



OTTAWA, March 1, 2024

STATEMENT OF REASONS

**Concerning an expiry review determination under
paragraph 76.03(7)(a) of the *Special Import Measures Act*
respecting**

**CERTAIN SEAMLESS CASING
ORIGINATING IN OR EXPORTED FROM CHINA**

DECISION

On February 15, 2024, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the order made by the Canadian International Trade Tribunal on November 28, 2018, in Expiry Review No. RR-2017-006, continuing its order made on March 11, 2013, in Expiry Review No. RR-2012-002, continuing its finding made on March 10, 2008, in Inquiry No. NQ-2007-001:

- i. is likely to result in the continuation or resumption of dumping of certain seamless casing originating in or exported from China; and
- ii. is likely to result in the continuation or resumption of subsidizing of certain seamless casing originating in or exported from China.

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

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EXECUTIVE SUMMARY

[1] On September 18, 2023, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(1) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its order made on November 28, 2018, in Expiry Review RR-2017-006; continuing its order made on March 11, 2013, in expiry review RR-2012-002; continuing, without amendment, its finding made on March 10, 2008, in inquiry NQ-2007-001, concerning the dumping and subsidizing of certain seamless casing originating in or exported from China.

[2] As a result of the CITT's notice of the expiry review, on September 19, 2023, the Canada Border Services Agency (CBSA) initiated an expiry review investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the order is likely to result in the continuation or resumption of dumping and/or subsidizing of the subject goods to Canada.

[3] The CBSA received responses to its Canadian Producer Expiry Review Questionnaire (ERQ) from Evraz Inc. NA Canada (Evraz)¹, Tenaris Canada (Tenaris)² and Welded Tube of Canada (Welded Tube).³ These companies may also collectively be referred to as “the Canadian producers” in this Statement of Reasons. The submissions made by the Canadian producers included information supporting their position that continued or resumed dumping and subsidizing of certain seamless casing from China is likely if the CITT's order is rescinded.

[4] The CBSA received a response to the Exporter ERQ from Shengli Oilfield Shengji Petroleum Equipment Co., Ltd. (Shengli Oilfield).⁴ The exporter did not directly express an opinion on the likelihood of continued or resumed dumping and subsidizing of subject goods from China in their ERQ response.

[5] The CBSA received responses to the Importer ERQ from Concourse Petroleum Inc. (Concourse Petroleum),⁵ Imex Canada, Inc. (Imex)⁶ and Cantak Corporation (Cantak).⁷ None of the importers directly expressed an opinion that continued or resumed dumping and subsidizing of subject goods from China is likely if the CITT's order is rescinded.

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

¹ Exhibits 23 (PRO) and 24 (NC) – Response to Canadian Producer ERQ – Evraz.

² Exhibits 29 (PRO) and 30 (NC) – Response to Canadian Producer ERQ – Tenaris.

³ Exhibits 19 (PRO) and 20 (NC) – Response to Canadian Producer ERQ – Welded Tube.

⁴ Exhibits 27 (PRO) and 28 (NC) – Response to Exporter ERQ – Shengli Oilfield.

⁵ Exhibits 31 (PRO) and 32 (NC) – Response to Importer ERQ – Concourse Petroleum.

⁶ Exhibits 17 (PRO) and 18 (NC) – Response to Importer ERQ – Imex.

⁷ Exhibits 25 (PRO) and 26 (NC) – Response to Importer ERQ – Cantak.

[7] In addition to responding to the ERQ, counsel for Evraz and Welded Tube,⁸ and counsel for Tenaris,⁹ submitted supplementary information prior to the closing of the record as well as case briefs.¹⁰ The case briefs submitted by the Canadian producers included information supporting their position that continued or resumed dumping and subsidizing of certain seamless casing from China is likely if the CITT's order is rescinded.

[8] One interested party, Cantak, submitted a reply submission.¹¹

[9] Analysis of information on the administrative record in respect of: the significant excess production and high export dependency for Chinese oil country tubular goods (OCTG) exporters/producers; the inability to sell seamless casing in Canada at non-dumped prices; the continued interest for Chinese exporters in the Canadian market; the continuing trade measures on steel imports in the United States; and anti dumping measures in place in Canada and in other jurisdictions on steel tubular goods from China, indicates a likelihood of continued or resumed dumping into Canada of certain seamless casing originating in or exported from China should the CITT's order be rescinded.

[10] In addition, analysis of information on the administrative record in respect of the continued availability of subsidy programs for seamless casing exporters in China and the countervailing measures against Chinese steel tubular products in Canada and the United States, indicates a likelihood of continued or resumed subsidizing of certain seamless casing originating in or exported from China should the CITT's order be rescinded.

[11] For the forgoing reasons, the CBSA, having considered the relevant information on the record, determined on February 15, 2024, under paragraph 76.03(7)(a) of SIMA that:

- i. the expiry of the order in respect of certain seamless casing originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods; and
- ii. the expiry of the order in respect of certain seamless casing originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods.

BACKGROUND

[12] On August 13, 2007, following a complaint filed by Tenaris Algoma Tubes Inc. of Calgary, Alberta, the CBSA initiated investigations respecting the dumping and subsidizing of certain seamless casing originating in or exported from China.

⁸ Exhibit 33 (NC) – Close of record documents – Evraz.

⁹ Exhibits 34 (PRO) and 35 (NC) – Close of record documents – Tenaris.

¹⁰ Exhibits 41 (PRO) and 42 (NC) – Evraz and Welded Tube Case Brief; Exhibits 43 (PRO) and 44 (NC) – Tenaris Case Brief.

¹¹ Exhibit 45 (NC) – Cantak Reply Submission.

[13] On February 7, 2008, the CBSA made final determinations of dumping and subsidizing in respect of the subject goods from China¹² and, on March 10, 2008, a threat of injury finding was issued by the CITT.¹³

[14] On November 7, 2011, the CBSA concluded a re-investigation to update the amounts of subsidy of certain seamless casing and certain OCTG originating in or exported from China.¹⁴

[15] On June 27, 2012, the CITT initiated an expiry review of its finding, and on October 25, 2012, the CBSA determined, pursuant to paragraph 76.03(7)(a) of SIMA, that the expiry of the finding was likely to result in the continuation or resumption of dumping and subsidizing of the goods from China. On March 11, 2013, the CITT issued an order continuing the finding.¹⁵

[16] On December 14, 2015, the CBSA concluded a re-investigation to update the normal values, export prices and amounts of subsidy of certain seamless casing, certain OCTG and certain pup joints originating in or exported from China.¹⁶

[17] On January 19, 2018, the CITT initiated an expiry review of its order and on June 21, 2018, the CBSA determined, pursuant to subsection 76.03(7)(a) of SIMA, that the expiry of the order was likely to result in the continuation or resumption of dumping and subsidizing of the goods from China. On November 28, 2018, the CITT issued an order continuing its order.¹⁷

[18] On May 25, 2020, the CBSA concluded a re-investigation to update the normal values and export prices of certain seamless casing and certain OCTG originating in or exported from China.¹⁸

[19] On March 17, 2023, the CBSA concluded a re-investigation to update the normal values and export prices of certain seamless casing and certain OCTG originating in or exported from China.¹⁹

¹² [ARCHIVED - SIMA - Statement of reasons - Certain seamless carbon or alloy steel oil and gas well casing \(cbsa-asfc.gc.ca\)](#).

¹³ [SEAMLESS CARBON OR ALLOY STEEL OIL AND GAS WELL CASING - Canadian International Trade Tribunal \(citt-tcce.gc.ca\)](#).

¹⁴ [ARCHIVED - SIMA - Notice of Conclusion of Reinvestigation - Certain Seamless Steel Casing and Oil Country Tubular Goods \(cbsa-asfc.gc.ca\)](#).

¹⁵ [SEAMLESS CARBON OR ALLOY STEEL OIL AND GAS WELL CASING - Canadian International Trade Tribunal \(citt-tcce.gc.ca\)](#).

¹⁶ [Archived - SIMA - Notice of Conclusion of Re-investigation - Certain Seamless Casing, Certain Oil Country Tubular Goods And Certain Pup Joints \(cbsa-asfc.gc.ca\)](#).

¹⁷ Exhibit 9 (NC) – Seamless Casing Expiry Review CITT Order and Reasons, RR-2017-006, November 28, 2018.

¹⁸ [Certain oil country tubular goods \(OCTG I & II\) and certain seamless casing 2020 Re-investigations - Notice of conclusion of re-investigations \(cbsa-asfc.gc.ca\)](#).

¹⁹ [Oil country tubular goods 2022 re-investigation - Notice of conclusion of re-investigation \(cbsa-asfc.gc.ca\)](#)

[20] On September 18, 2023, the CITT initiated an expiry review of its order²⁰ and on September 19, 2023, the CBSA commenced an expiry review investigation to determine whether, pursuant to subsection 76.03(7)(a) of SIMA, the expiry of the order is likely to result in continued or resumed dumping and/or subsidizing of the goods from China.²¹

PRODUCT DEFINITION

[21] The goods subject to the order under review are defined as:

“seamless carbon or alloy steel oil and gas well casing, whether plain end, beveled, threaded or threaded and coupled, heat-treated or non-heat-treated, meeting American Petroleum Institute (API) specification 5CT, with an outside diameter not exceeding 11.75 inches (298.5 mm), in all grades, including proprietary grades, originating in or exported from the People’s Republic of China.”

Additional Product Information

[22] Seamless casing falls within a category of products commonly referred to as Oil Country Tubular Goods (OCTG), which includes drill pipe, casing and tubing. OCTG are used in the drilling of oil and gas wells and in the conveyance of these products to the surface. Casing is used to prevent the walls of the bored hole from collapsing, both during drilling and after the well has been completed.

