be visiting the Vancouver market in February/March 2015.⁶
28. In April 2015, I visited [].⁷ This customer informed me that Hong Kong and Japan were active low-priced suppliers in the Western Canadian market.
29. In April 2015, I also visited our customer [].⁸ I was informed that offshore material continues to be available throughout the

⁵ Confidential Attachment 1: AltaSteel sales report notes of Ben Zurbrigg dated January 16, 2015.

⁶ Confidential Attachment 1: AltaSteel sales report notes of Ben Zurbrigg dated January 16, 2015.

⁷ Confidential Attachment 2: AltaSteel report on sales visit to [] dated April [], 2015.

⁸ Confidential Attachment 9: AltaSteel report on sales visit to [] dated April [], 2015.

Western Canadian market. I was also informed that this customer [] who was seeking to find cheap rebar from offshore sources to whom duties from the *Rebar I* countries (China, Korea, Turkey) did not apply. This customer did not specify the origin of the offshore sources; however, based on Statistics Canada import data and AltaSteel's market intelligence, this customer was most likely referring to Hong Kong, Japan and Taiwan given these were the only offshore sources imported into BC in 2015.

30. In August and September 2015, we were successful in securing orders with customers in British Columbia and Alberta at a price of \$[]/NT.⁹ In August 2015, [], also purchased rebar from AltaSteel at this price in early September.

31. In October 2015, I visited []. This customer informed me that []

[]. During my January 2016 visit to [], this customer once again reiterated that approximately 29,000 NT of rebar from Taiwan had arrived in Q4 2015.¹⁰ I would note that according to Statistics Canada data, the total volume of rebar imports from Taiwan in Q4 2015 was in fact nearly 40,000 MT.

32. In October 2015, we sent an offer to [] at \$[]/MT, but this customer informed us that the price was too high compared to low-priced imports from the Subject

⁹ Confidential Attachment 13: AltaSteel email correspondence and PO [] dated August 2015 and PO from [] dated September 2015.

¹⁰ Confidential Attachment 3: AltaSteel sales notes by Ben Zurbrigg dated January 11, 2016.

Countries.¹¹ We reduced our price to \$[]/MT and were able to secure an order for [] MT.

33. In late September 2015, we sent an offer to [] for our October 2015 rollings at \$[]/MT, but did not receive any orders. After my visit to this customer in mid-October 2015 (discussed below), we reduced our price for October rollings to \$[]/MT delivered to [], but still did not receive any orders.¹²

34. I visited [] in October 2015.¹³ This customer informed me that it [

]. During the visit, [], a Hong Kong rebar producer. I note from the Statistics Canada/Global Affairs data that were approximately 6,000 MT of rebar imports from Hong Kong in each of Q3 2015, Q1 2016 and again in April 2016.

35. In November 2015, AltaSteel made an offer to its customer [] at a price of \$[]/cwt (\$[]/MT) delivered. Confidential Attachment 5 contains the email correspondence with this customer who stated, with respect to AltaSteel's price, that "hoo, it's too high..." and that Japanese rebar was being offered at \$30.50/cwt (\$672/MT) FOB Calgary. AltaSteel reduced its price to \$[]/cwt (\$[]/MT) for an order of a few hundred tons and to \$[]/cwt (\$[]/MT) for [] NT ([] MT) or more. The customer responded that "unfortunately, your price was too high" and did not place an order with AltaSteel. The Japanese offer was \$[]/MT or []% lower than AltaSteel's original offer and \$[]/MT or []% lower than its revised offer.¹⁴ Again, the

¹¹ Confidential Attachment 8: AltaSteel quotes to [] dated October 2015 and related email correspondence.

¹² Confidential Attachment 14: AltaSteel email correspondence with [] dated September and October 2015.

¹³ Confidential Attachment 4: AltaSteel report on sales visit to [] dated October [], 2015.

¹⁴ Confidential Attachment 5: AltaSteel email exchange with customer dated November and December 2015.

import data from Statistics Canada/Global Affairs confirms that there were rebar imports in Q3 21015, Q4 2015, Q1 2016 and again May 2016.

36. In December 2015, AltaSteel made an offer [] at a price of \$[]/MT delivered to [] for December 2015 and January 2016 rollings.¹⁵ However, this customer reiterated that [

] of Subject Goods. [] for the Taiwanese rebar was \$628/MT delivered []. AltaSteel reduced its price from \$[]/MT to \$[]/MT delivered but this customer still did not place an order with AltaSteel.

37. In early December 2015, [] informed AltaSteel of an offer for Japanese rebar at a price of \$628/MT delivered for Q1 2016 arrival.¹⁶ AltaSteel made an offer for [] MT at \$[]/MT. Note that [

]. AltaSteel was forced to reduce its price to \$[]/MT because of the low-priced Japanese offer, but was still unable to secure an order. This is because [

]. AltaSteel therefore lost revenues of approximately [] because of the low-priced Japanese rebar.

38. In mid-December 2015, [] informed me of an offer for Taiwanese rebar at \$628-639/MT for delivery within 60 days.¹⁷ In comparison, AltaSteel's price to this

¹⁵ Confidential Attachment 6: AltaSteel import offer report for [] dated December 8, 2015 and related email correspondence.