[23] Casing must be able to withstand outside pressure and internal yield pressures within the well. It must also have sufficient joint strength to hold its own weight and must be equipped with threads sufficiently tight to contain the well pressure where lengths are jointed. Various factors limit the total amount of open hole that can be drilled at any one time, and it may be necessary to set more than one string of casing concentrically for certain portions of well depth.

Production Process

[24] Casing is produced using one of two processes: the seamless process or the electric resistance welded (ERW) process. Only seamless casing is the subject of this expiry review investigation.

[25] Seamless casing is produced by first cutting steel bars of the appropriate chemistry for the desired grade of casing into billets. The billets are heated and pierced under pressure to form a central cavity. The resulting shell is then rolled on a retained mandrel and reduced in a stretch reduction mill to produce the finished size before being cooled on a walking beam cooling bed. The tube rounds are then inspected and cut to the required length. High-strength casing requires heat treatment (normalization) to meet American Petroleum Institute (API) specifications. Beveling and threading both ends finish the casing.

²⁰ Exhibit 10 (NC) – CITT Notice of Expiry Review of Order, RR-2023-004, September 18, 2023.

²¹ [Notice of initiation of expiry review investigation: Seamless Casing \(SC 2023 ER\) \(cbsa-asfc.gc.ca\)](#)

[26] ERW casing can be produced in two different ways. One process involves slitting flat hot-rolled steel in coil form (skelp) to the proper width required to produce the desired diameter of pipe. The skelp is then sent through a series of forming electric resistance welding rolls that bend it into a tubular shape. As the edges of the skelp come together under pressure in the final forming rolls, an electric current is passed between them. The resistance to the current heats the edges of the skelp to the welding temperature, and the weld is formed as the two edges are pressed together.

[27] The other production process used to make ERW casing is the stretch reduction method. Hot-rolled steel strip is received slit-to-width from a steel processor. The strip is uncoiled and butt-welded together (i.e. the front end of one coil to the back end of the last coil), and then fed into a series of forming rolls that bend the steel in a circular (tubular) shape. An electric current is introduced into the steel to heat the edges of the strip; the edges are then welded to one another under pressure in the side welding rolls. This combination of heat and pressure causes the steel to form a metallurgical bond or weld. Excess molten steel (flash) from the welding process is removed from the outside and inside welded seam of the pipe. The pipe is heated to approximately 1,850 degrees Fahrenheit and passed through a series of stretch reduction roll stands until the final outside diameter and wall thickness are achieved.

[28] The resulting ERW casing is cut to length and, in the case of high-strength ERW casing, heat-treated to meet API specifications. ERW casing may have a variety of end finishes, including plain end or threaded. In a final inspection, the finished casing is checked for size, wall thickness, concentricity straightness and surface quality. A coupling and a coupling protector may be applied to one end and a thread protector to the other end of the casing before it is ready for shipment.

CLASSIFICATION OF IMPORTS

[29] Since January 1, 2022, the subject goods are normally classified under the following tariff classification numbers:

7304.29.00.12	7304.29.00.13	7304.29.00.14	7304.29.00.15
7304.29.00.16	7304.29.00.17	7304.29.00.19	7304.29.00.22
7304.29.00.23	7304.29.00.24	7304.29.00.25	7304.29.00.26
7304.29.00.27	7304.29.00.29		

[30] Prior to 2022, the subject goods were normally classified under the following tariff classification numbers:

7304.29.00.11	7304.29.00.19	7304.29.00.21	7304.29.00.29
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[31] This listing of tariff classification numbers is for convenience of reference only. Refer to the product definition for authoritative details regarding the subject goods.

PERIOD OF REVIEW

[32] The period of review (POR) for the CBSA’s expiry review investigation is from January 1, 2020 to June 30, 2023.

CANADIAN INDUSTRY

[33] In the CITT’s original Inquiry (NQ-2007-001) and its subsequent expiry reviews (RR-2012-002, RR-2017-006), the CITT found that ERW casing constituted like goods to seamless casing and both seamless and ERW casing were considered a single class of goods. Consequently, producers of ERW casing were part of the Canadian industry.²²

[34] The Canadian industry for seamless and ERW casing is comprised of three companies: Evraz, Tenaris and Welded Tube.

[35] Evraz produces ERW casing in three locations namely Calgary, Red Deer and Camrose, Alberta. In addition, Evraz produces other tubular products, including tubing and line pipe.²³

[36] Tenaris affiliates, including Algoma Tubes Inc., Tenaris Global Service (Canada) Inc. and Hydril Canadian Company LP (collectively referred to as “Tenaris Canada”)²⁴ are involved in the production and sales of both seamless and ERW OCTG. Algoma Tubes Inc. is the only Canadian producer of seamless casing, in diameters ranging from 4.5 to 9.625 inches.²⁵ Tenaris Globe Services (Canada) Inc. is a distributor of domestically-produced and imported seamless casing.

[37] Another facility, Prudential, which produced ERW OCTG, closed in 2020 and is no longer an operating entity.²⁶

[38] Welded Tube of Concord, Ontario produces ERW casing in outside diameters ranging from 4.5 inches to 9.625 inches. Welded Tube has a threading and heat-treatment facility in Welland, Ontario and a threading facility in Port Colborne, Ontario.²⁷

CANADIAN MARKET

[39] The Canadian production and the apparent Canadian market for seamless casing cannot be disclosed as the total value and volume of Canadian production of seamless casing during the POR was based on confidential information filed by the sole Canadian seamless casing producer (i.e., Tenaris). The imports of seamless casing from China and all other countries are presented in **Table 1** and **Table 2** below.

²² Exhibit 9 (NC) – CITT Order and Reasons, RR-2017-006, November 28, 2018, paragraph 32.

²³ Exhibit 24 (NC) – Response to Canadian Producer ERQ – Evraz, Question 35(b).

²⁴ For purposes of this document, Tenaris Canada will be shortened to “Tenaris.”

²⁵ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris, page 8, Question 9.

²⁶ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris, Question 9.

²⁷ Exhibit 20(NC) – Response to Canadian Producer ERQ – Welded Tube, Question 5.

Table 1
Imports of Seamless Casing²⁸
(Value in CAN\$)

Source	2020	2021	2022	2023 January – June
China	\$4,023,999	\$20,582,384	\$298,389,162	\$83,661,481
All Other Countries	\$153,649,609	\$177,604,970	\$496,767,124	\$266,033,353
Total Imports	\$157,673,608	\$198,187,354	\$795,156,286	\$349,694,834

Table 2
Imports of Seamless Casing²⁹
(Volume in Metric Tonnes)

Source	2020	2021	2022	2023 January – June
China	2,201	13,490	143,028	31,913
All Other Countries	76,216	96,190	182,462	73,659
Total Imports	78,417	109,680	325,490	105,572

Canadian Production

[40] Canadian seamless casing production sold in the domestic market rose each year of the POR before an annualized decline in 2023. In terms of market share, the like goods sold from Canadian production maintained a steady percentage of the apparent Canadian market in the first two years of the POR, before declining significantly in 2022 and recovering slightly in H1-2023. Over the course of the POR, the total apparent Canadian market grew substantially in both 2021 and 2022, before an annualized decline in 2023, which was still substantially higher than the total market in 2020.

Imports

[41] As seen in **Tables 1 & 2**, the imports of subject goods from China increased substantially from 2020 to 2022, before a significant annualized decline in 2023. In absolute terms, subject seamless casing imported from China in 2022 vastly exceeded the imports of subject goods for all other periods of the POR combined. Similarly, the data also shows that the imports of seamless casing from all other countries increased significantly from 2020 to 2022, before a considerable pro-rated decline in H1-2023.

²⁸ Exhibit 40 (PRO) – CBSA’s Final Import and Domestic Market Statistics.

²⁹ Exhibit 39 (NC) – CBSA’s Final Import and Domestic Market Statistics.

ENFORCEMENT DATA

[42] As shown in **Table 3** below, the total amount of anti-dumping and countervailing duties assessed on imports of subject goods from China during the POR was over \$28.8 million.

Table 3
Anti-dumping and Countervailing Duties Assessed on Imports of Seamless Casing³⁰
(Value in CAN\$)

Country	2020	2021	2022	2023 January - June
China	\$40,269	\$236,658	\$27,977,491	\$585,001

PARTIES TO THE PROCEEDINGS

[43] On September 19, 2023, a notice concerning the CBSA's initiation of the expiry review investigation was sent to Canadian producers and potential importers and exporters of seamless casing, as well as to the GOC. All of these parties were also sent an ERQ.

[44] The ERQs requested information relevant to the CBSA's consideration of the expiry review factors, as listed in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR).

[45] Three Canadian producers: Evraz, Tenaris and Welded Tube participated in the expiry review investigation and provided ERQ responses. Three importers, Cantak, Concourse Petroleum and Imex, and one exporter, Shengli Oilfield also participated in the expiry review investigation and provided ERQ responses.

[46] Case briefs were received from counsel on behalf of Evraz, Tenaris and Welded Tube. Counsel for Cantak filed a reply submission.

[47] The GOC did not provide a response to the CBSA's ERQ nor did it submit a case brief or reply submission.

³⁰ Exhibit 38 (NC) – CBSA Compliance Statistics.

INFORMATION CONSIDERED BY THE CBSA

Administrative Record

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

[49] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the "closing of the record date" and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on November 8, 2023.

POSITION OF THE PARTIES – DUMPING

Parties Contending that Continued or Resumed Dumping is Likely

[50] The Canadian producers made representations in their ERQ responses and in their case briefs supporting their position that dumping of certain seamless casing from China is likely to continue or resume should the CITT rescind its order. Therefore, they argued that the anti-dumping measures should remain in place.

[51] The main factors identified by the Canadian producers, which they allege make the continuation or resumption of dumping of seamless casing from China likely in absence of the CITT order can be summarized as follows:

- Significant capacity and excess production capacity of OCTG in China;
- The export orientation of OCTG producers in China, due largely to insufficient domestic demand;
- The continued interest of Chinese exporters in the Canadian market;
- The inability to compete at non-dumped prices;
- The trade measures imposed on steel imports in both the United States and the European Union; and
- Anti-dumping measures in place in Canada and other jurisdictions on steel tubular goods against China.

Significant Capacity and Excess Production Capacity of OCTG in China

[52] The Canadian producers asserted that significant capacity and excess steelmaking capacity have been a longstanding and serious problem in China and that available capacity for OCTG poses a major threat to the Canadian market, should the present order be rescinded.

[53] In support of this position, Tenaris cited the CBSA's own prior statements regarding the capital-intensive nature of steel production, which "incentivizes producers to maintain high capacity utilization rates and lower prices into third markets."³¹

[54] The essence of the capital intensive nature of steel production is that mills have high fixed costs and in order to recover them, mills will aim to maintain high capacity utilization rates, which is often achieved through exports, where production that cannot be absorbed domestically can be sold abroad at depressed prices, so long as producers can recover their variable costs of production.³²

[55] To emphasize the scale of Chinese steelmaking capacity, the Canadian producers cited information on the record, which reported that:

"China currently represents about half of global capacity and more than twice the steelmaking capacity of the EU, Japan, the United States and Brazil, combined; and China is the number one exporter of steel, exporting more steel in 2021 than the world's second and third largest steel producers (*i.e.*, India and Japan) combined."³³

[56] Looking at OCTG more specifically, the Canadian producers noted that there are 51 licensed facilities in China that are able to produce American Petroleum Institute (API) 5CT seamless OCTG, which have "a combined annual seamless pipe production capacity of over 25 million tonnes."³⁴

[57] For seamless OCTG specifically, Tenaris cited an internal report on six Chinese OCTG producers³⁵ and the ERQ response from Shengli Oilfield³⁶ to illustrate that there remains substantial excess capacity.³⁷

[58] Looking broader than these companies, further information cited by the Canadian producers alleged that the known seamless pipe capacity for 15 sampled Chinese companies with an API 5CT certification was over 14 million MTs.³⁸

³¹ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 33.

³² Exhibit 44 (NC) – Tenaris Case Brief, paragraph 33.

³³ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 16.

³⁴ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 12; Exhibit 24 (NC) – Response to Canadian Producer ERQ – Evraz, Attachment Q28-2: "Compilation of Documents regarding Production Capacity."

³⁵ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q30(a): Tenaris competitor report for six Chinese OCTG producers.

³⁶ Exhibit 27 (PRO) – Response to Exporter ERQ – Shengli Oilfield, Appendix 1.

³⁷ Exhibit 43 (PRO) – Tenaris Case Brief, paragraph 41 at Table 3: "Excess Capacity of Chinese Producers, 2022."

³⁸ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 43 at Table 4: "Chinese Producer Known Capacity."

[59] In terms of the overall utilization rate in China, the Canadian producers cited evidence on the record which alleged that in 2022, China’s seamless pipe capacity was 45.2 million MTs, while producing 26.6 million MTs and thus “the Chinese seamless pipe industry achieved a utilization rate of just 58.85 percent, leaving 18.60 million tonnes of excess capacity.”³⁹

[60] Despite the significant existing (and excess) capacity, the Canadian producers stated that “the existence of significant excess capacity has not deterred Chinese seamless pipe producers from investing and expanding their capacity even further in the near term.”⁴⁰ Evraz and Welded Tube provided several examples of recent capacity additions to seamless pipe production in China, including those capable of producing OCTG, such as Tianjin Pipe Company (TPCO) and Dalipal Pipe, amongst others, which only exacerbates the current excess capacity situation in China.

[61] The Canadian producers concluded from the information on the record that the substantial capacity to produce seamless casing and accompanying production imperative to maintain higher utilization rates will continue to force exports of subject goods and will likely result in continued or resumed dumping if the CITT order is rescinded.

Export Orientation of OCTG Producers in China Due Largely to Insufficient Domestic Demand

[62] The Canadian producers argued that China’s producers are export-oriented and a weakening domestic demand in China for OCTG led Chinese producers to aggressively seek export markets in 2022, including Canada, which ranked second in Chinese seamless OCTG exports.⁴¹

[63] The Canadian producers stated that:

“The Chinese seamless casing industry is export oriented because it is built to produce far in excess of domestic demand requirements, and because the GOC encourages and supports exports. Moreover, the price of seamless casing in China is among the lowest in the world, making exports even more attractive.”⁴²

³⁹ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 13; Exhibit 33 (NC) – Close of record documents – Evraz, Attachment 37: Mysteel article, “Analysis of Supply and Demand Balance in China’s Seamless Pipe Market in Recent Years,” November 2022, document page 1 (Attachment page 2,169 of 2,180).

⁴⁰ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 15.

⁴¹ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Seamless OCTG Exports China).

⁴² Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 19.

[64] Citing information on the record, the Canadian producers summarized the extent of seamless casing exports from China as follows:

“The volume of Chinese seamless pipe exports in 2022 is estimated to be 4.5 million tonnes,⁴³ while 1.67 million tonnes or 37 percent were exported under HS Code 7304.29.⁴⁴”

[65] Evraz and Welded Tube argued that “demand for Chinese seamless casing both within China and other major markets outside of North America is not likely to increase significantly in the next 12 to 24 months. This is because oil and gas price, which ultimately drives the demand for OCTG, has stabilized since the pandemic-induced peak and is expected to remain muted.”⁴⁵

[66] To support this forecasted market softening, the Canadian producers summarized an International Energy Agency (IEA) report which stated that projections are for the trend in oil demand in China to:

“decline sharply from 1.6 million barrels per day to 0.6 million barrels per day in 2024. Over a longer term from 2022 to 2030, the IEA forecasts oil demand in China to increase by just 2 million barrels per day from 14.4 million to 16.4 million barrels per day, which represents a compound annual growth rate (“CAGR”) of 1.64 percent.”⁴⁶

[67] The Canadian producers also cited an October 2023 World Bank report which forecasted “Brent Crude and the U.S. natural gas price to be US\$84 per barrel and US\$2.70 per million btu in 2023, down 16 percent and 58 percent respectively compared to 2022.”⁴⁷

[68] In respect of the impact on OCTG, the Canadian producers supported their view that waning domestic demand for OCTG in China will encourage producers in China to be more export oriented, with reference to industry tracker Rystad Energy’s October 2023 OCTG report:

“Chinese OCTG makers may look more aggressively at export markets as the market worries about domestic OCTG demand amid falling profitability at many mills.”⁴⁸

⁴³ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 22; Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 37: Mysteel article, “Analysis of Supply and Demand Balance in China’s Seamless Pipe Market in Recent Years,” November 2022, document page 2 of 6. (Attachment page 2,171 of 2,180).

⁴⁴ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 22; Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 11: UN Comtrade Database, Chinese Exports of 7304.29 from 2011 to 2022. (Attachment pages 492-493 of 2,180).

⁴⁵ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 30.

⁴⁶ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 34; Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 8: Splash 247 article, “China’s Oil Demand Seen Weakening in 2024,” October 9, 2023.

⁴⁷ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 31; Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 2: World Bank article, “Commodity Market Outlook: Under the Shadow of Geopolitical Risks,” October 2023, page 6 (Table 1; World Bank Commodity Price Forecasts).

⁴⁸ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 38; Exhibit 36 (PRO) – CBSA Close of Record Documents, Rystad OCTG Report – October 2023.

[69] In terms of the impact on seamless pipe demand in China, the Canadian producers cited the following analysis from Fastmarkets as evidence that Chinese exporters of OCTG will continue to feel pressure to export their production:

“The sluggish energy demand in China, alongside excess OCTG supply, has already led to a reduction in demand for seamless pipe and casing in China. China’s total consumption of seamless pipe decreased from 24.76 million tonnes in 2020 to 22.28 million tonnes in 2021, before decreasing further to 22.01 million tonnes in 2022. A survey of 32 Chinese seamless pipe companies regarding their production during the first eight months of 2023 showed further decline of 6.7 percent compared to the same period in 2022.”⁴⁹

[70] More specific to the subject goods, the Canadian producers cited evidence on the record through Fastmarkets that apparent consumption of seamless OCTG, has been declining in China since 2022.⁵⁰

[71] The Canadian producers alleged that the softening market in China, the need to export to maintain capacity utilization rates and the effect of stale normal values are factors which together illustrate how quickly Chinese exporters can pivot and flood a market like Canada with OCTG:

“...outdated normal values led to 121,950 tonnes of Chinese subject imports during the first ten months of 2022, representing approximately 92 percent of the total volume of subject imports reported by Statistics Canada (“StatsCan”) in that year.”⁵¹

[72] As noted in **Table 2** of this Statement of Reasons, these volumes of subject goods are dramatically higher than the subject exports in 2020 and 2021.

[73] The Canadian producers also referenced aggregate Chinese seamless casing volumes to all countries, underscoring the magnitude of the volume exported worldwide, particularly in the last year and half of the POR:

“Exports of seamless casing and OCTG from China have increased significantly since 2022...monthly exports of seamless OCTG were between about 30,000 and 100,000 MT for most of 2020 to 2021. Towards, the end of 2021, however, imports rose significantly, reaching a peak in January 2023 of over 250,000 MT, and have remained at elevated levels into 2023.”⁵²

⁴⁹ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 33.