¹⁶ Confidential Attachment 7: AltaSteel import offer report for [] dated December 8, 2015, related AltaSteel offer and sales notes by Ben Zurbrigg dated December 8, 2015.

¹⁷ Confidential Attachment 7: AltaSteel sales notes by Ben Zurbrigg date December 18, 2015.

customer was \$[]/MT delivered. The Taiwanese rebar was therefore \$[]/MT (or []%) lower than our price.

39. In mid-January 2016, we sent an offer to [] for [] MT at \$[]/MT, but were unable to secure an order due to low-priced competition from the Subject Countries.¹⁸

40. In late January 2016, we received [

].¹⁹ During my visit in early February 2016, I was informed that AltaSteel's most recent price (\$[]/MT), despite [] because of low-priced imports from the Subject Countries.²⁰ In fact, [

].

41. In February 2016, [] informed me that offshore import pricing had dropped approximately \$50/MT since December 2015.²¹ Imports were currently priced at \$573/MT Vancouver dock or approximately \$590/MT delivered to Vancouver area. While he did not specify the source, I believe these imports were from the Subject Countries, as there have been no other offshore imports of any significance into BC over the period in question. In mid-February, we made an offer to [] at \$[]/MT delivered to Vancouver. We subsequently lowered our price to \$[]/MT in late February, but were still unsuccessful. We also []. As a result of the low-priced import offer, we

¹⁸ Confidential Attachment 12: AltaSteel quote to [] dated January 13, 2016.

¹⁹ Confidential Attachment 11: AltaSteel email correspondence [] dated January 26, 2016.

²⁰ Confidential Attachment 10: AltaSteel sales visit report [] dated February [], 2016.

²¹ Confidential Attachment 15: AltaSteel email correspondence regarding [] dated February 29, 2016 and related AltaSteel offers to [].

lost an order for [] MT from []. This resulted in lost revenues of []. The imported product was \$[]/MT or []% lower than our original offer and \$[]/MT or []% lower than our revised offer.

42. []

43. In early March 2016, we once again revised our prices downwards for [].

[]. I quoted [] a price of \$[]/MT delivered to [] and \$[]/MT delivered to [].²² The following week, this customer contacted us and requested that we reduce our price to \$[]/MT delivered [] for a []. This was due to low-priced import competition from the Subject Countries. As a result, we finally agreed on a [].

44. The above instances where I quantified lost sales and lost revenue account for over \$[]. However, this does not include the many instances where we simply were unable to obtain any business due to offers and purchases of Subject Goods, such as those described in paragraphs 33-36, 39 and (in part) 40 above. In my view, the lost revenues from these would likely equal or exceed those that I quantified in the other paragraphs of this statement.

²² Confidential Attachment 16: AltaSteel email correspondence with [] dated March [], 2016.

IV. Conclusion

45. For these reasons, I believe that CBSA should initiate an anti-dumping investigation on rebar imports from the Subject Countries.
46. I declare that the information in this Statement is accurate to the best of my knowledge.

DECLARED BEFORE ME at the City of)
Edmonton, in the Province of Alberta,)
this 16th of June, 2016)

A Commissioner for Taking Oaths, etc.

[Confidential version of statement has been signed]

Ben Zurbrigg

List of Attachments to the Statement of Evidence of Ben Zurbrigg

Tab **	Item
1	Confidential AltaSteel sales report notes of Ben Zurbrigg dated January 16, 2015
2	Confidential AltaSteel report on sales visit to [] dated April [], 2015
3	Confidential AltaSteel sales notes by Ben Zurbrigg dated January 11, 2016.
4	Confidential AltaSteel report on sales visit to [] dated October [], 2015
5	Confidential AltaSteel email exchange with customer dated November and December 2015
6	Confidential AltaSteel import offer report for [] dated December 8, 2015 and related email correspondence
7	Confidential AltaSteel import offer report for [] dated December 8, 2015, related AltaSteel offer and sales notes by Ben Zurbrigg dated December 8 and 18, 2015.
8	Confidential AltaSteel quotes to [] and related email correspondence
9	Confidential AltaSteel report on sales visit to [] dated April [], 2015.
10	Confidential AltaSteel sales visit report [] dated February [], 2016.
11	Confidential AltaSteel email correspondence [] dated January 26, 2016.
12	Confidential AltaSteel quote to [] dated January [], 2016
13	Confidential AltaSteel email correspondence and PO from [] and from []
14	Confidential AltaSteel email correspondence with [] dated September and October 2015
15	Confidential AltaSteel email correspondence regarding [] dated February 29, 2016 and related AltaSteel offers to []
16	Confidential AltaSteel email correspondence with [] dated March [], 2016

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Public Summary of Confidential Attachments 1 to 16

**to the Statement of Evidence of Ben Zurbrigg, of
AltaSteel Inc.**

Confidential Attachments 1 to 16 are
Import Activity Reports or other reported
commercial intelligence, the disclosure of
which would be harmful to the
commercial and business interests of
AltaSteel Inc.