⁵⁰ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 48; Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris, Attachment Q28(b), “Fastmarkets Seamless OCTG & Linepipe Market Tracker,” September 14, 2023, page 12.

⁵¹ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 6.

⁵² Exhibit 44 (NC) – Tenaris Case Brief, paragraph 50 (Figure 4: Chinese Exports of Seamless Casing, all destinations, 2020-September 2023); Exhibit 35 (NC) – Close of record documents – Tenaris, Exhibit 35, Attachment 4: “Chinese Import and Export Data.”

[74] The Canadian producers concluded from the information on the record that the continued heavy reliance on seamless casing exports and softening domestic demand will likely result in continued or resumed dumping of subject goods to Canada if the CITT order is rescinded.

Continued Interest of Chinese Exporters in the Canadian Market

[75] The Canadian producers alleged that the attraction of the Canadian market exacerbates the problem of export oriented Chinese producers as Canada becomes a natural market for exporters to target.

[76] As previously noted, Canada was the second ranked export destination for Chinese seamless OCTG in 2022 by volume behind only Kuwait.⁵³ The Canadian producers alleged these exports represented 12 and 13 percent of China's total annual export volume and value respectively of seamless OCTG under data sourced from the tariff classification number 7304.29.⁵⁴

[77] The primary factor for the attraction to the Canadian market is the drilling activity itself, which drives demand for OCTG and which the Canadian producers noted is substantial:

“the entire Asia Pacific region accounts for only 12 percent of the total worldwide rig count in 2023—which means that 88 percent of rigs are outside the Asia Pacific region. By contrast, North America accounts for nearly half of the global total, i.e., 48 percent, with rigs in Canada alone representing 10 percent of the global total.”⁵⁵

[78] In terms of the present market conditions, the Canadian producers forecasted the OCTG market in Canada to be steady in the coming years and remain attractive to foreign suppliers.⁵⁶ They further noted that the interest the Chinese producers have in the Canadian market is clear from the 17 producers and exporters that participated in the CBSA's recent re-investigation of normal values on Chinese OCTG and “by shipping over 143,000 MT of subject goods into Canada in 2022 when normal values became outdated.”⁵⁷

[79] Tenaris also provided a company forecast for drilling activities and OCTG consumption in Canada which illustrated that while 2022 was a very good year historically, 2023 (full year) and 2024 are forecasted to be even better in respect of rig counts, wells drilled and OCTG consumption.⁵⁸

⁵³ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 44; Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 11: “UN Comtrade Database, Chinese Exports of 7304.29 from 2011 to 2022.”

⁵⁴ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 45. **Note:** Figures used by the producers for Canada did not reference the CBSA's official statistics but rather other data on the record (Exhibit 11 of Exhibit 33 (NC)). The 203,090 MTs of seamless OCTG attributed to Canada is substantially higher than the 143,028 MT figure in **Table 2** of this summary, given that the 7304.29 would include more than just casing.

⁵⁵ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 20.

⁵⁶ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 52.

⁵⁷ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 56.

⁵⁸ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 53.

[80] Evraz and Welded Tube also cited UN Comtrade data which demonstrated that average Chinese seamless casing export prices in 2022 were higher to Canada than those to all but one other country at US\$1,503/MT.⁵⁹

[81] The Canadian producers stated that:

“the average unit value for Chinese exports to Canada was nearly 18 percent higher than the average unit value for Chinese exports to its largest export destination in 2022, namely Kuwait, of US\$1,277 per tonne; and 27 percent higher than the average unit value for Chinese exports to the next largest export destination other than Canada, namely Thailand, of US\$1,184 per tonne.”⁶⁰

[82] The Canadian producers concluded from the information on the record that the size, stability and comparatively higher pricing available in the Canadian market has been and will continue to be, an attractive destination for Chinese producers and exporters of seamless casing and will likely result in continued or resumed dumping if the CITT order is rescinded.

Inability to Compete at Non-dumped Prices

[83] The Canadian producers noted that as per **Table 3** of this Statement of Reasons, over \$28 million SIMA duties were collected on Chinese imports of subject goods during the POR. This factor alone provided ample evidence of an inability to compete at non-dumped prices during the POR.

[84] The Canadian producers characterized the likelihood of future dumping as “not speculative but is to be firmly expected based on positive evidence of continuing, recent behaviour.”⁶¹

[85] They also stated the following in regards to the behaviour of exporters during the POR:

“For instance, since the conclusion of the most recent reinvestigation in March 2023, the volume of subject imports in the second and third quarters of 2023 declined to 7,596 tonnes from 85,810 tonnes for the same two quarters in 2022. Similarly, before the previous normal values became outdated due to ‘the world market price indicators rising by 50% or more’ as noted by the CBSA, the total volume of subject imports over the two year period of 2020-2021 was just 15,691 tonnes, compared to 133,073 tonnes of subject imports in 2022 alone.”⁶²

[86] The Canadian producers also noted that “as Chinese exporters have had to raise their export prices to Canada, there has been a corresponding sharp decline in import volumes.”⁶³

⁵⁹ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 49.

⁶⁰ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 49.

⁶¹ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 13.

⁶² Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 9.

⁶³ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 18.

[87] Furthermore, the Canadian producers emphasized that the behavior identified in the current POR is not an anomaly. They alleged this is part of a pattern of dumping that traces back many years:

“This is not a new or an isolated trend....In the expiry review in 2018, the CBSA found that “over \$35 million in SIMA duties were assessed on imports of subject goods from China” during the period between 2014 and the first 10 months of 2017;⁶⁴ and in the expiry review in 2012, the CBSA found that Chinese seamless casing imports incurred approximately \$14.4 million in SIMA duties during the period between 2009 and the first three months of 2012.⁶⁵ This consistent propensity to dump and subsidize demonstrates that Chinese seamless casing cannot compete in the Canadian market without being unfairly priced. Further, the significant amount of SIMA duties, which includes both anti-dumping and countervailing duties, also portends the likelihood of continued dumping and subsidization if the Order is allowed to expire.”⁶⁶

[88] The Canadian producers cited information on the record which they alleged demonstrates that Chinese exporters are also likely dumping seamless casing in other markets. Tenaris stated:

“Chinese government export statistics confirm that the export prices of Chinese seamless casing sold to China’s major trading partners, specifically to those countries that are not protected against dumping, are much lower than recent and current Chinese pricing to Canada.”⁶⁷

[89] Tenaris concluded from a review of these figures that “(i)t shows that these prices are significantly below Chinese export prices to Canada in every year from 2020 to September 2023.”⁶⁸

[90] As such, the Canadian producers concluded that if the Chinese exporters were dumping to Canada during the POR as the collection of anti-dumping duty would suggest, then lower prices to other markets over the same period where they are not restrained by anti-dumping measures would confirm they are dumping there as well.

[91] The Canadian producers concluded in relation to the Chinese producers behavior towards Canada that “the fact that Chinese producers were willing to sell at dumped prices even while a dumping order was in place shows how aggressively they compete on price given any opportunity. There can be little doubt that prices will quickly and dramatically fall to unfair levels if the Order is allowed to expire.”⁶⁹

⁶⁴ *Certain Seamless Casing: Statement of Reasons* (July 6, 2018), SC 2018 ER (CBSA) at paras 29, 103.

<https://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/sc2018/sc2018-de-eng.html>

⁶⁵ *Certain Seamless Casing: Statement of Reasons* (November 9, 2012), RR-2012-002 (CBSA) at paras 20, 145.

<https://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/rr2012-002/rr2012-002-e12-de-eng.html>

⁶⁶ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 4.

⁶⁷ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 28.

⁶⁸ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 29.

⁶⁹ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 20.

[92] Furthermore, the Canadian producers concluded that “Chinese exports to other markets at lower prices therefore indicate the willingness and ability of Chinese exporters to price even lower if the Order is allowed to expire.”⁷⁰

Trade Measures Imposed on Steel Imports in the United States and the European Union

[93] The Canadian producers argued that the continued presence of trade measures in the United States and the European Union have exacerbated the diversion of goods to Canada and thus poses a significant threat to the Canadian producers if the CITT order on the subject goods were rescinded.

[94] The Canadian producers summarized these measures as follows:

“since 2018 the United States has imposed 25 percent and 7.5 percent duties on Chinese seamless casing imports under Section 232 of the *Trade Expansion Act of 1962* and Section 301 of the *Trade Act of 1974* respectively. The EU has likewise imposed a tariff-rate quota, imports over which are subject to a 25 percent duty as a result of its safeguard investigation in 2019, and which was recently renewed in June 2023.”⁷¹

[95] The Canadian producers affirmed that both US measures apply to the subject goods, resulting in seamless casing facing an additional 32.5% tariff on sales into the United States.⁷²

[96] The Canadian producers alleged that the effect of the measures in the United States can be seen on the lack of imports of Chinese OCTG. Citing Chinese customs data, the Canadian producers stated that:

“seamless casing has been effectively barred from the US market. Specifically, despite the United States being the largest global market for OCTG, China only exported 37,745 MT of seamless OCTG to the United States from 2020 to September 2023, making it the 23rd most significant destination for Chinese seamless OCTG.”⁷³

[97] Tenaris also noted that the importer Cantak acknowledged the diversionary effect of these measures in response to the CBSA’s ERQ and that:

“it believes that the U.S. market is higher priced than Canada due to the existence of WTO-inconsistent Section 232 tariffs and that this has drawn local supply away from Canada {and} has encouraged imports into Canada.”⁷⁴

⁷⁰ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 51.

⁷¹ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 41.

⁷² Exhibit 44 (NC) – Tenaris Case Brief, paragraph 59.

⁷³ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 59.

⁷⁴ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 60; Exhibit 26 (NC) – Response to Importer ERQ – Cantak, Question 19, page 5.

[98] The Canadian producers concluded from the information on the record that the restrictive effects of tariffs against seamless casing abroad and in the United States in particular, will continue to divert subject goods to Canada and likely result in continued or resumed dumping if the CITT order is rescinded.

Anti-Dumping Measures in Place in Canada and Other Jurisdictions on Steel Tubular Goods Against China

[99] The Canadian producers cited information on the record which demonstrates that there are numerous anti-dumping measures worldwide on Chinese steel and tubular products, including OCTG, in particular.⁷⁵

[100] The Canadian producers identified seven anti-dumping measures against steel tubular products from China in the United States alone, including one concerning OCTG.⁷⁶ They also identified “trade remedies” imposed on Chinese tubular goods by 14 countries, including nine measures against Chinese OCTG by countries/territories other than the United States, which included Armenia, Colombia, the European Union, India, Kazakhstan, Russia, Thailand, Türkiye and Ukraine.⁷⁷

[101] In Canada, the Canadian producers cited the CITT’s current orders concerning steel tubular products and related products used in oil and gas production. These include *Line Pipe 1, Large Diameter Line Pipe, OCTG 1 and Sucker Rods 1*.⁷⁸

[102] The Canadian producers concluded from the information on the record that the abundance of anti-dumping measures in Canada and abroad on Chinese steel tubular products, including OCTG, demonstrate a pattern of behaviour that is likely to result in continued or resumed dumping if the CITT order is rescinded.

Parties Contending that Continued or Resumed Dumping is Unlikely

[103] None of the parties contended that resumed or continued dumping of subject goods from China is unlikely should the CITT’s order be rescinded.

CONSIDERATION AND ANALYSIS – DUMPING

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

⁷⁵ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 58.

⁷⁶ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 58, Table 5.

⁷⁷ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 61; Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris, Attachment Q30(d), page 922 of 923.

⁷⁸ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 63.

[105] Before presenting the specific analysis with respect to China concerning the likelihood of continued or resumed dumping in absence of the CITT's order, there are certain issues that relate to the goods on a broader scale which are addressed as follows:

- capital intensive nature of steel production;
- substitutability of OCTG;
- steel market developments and trends; and
- OCTG developments.

Capital Intensive Nature of Steel Production

[106] A primary characteristic of seamless casing, as is the case across steel products, is the capital-intensive nature of its production. Steel mills are capital intensive with high fixed costs. In order to recover the fixed costs, steel mills must run at high levels of production capacity. When home market demand drops, producers will search out foreign markets to maintain capacity utilization to ensure that these fixed costs are recovered.

[107] This is often referred to as the “economics of steel production.” This characteristic is particularly important when there are conditions of overcapacity, as a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer's variable costs are covered.

Substitutability of OCTG

[108] The significant number of anti-dumping measures involving steel products, both in Canada and other jurisdictions, can be related, in large part, to the very nature of the products and the industry.

[109] The factors that relate to the nature of the product include the substitutability of OCTG made to API 5CT specification, as well as the capital intensive nature of steel production. The combined effects of these characteristics can have a significant impact on pricing.

[110] Generally speaking, seamless casing produced to the API 5CT specification or equivalent proprietary standard by a producer in a given country is physically interchangeable with seamless casing produced to the same specification in any other country. As such, the goods compete amongst themselves regardless of origin and share the same channels of distribution and the same potential customers. This characteristic means that seamless casing must compete in a market that is extremely price sensitive, where price is one of the primary factors affecting purchasing decisions from customers. Furthermore, because of this high degree of price sensitivity, prices in a given market may tend to converge over time towards the lowest available price offerings.

[111] Given the substitutability and the commodity nature of OCTG, when anti-dumping measures are put in place for OCTG from a particular country, other sources of OCTG emerge. This is evident from the number of measures in Canada, both historically and currently, with respect to OCTG.

Steel Market Developments and Trends

[112] According to information on the record, both global steel making and actual capacity remained relatively leveled over the POR.

[113] According to World Steel Association (WSA), the world production of crude steel was 1.88 billion MTs in 2020, climbed to 1.96 billion MTs in 2021 and regressed to 1.89 billion MTs in 2022, with a near identical forecast for 2023.⁷⁹

[114] According to the Organisation for Economic Co-operation and Development (OECD), global steelmaking capacity reported slight increases year over year during the POR. In 2020, the OECD reported this figure at 2.42 billion MTs, 2.43 billion MTs in 2021 and 2.44 billion MTs in 2022, with a projected forecast of 2.5 billion MTs in 2023.⁸⁰

[115] Respecting China, its crude steelmaking capacity was also relatively stable throughout the POR, reaching 1.15 billion MTs in each year of the POR, with an estimated capacity of 1.18 billion MTs in 2023.⁸¹

[116] China is the largest steel producing country in the world.⁸² Information on the record indicates that China's crude steel production climbed over 1 billion MTs in both 2020 and 2021.⁸³

[117] China is also the number one steel exporting country in the world. In respect of seamless OCTG specifically, China reportedly exported more than three times the next closest country.⁸⁴

⁷⁹ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Non-confidential Attachments; Attachment Q28(b), Annex D: “Data For Global Crude Steelmaking Capacity and Crude Steel Production,” page 955 of 966 (document page 49 of 52).

⁸⁰ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Non-confidential Attachments; Attachment Q28(b), Annex D: “Data For Global Crude Steelmaking Capacity and Crude Steel Production,” page 955 of 966 (document page 49 of 52).

⁸¹ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Non-confidential Attachments; Attachment Q28(b), Annex D: “Data For Global Crude Steelmaking Capacity and Crude Steel Production,” page 912 of 966 (document page 6 of 52).

⁸² It was previously mentioned in the ERR that world steel production was 1.89 billion MT in 2022 and these Chinese figures are clearly over half. See world steel production figures in: Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Non-confidential Attachments; Attachment Q28(b), Annex D: “Data For Global Crude Steelmaking Capacity and Crude Steel Production,” page 955 of 966 (document page 49 of 52).

⁸³ Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 28: United States Trade Representative, “2022 Report to Congress on China’s WTO Compliance” (February 2023), document page 28, (Attachment page 990/2,180).

⁸⁴ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Tab: Seamless OCTG Exports).

OCTG Developments

[118] The oil and gas industry is heavily impacted by global oil prices. As a result of the global COVID-19 pandemic, commodity prices, including oil crashed in Q1-2020. The West Texas Intermediate (WTI) and Western Canadian Select (WCS) prices, benchmarks in oil pricing, fell to under US\$20 a barrel in early Q2-2020. The world price rose steadily from that point, with the WTI reaching over US\$115 a barrel in Q2-2022, before settling closer to US\$80 a barrel by the end of the POR.⁸⁵

[119] Looking beyond the POR, BMO’s commodity analysts expect oil prices to increase slightly and stabilize in 2024:

“As a result, we remain comfortable with our current WTI forecast of US\$85/bbl for the rest of 2023 and \$82.50 for 2024. Meanwhile, the discount of Western Canada Select (WCS)—a blend of heavy oil produced in Alberta—to WTI has recently widened to roughly US\$20/bbl (vs. historical norm of \$15) as a number of refineries have pulled forward maintenance.”⁸⁶

[120] The demand for OCTG is driven by drilling activity, which is reflected in part, in the number of active rigs used. Evraz stated that “the market for OCTG moves in tandem with oil and gas exploration and production, which is closely tied to the number of operating rigs at any given time.”⁸⁷

[121] The data in **Table 4** below was reported by oil industry tracker, Baker Hughes, for the POR.

Table 4
Canadian Rig Counts
(2020 – 2023)⁸⁸

Year	Active Rigs (Average)	% Change YoY
2020	90	-
2021	131	46%
2022	176	34%
2023 (January – October)	177	No material change

⁸⁵ Exhibit 35 (NC) – Close of record documents – Tenaris Canada, Attachment 2, page 5-6: BMO, Quarterly Forecast Update Edition, “Commodities Headed for a Fright?”

⁸⁶ Exhibit 35 (NC) – Close of record documents – Tenaris Canada, Attachment 2, page 5-6: BMO, Quarterly Forecast Update Edition, “Commodities Headed for a Fright?”

⁸⁷ Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 20.

⁸⁸ Exhibit 33 (NC) – Close of record documents – Evraz, Exhibit 4: “Baker Hughes, “Worldwide Rig Count” (November 3, 2023).

[122] The demand for OCTG is driven by drilling activity, which is in turn is driven by oil prices. Canada is one of the largest OCTG markets in the world. Global OCTG consumption, including both welded and seamless products, increased from 10.9 million MTs in 2020 to 13.5 million MTs in 2021 and to 15.2 million MTs in 2022. **Table 5** below summarizes specifically the global seamless OCTG demand from 2020 to 2023 and the year-over-year percentage changes for the period:

Table 5
Global Seamless OCTG Consumption
(2020 – 2023)⁸⁹

Year	Seamless OCTG Consumption (Million MTs)	% Change YoY
2020	8,828	-
2021	10,649	21%
2022	11,278	6%
2023*	11,289	No material change

**2023 prorated based on H1-2023*

[123] According to **Table 5**, the largest jump, given the state of the world economy in 2020, came in 2021, where global demand grew 21% but has since leveled off by the end of the POR. In respect to the consumption of OCTG (seamless and welded) in the Canadian market, Rystad estimated the consumption at roughly 650,000 MTs for 2022, with a forecasted consumption in 2023 of about 700,000 MTs.⁹⁰

[124] Following the same trend as the global oil prices during the POR, OCTG spot market prices, reported by industry tracker Pipe Logix, soared in 2022 before declining steadily at the beginning of 2023. Average OCTG prices reported in Pipe Logix reached a high in September 2022 but declined by over 38% by September 2023.⁹¹

⁸⁹ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Tab: Apparent Consumption of Seamless OCTG).

⁹⁰ Exhibit 15 (PRO) – CBSA Supplemental Research, Rystad OCTG Report, September 2023, page 35 of 59.

⁹¹ Exhibit 34 (PRO) – Close of record documents – Tenaris. Attachment: “Supporting documents of Tenaris Canada,” Argus Pipe Logix OCTG Price Guide, September 27, 2023; page 25 of 49.

Likelihood of Continued or Resumed Dumping

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

- Excess production and high export dependency for Chinese OCTG exporters/producers;
- Inability to sell seamless casing in Canada at non-dumped prices;
- Continued interest for Chinese seamless casing exporters in the Canadian market;
- Trade measures on steel imports in the United States and likely diversion of Chinese OCTG into Canada; and
- Anti-dumping measures in place in Canada and in other jurisdictions concerning steel tubular goods from China, including OCTG and seamless pipe demonstrate a pattern of dumping.

[126] As mentioned earlier in this Statement of Reasons, the CBSA received ERQ responses from three Canadian producers (Evraz , Tenaris and Welded Tube), three importers (Imex, Concourse Petroleum and Cantak) and one exporter (Shengli Oilfield). In addition to ERQ responses, the Canadian producers also submitted case briefs. Cantak also provided a reply submission.

[127] The CBSA relied on information submitted by these parties, as well as other information on the administrative record for purposes of this expiry review investigation.

[128] While the CBSA acknowledges the abundance and scope of information submitted for the record, its consideration and analysis of the information was careful to separate reliable facts from mere allegation and conjecture,⁹² so as to ensure a well-reasoned and supported analysis.

Excess production and high export dependency for Chinese OCTG exporters/producers

[129] The information on the record demonstrates that China is dependant on export markets to absorb substantial amounts of its OCTG production. It is the actual production, however, rather than the aggregate theoretical capacity, which is the primary threat for dumped exports of subject goods.

[130] Chinese seamless OCTG producer Tianjin Pipe Company (TPCO), for example, has a reported capacity for seamless pipes of 3 million MTs and is the largest OCTG producer in China.

⁹² Exhibit 45 (NC) – Cantak Reply Submission, paragraph 24.

[131] Notwithstanding the exceptional year for OCTG consumption in many world markets in 2022, including both Canada and the United States, TPCO used only 27% of its stated capacity to produce seamless OCTG.⁹³ Furthermore, although the North American and other world markets surged in demand for seamless OCTG in 2022, China's overall apparent consumption of seamless OCTG dropped by 23% in 2022 from 2021, which would put pressure on more exports.

[132] Information on the record estimated China's seamless OCTG exports nearly doubled in 2022 from 2021 to 1.735 million MTs and continued the upwards trend to 1.34 million MTs in H1-2023.⁹⁴ As such, the growth in exports has been substantial.

[133] Information on the record estimated Chinese seamless OCTG domestic consumption at roughly 2.8 million MTs in 2022, with production of over 5 million MTs.⁹⁵ As such, the information on the record clearly supports the argument that China is significantly leveraged towards exports. The near doubling of China's seamless OCTG exports in 2022 from 2021 can be directly tied to China's decrease in apparent consumption which fell substantially in 2022, demonstrating how quickly China can pivot towards export markets when domestic demand wanes.⁹⁶

[134] The evidence on the record clearly demonstrates that China has consistently high levels of seamless OCTG production, including seamless casing and will continue to feel pressure to export subject goods to maintain production levels amidst declining domestic consumption. China's export orientation during the POR also demonstrates that Canada is a likely destination target for those exports. As a result, should the CITT order be rescinded, the Chinese excess production and the resulting export dependence may increase the likelihood of continued or resumed dumping.

Inability to sell seamless casing in Canada at non-dumped prices

[135] As seen in **Table 2** of this Statement of Reasons, import volumes of subject goods increased significantly from 2,201 MTs in 2020 to 13,490 MTs in 2021 to 143,028 MTs in 2022. **Table 3** earlier in this Statement of Reasons revealed that nearly \$28 million in SIMA duties were collected for 2022, by far the largest in the POR. As such, a substantial increase in the volume of imports of subject goods was accompanied by a substantial increase in SIMA duty assessments. 2022 also represented the highest ratio of SIMA duties collected to value of subject exports at roughly 10%, compared to the roughly 1% in 2020 and 2021, demonstrating the magnitude of dumping that occurred.⁹⁷

⁹³ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q30(a): Tenaris competitor report for six Chinese OCTG producers, slide 2 of 6.

⁹⁴ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Tab: Seamless OCTG Exports China).

⁹⁵ Exhibit 34 (PRO) – Close of record documents – Tenaris, Attachment: “Supporting documents of Tenaris Canada,” Attachment 13: “1Q23 Asia Pacific Pipe Market Monitor, page 7 of 8.

⁹⁶ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Tabs: Seamless OCTG Exports China and Seamless OCTG Market).

⁹⁷ This demonstrates that the increase in SIMA duties was not solely the result of increasing volumes, but also the result of a higher ratio of SIMA duties (i.e. dumping) per dollar exported.

[136] Imports regressed in the first six-months of 2023, following the re-investigation which concluded on March 17, 2023. Over the course of the entire POR, China accounted for 30.8% of all imports of seamless casing.

[137] **Table 6** below summarizes imports of seamless casing from China and other countries from 2020 to H1-2023:

Table 6
Import Volumes of Seamless Casing
(As % of Total Imports)⁹⁸

Country	2020	2021	2022	January-June 2023	POR
China	2.8%	12.3%	43.9%	30.2%	30.8%
Other Countries	97.2%	87.7%	56.1%	69.8%	69.2%
Total Imports	100%	100%	100%	100%	100%

[138] **Table 7** below further presents the CBSA’s analysis of unit selling prices of seamless casing from China and other countries during the POR:

Table 7
Unit Selling Price of Seamless Casing
(CAN\$ per Metric Tonne)⁹⁹

Country	2020	2021	2022	January-June 2023
China	\$1,828	\$1,526	\$2,086	\$2,622
Other Countries	\$2,016	\$1,846	\$2,723	\$3,612

[139] The data presented in the table above clearly demonstrates that the unit-selling prices of seamless casing from China were consistently below the selling prices offered by exporters from other countries to Canada during the entire POR. Particularly, in 2022, Chinese exporters sold subject goods to Canada at prices which were approximately 23% below the prices offered by exporters from other countries.¹⁰⁰

⁹⁸ Exhibit 39 (NC) – CBSA’s Final Import and Domestic Market Statistics.

⁹⁹ Exhibit 39 (NC) – CBSA’s Final Import and Domestic Market Statistics.

¹⁰⁰ **Note:** The CBSA acknowledges the limitation of inference that can be drawn from this comparison given the likely differentiation of product mix between the categories.

[140] It is noted that since export price captures only one element of the dumping calculation, the manner in which the normal value is calculated is necessary to ascertain if any actual dumping is calculable.

[141] Nonetheless, as noted earlier, nearly \$28 million in SIMA duties were assessed on imports of subject goods from China during 2022 alone. This is the most compelling evidence that demonstrates Chinese exporters of subject goods were unable to compete in the Canadian market at non-dumped prices. As a result, should the CITT order be rescinded, the inability of the Chinese exporters to sell seamless casing in Canada at non-dumped prices may increase the likelihood of continued or resumed dumping.

Continued interest for Chinese seamless casing exporters in the Canadian market

[142] Since the CITT finding was put in place in 2008, Chinese exporters of seamless casing have demonstrated continued interest in the Canadian market. Since the last expiry review, at least ten Chinese exporters have participated in each of the three normal value re-investigations concerning OCTG from China, which concluded in 2020, 2022 and 2023, respectively. As noted earlier in this report, Shengli Oilfield also participated in this expiry review investigation, through a response to the ERQ. The recurring participation by Chinese producers of seamless casing in these processes suggests a continued interest in the Canadian market.

[143] Moreover, the magnitude of the volume of Chinese seamless casing exports in the latter part of the POR demonstrates that China maintains a significant interest in the Canadian market. An analysis of the record also indicates that China's interest in the market is aided by a growing demand for seamless casing in Canada,¹⁰¹ the demand for imports in Canada to supplement domestic supply and the attraction of higher prices in Canada in comparison to other non-US export markets.¹⁰²

[144] According to data provided by Tenaris, the volume of seamless OCTG exported to Canada from China in 2022 was considerably more than the previous four years combined.¹⁰³

[145] In response to the surge in exports from China, Tenaris stated:

“China's export orientation (largest global exporter) and world leading excess capacity enabled it to quickly flood the Canadian market in 2022 once Canadian normal values became stale. The lack of attention paid to importers' reporting and pricing obligations imposed by CBSA and the Special Import Measures Act meant that large volumes of low priced Seamless Casing from China was available to Canadian distributors and end users on 3 month or less lead times.”¹⁰⁴

¹⁰¹ Table 2 – Imports of Seamless Casing (Volume in Metric Tonnes).

¹⁰² Exhibit 42 (NC) – Evraz and Welded Tube Case Brief, paragraph 49.

¹⁰³ Exhibit 34 (PRO) – Close of record documents – Tenaris. Attachment: “Supporting documents of Tenaris Canada,” Attachment 13: “1Q23 Asia Pacific Pipe Market Monitor, page 7 of 8.

¹⁰⁴ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Question 17.

[146] Information on the record indicates that demand for OCTG in Canada in 2022, including imports of Chinese OCTG specifically, was particularly strong and this helped drive the import surge. According to **Table 2** of this Statement of Reasons, imports from China increased more than ten-fold in 2022 from 2021 to 143,028 MTs.¹⁰⁵

[147] Other indicators support the view that the demand for OCTG in Canada began a significant upswing in 2022. Other metrics, such as the rig count in Canada in **Table 4** reveals a similar increase at 34% over the same period.

[148] Looking at the earlier part of the POR, a further symmetry appears to exist between the growth in the Canadian market for seamless casing and the increase in rig counts. From 2020 to 2021, the apparent Canadian market for seamless casing grew 42%.¹⁰⁶ Similarly, the growth in in Canadian rig counts was 46% as per **Table 4**.

[149] Information on the protected record indicated that most of the Canadian demand for seamless casing from China is heat-treated.

[150] Regarding the availability of material, importer Concourse Petroleum remarked:

“In 2022, Concourse experienced difficulties in sourcing casing/tubing from the domestic market for our own drilling and completion operations, so we turned to direct contact with casing/tubing mills in China and imported casings from China based on our forecast. Due to changes in the drilling plan, we will be selling the excess inventory into the markets.”¹⁰⁷

[151] The Canadian producers had alleged that:

“The surge in low priced Chinese OCTG imports during 2022 and Q1 2023 captured market that would have been served by domestic producers and over-filled inventories that prevented domestic replenishment that would have occurred in accordance with ongoing market consumption.”¹⁰⁸

[152] With a Canadian market that grew substantially in 2022, the protected record for this expiry review revealed that imports were needed to satisfy the demand. As such, distributors in Canada resorted to imports to which Chinese exporters responded quickly, demonstrating their continued interest in the Canadian market.

¹⁰⁵ Table 2 – Imports of Seamless Casing (Volume in Metric Tonnes).

¹⁰⁶ Exhibit 40 (PRO) – CBSA’s Final Import and Domestic Market Statistics.

¹⁰⁷ Exhibit 31 (NC) – Response to Importer ERQ – Concourse Petroleum; Q4(a).

¹⁰⁸ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Question 17.

[153] The premium price available in Canada for seamless casing in comparison to other non-US markets is another clear incentive which would have attracted Chinese seamless casing to Canada during the POR, given that the US market is effectively closed to them.

[154] The projected strength of the Canadian market moving forward into 2024 and beyond, detailed earlier in this Statement of Reasons, should serve to maintain price advantages over other markets and to help maintain the Chinese interest in the Canadian seamless casing market.

[155] The analysis of the record demonstrates that China's interest in the Canadian seamless casing market is driven largely by a growing demand for seamless casing, the need for imports to supplement domestic supply and the attraction of higher prices in Canada in comparison to other non-US export markets. As a result, should the CITT order be rescinded, the continued interest for Chinese seamless casing exporters in the Canadian market may increase the likelihood of continued or resumed dumping.

Tariff measures on steel imports in the United States and likely diversion of Chinese OCTG into Canada

[156] Since 2018, the United States has imposed a 25% tariff under section 232 of the *US Trade Expansion Act* of 1962 and currently has a 7.5% tariff under section 301 of the *Trade Act of 1974* on imports of steel from China and other countries. The products covered include a wide range of steel goods including seamless casing and other OCTG.¹⁰⁹

[157] The information on the record indicates that although it is by far the largest exporter of (and the United States the largest consumer of) seamless OCTG in the world,¹¹⁰ China exports only small quantities of seamless OCTG to the United States. The United States is not even in China's top ten export destinations for seamless OCTG based on average tonnage over the last six years.¹¹¹

[158] By contrast, China's overall exports of seamless OCTG in 2022 were over 1.76 million MTs.¹¹² The scope of Chinese exports of seamless OCTG represented roughly 37% of the world volume of exports in 2022.¹¹³

¹⁰⁹ Exhibit 24 (NC) – Response to Canadian Producer ERQ – Evraz, Attachment Q28-6: Presidential Proclamation, “Adjusting Imports of Steel into the United States,” Proclamation 9705 of March 8, 2018; Attachment Q28-7: Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 83 FR 14906 (April 6, 2018). **Note:** See page 222 of 227: “the U.S. Trade Representative has determined to modify the action being taken in this Section 301 investigation by reducing the rate of additional duty on certain products of China from 15 percent to 7.5 percent.”

¹¹⁰ Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Question 28.

¹¹¹ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Tab: Seamless OCTG Exports China).

¹¹² Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris Canada, Question 28.

¹¹³ Exhibit 29 (PRO) – Response to Canadian Producer ERQ – Tenaris Canada, Attachment Q28(d): Fastmarkets Report (Tab: Seamless OCTG Exports China).

[159] As a consequence, the evidence strongly suggests that these measures are contributing to prevent Chinese OCTG from entering the US market, leaving Canada vulnerable to absorb the enormous volume of seamless OCTG China has traditionally exported.

[160] Due to the geographic proximity of the United States and Canada and the importance of the oil and gas industry in Canada, the imposition of a combined 32.5% tariff on steel imports into the United States from China only exacerbates the effects of anti-dumping and countervailing measures in the United States and is likely to continue to cause certain volumes of seamless casing that would otherwise be exported to the United States, to be diverted to Canada.

[161] As a result, should the CITT order be rescinded, the trade measures on steel imports in the United States may increase the likelihood of diversion of Chinese OCTG into Canada and the likelihood of continued or resumed dumping.

Anti-dumping measures in place in Canada and in other jurisdictions concerning steel tubular goods from China, including OCTG and seamless pipe demonstrate a pattern of dumping

[162] In addition to the seamless casing measures, the CBSA currently has six anti-dumping measures in place against steel tubular products originating in or exported from China : *Oil Country Tubular Goods 1, Pup Joints, Line Pipe, Large Line Pipe, Carbon Steel Welded Pipe and Piling Pipe*.¹¹⁴

[163] In addition to these measures in Canada, information on the administrative record indicates that there are numerous anti-dumping measures in place in other jurisdictions against steel tubular products from China, including seamless OCTG. **Table 8** below summarizes those anti-dumping measures:

¹¹⁴ CBSA Measures in Force – [Measures in force \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca).

Table 8
Anti-dumping Measures in Other Jurisdictions against Chinese Tubular Goods¹¹⁵

Country	Description of Goods	Measure in Force Since
India	Stainless-steel seamless tubes and pipes	2022-12-20
Australia	Precision pipe and steel tube	2021-09-28
Colombia	Seamless or welded steel pipes	2021-02-16
Russian Federation	Welded tubes of stainless steel	2021-02-12
Kyrgyz Republic	Welded tubes of stainless steel	2021-02-12
Armenia	Welded tubes of stainless steel	2021-02-12
Kazakhstan	Welded tubes of stainless steel	2021-02-12
United Kingdom	Welded tubes and pipes of iron or non-alloy steel	2021-01-01
Russian Federation	Hot-worked seamless pipes and tubes of stainless steel	2019-12-06
Kyrgyz Republic	Hot-worked seamless pipes and tubes of stainless steel	2019-12-06
Armenia	Hot-worked seamless pipes and tubes of stainless steel	2019-12-06
Kazakhstan	Hot-worked seamless pipes and tubes of stainless steel	2019-12-06
United States	Large diameter welded Pipe	2019-03-06
United States	Certain cold drawn mechanical tubing of carbon and alloy steel	2018-06-11
Argentina	Line pipes of a kind used for oil or gas pipelines	2018-05-24
Mexico	Carbon and alloy steel tubing	2018-03-18
Thailand	Iron steel pipe and tube	2017-07-19
European Union	Certain seamless pipes and tubes of iron (other than cast iron) or steel	2017-05-12
Thailand	Stainless steel pipe and tube	2016-09-16
Türkiye	Seamless tubes, pipes and hollow profiles of iron (other than cast iron) or steel	2016-08-04
Brazil	Seamless carbon-steel tubes non-alloy	2016-07-21
Kyrgyz Republic	Seamless steel oil country tubular goods	2015-08-24
Armenia	Seamless steel oil country tubular goods	2015-08-24
Kazakhstan	Seamless steel oil country tubular goods	2015-08-24
Russian Federation	Seamless steel oil country tubular goods	2015-08-24
Ukraine	Seamless steel pipes	2014-11-29
Mexico	Seamless steel tubing	2014-01-07
Brazil	Line pipe for oil and gas pipelines, of seamless iron (other than cast iron) or steel	2013-11-04
Brazil	Seamed tubes of austenitic stainless steel of circular section	2013-07-29
Armenia	Cold-worked seamless pipes and tubes of stainless steel	2013-05-15
Russian Federation	Cold-worked seamless pipes and tubes of stainless steel	2013-04-15
Kyrgyz Republic	Cold-worked seamless pipes and tubes of stainless steel	2013-05-15
Kazakhstan	Cold-worked seamless pipes and tubes of stainless steel	2013-04-09
Türkiye	Welded stainless steel tubes, pipes & profiles	2013-03-15
Colombia	Casing and tubing	2012-01-12
European Union	Seamless pipes and tubes of stainless steel	2011-12-20
Brazil	Line pipe	2011-09-08
Mexico	Seamless steel tubing	2011-02-24
United States	Seamless carbon and alloy steel standard, line and pressure pipe	2010-11-10
United States	Oil country tubular goods	2010-03-23
United States	Circular welded austenitic stainless pressure pipe	2009-03-17
European Union	Welded tubes and pipes of iron or non-alloy steel	2008-12-19
United States	Light-walled rectangular pipe and tube	2008-08-05
United States	Circular welded carbon quality steel pipe	2008-07-22

¹¹⁵ Exhibit 24 (NC) – Response to Canadian Producer ERQ – Evraz, Attachment Q28-14: “WTO Anti-Dumping Measures.”

[164] The above-mentioned measures in Canada and the many anti-dumping measures in other jurisdictions against Chinese steel tubular products clearly demonstrates that Chinese exporters have a propensity to dump steel tubular products into Canada and other export markets. In absence of the CITT's order, this pattern of behavior contributes to the likelihood of continued or resumed dumping by Chinese seamless OCTG exporters.

Determination Regarding Likelihood of Continued or Resumed Dumping

[165] Based on the information on the administrative record demonstrating that Chinese exporters/producers of seamless casing have: significant excess production and high export dependency; the inability to sell seamless casing in Canada at non dumped prices; a continued interest in the Canadian market; continuing trade measures on steel imports in the United States; and anti-dumping measures in place in Canada and in other jurisdictions on steel tubular goods, the CBSA has determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain seamless casing originating in or exported from China.

POSITION OF THE PARTIES – SUBSIDIZING

Parties Contending that Continued or Resumed Subsidizing is Likely

[166] The Canadian producers alleged that the subsidizing of certain seamless casing from China is likely to continue or resume should the CITT's order expire.

[167] The Canadian producers cited information on the record which documented the amount of subsidies received by numerous large Chinese steel firms, including those with API 5CT licenses. For example, the Canadian producers stated:

“The Chinese steel firms benefiting from these subsidies include API 5CT licensees, such as: Baosteel; Inner Mongolia Baotou Steel; Hunan Valin Steel, whose subsidiary Hengyang Valin Steel Tube is a API 5CT licensee; and CITIC, whose subsidiaries Daye Special Steel, Jiangjiang Special Steel, and Tianjin Pipe are API 5CT licensees...These companies alone reported receiving US\$274 million in government subsidies during the POR...”¹¹⁶

[168] The Canadian producers also cited specific examples with respect to companies for which the CBSA currently has established subsidy rates for in respect of seamless casing, namely, Dalipal Pipe and Shengli Oilfield.¹¹⁷ These examples reported the inclusion of subsidies from the domestic government in the company's own financial statements.

¹¹⁶ Exhibit 42 (NC) – Evraz Case Brief, paragraph 56.

¹¹⁷ Exhibit 42 (NC) – Evraz Case Brief, paragraph 57. Exhibit 27 (PRO) – Response to Exporter ERQ – Shengli Oilfield: Attachment Q28, folders A1 and A2 (audited financial statements 2021 and 2022). See item 25, “subsidies income.” Exhibit 24 (NC) – Response to Canadian Producer ERQ – Evraz, Attachment Q28-18, page 9 of 30 (Dalipal financial statements).

[169] The Canadian producers noted that the CBSA had found many Chinese tubular producers received subsidies in several subsidy cases, including *Oil Country Tubular Goods, Line Pipe and Large Line Pipe*. They surmised that “these findings are particularly relevant given the similarities between these products and the subject goods, which can often be manufactured on the same equipment by the same companies.”¹¹⁸

[170] The Canadian producers further noted that the United States has countervailing measures in place against Chinese tubular goods subsidized by the GOC, including *Oil Country Tubular Goods, Large Diameter Welded Pipe, Circular Welded Carbon Quality Steel Line Pipe, Circular Quality Steel Pipe, Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe and Light-Walled Rectangular Pipe and Tube*.¹¹⁹

[171] With reference to the GOC notification to the WTO, the Canadian producers noted:

“recent subsidy notifications from China to the WTO show the plenitude of subsidy programs available to Chinese industry, some applicable regardless of industry sector. China maintains many of the subsidy programs (or their equivalents) that were identified in the original investigation into subject goods: it still provides preferential tax treatment and refunds for enterprises established in special economic zones and in regions where energy tubulars are produced, such as Tianjin and Jiangsu Province, preferential tax treatment for research and development expenses, for foreign-invested enterprises, and subsidies for enterprises recognized as high or new technology enterprises. Subsidization generally, and of the steel industry (including seamless casing) in particular, continues and will continue to be a mainstay of Chinese government policy and practice.”¹²⁰

[172] The Canadian producers concluded that Chinese seamless casing exporters who received countervailable subsidies will continue to receive such benefits should the CITT’s order expire.

Parties Contending that Continued or Resumed Subsidizing is Unlikely

[173] None of the parties contended that resumed or continued subsidizing of subject goods from China is unlikely should the CITT’s order expire.

CONSIDERATION AND ANALYSIS – SUBSIDIZING

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

¹¹⁸ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 74.

¹¹⁹ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 58; Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris, Attachment Q30(d).

¹²⁰ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 72.

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

- the continued availability of subsidy programs for OCTG exporters in China; and
- the countervailing measures against Chinese steel tubular products in Canada and the United States.

The continued availability of subsidy programs for OCTG exporters in China

[176] At the time of the CBSA's original subsidy investigation in 2008, the CBSA identified 31 subsidy programs and found that 10 of the 31 identified programs had conferred benefits to the cooperative exporters.

[177] The CBSA found that 100% of the goods exported from China were subsidized. The weighted average amount of subsidy, expressed as a percentage of the export price, was equal to 19%. The amounts of subsidy found for the cooperative exporters ranged from 160 to 790 Renminbi (RMB) per MT. For all other exporters, the amount of subsidy was determined under Ministerial Specification pursuant to subsection 30.4(2) of SIMA. The amount of subsidy found for non-cooperative exporters was equal to 3,381 RMB/MT.¹²¹

[178] Detailed descriptions of the programs and explanations as to why they were regarded as countervailable subsidies are contained in the CBSA's Statement of Reasons issued at the final determination.¹²²

[179] In the 2011 re-investigation, the CBSA identified 59 potentially actionable subsidy programs.¹²³ During the course of the re-investigation, fifteen Chinese exporters participated and received updated amounts of subsidy, and the amounts of subsidy found for the cooperative exporters ranged from 24.25 to 252.51 RMB/MT.¹²⁴

[180] In the 2015 re-investigation, the CBSA identified a total of 113 potentially actionable subsidy programs. Twelve Chinese OCTG exporters participated and received updated amounts of subsidy. The amounts of subsidy found for the cooperative exporters ranged from 2.2 to 1,066.56 RMB/MT.¹²⁵

¹²¹ [ARCHIVED - SIMA - Statement of reasons - Certain seamless carbon or alloy steel oil and gas well casing \(cbsa-asfc.gc.ca\)](#)

¹²² CBSA Final Determination Statement of Reasons (Seamless casing investigation, February 22, 2008).

[ARCHIVED - SIMA - Statement of reasons - Certain seamless carbon or alloy steel oil and gas well casing \(cbsa-asfc.gc.ca\)](#), Appendix 3.

¹²³ CBSA Statement of Reasons (Seamless casing expiry review, November 9, 2012).

[ARCHIVED - SIMA - Expiry Review Decision - Certain Seamless Casing \(cbsa-asfc.gc.ca\)](#)

¹²⁴ CBSA Notice of Conclusion of Re-investigation, November 7, 2011.

<http://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/cv122-125/cv122-ri11-nc-eng.html>.

¹²⁵ CBSA Notice of Conclusion of Re-investigation, December 14, 2015.

[Archived - SIMA - Notice of Conclusion of Re-investigation - Certain Seamless Casing, Certain Oil Country Tubular Goods And Certain Pup Joints \(cbsa-asfc.gc.ca\)](#)

[181] Since the 2015 re-investigation, the CBSA has also concluded several normal value reviews, which included the determination of amounts of subsidy for Chinese exporters of seamless casing. The most recent determinations are summarized as follows:

[182] On October 11, 2022, the CBSA concluded a normal value review to update normal values, export prices and amounts of subsidy applicable to seamless casing exported from China by JingJiang Special Steel Co., Ltd. (JJSS).¹²⁶ The amount of subsidy determined for JJSS was 136.68 RMB/MT.

[183] On April 11, 2023, the CBSA concluded a normal value review to update normal values, export prices and amounts of subsidy applicable to seamless casing exported from China by Dalipal Pipe Company (Dalipal).¹²⁷ The amount of subsidy determined for Dalipal was 21.31 RMB/MT.¹²⁸

[184] Although the GOC did not cooperate with the CBSA in recent subsidy proceedings, the GOC has made recent notifications to the World Trade Organization (WTO) of its subsidy programs, including one in July of 2023. The extensive list of subsidies disclosed by the GOC included 69 subsidies at the central government level of various forms, with a particular focus on preferential tax treatments, including one for preferential tax treatment for oil and natural gas production enterprises.¹²⁹

[185] Consequently, the record is clear that since the final determination of the original investigation and throughout the period of review, the GOC has made subsidy programs available to producers/exporters of seamless casing in China. As a result, should the CITT order be rescinded, the continued availability of subsidy programs for OCTG exporters in China, may increase the likelihood of continued or resumed subsidizing.

The countervailing measures against Chinese steel tubular products in Canada and in the United States

[186] In addition to the seamless casing measures, the CBSA currently has six countervailing measures in place against steel tubular products originating in or exported from China: *Oil Country Tubular Goods, Pup Joints, Line Pipe, Large Line Pipe, Carbon Steel Welded Pipe and Piling Pipe*.¹³⁰

¹²⁶ CBSA Conclusion of Normal Value Review for JingJiang Special Steel Co., Ltd. (Seamless casing NVR, October 11, 2022).

[Seamless casing SC 2022 UP1 Conclusion of normal value review \(cbsa-asfc.gc.ca\)](#)

The amount of subsidy determined for JJSS for future shipments is 136.68 RMB per metric tonne.

¹²⁷ CBSA Conclusion of Normal Value Review for Dalipal Pipe (Seamless casing NVR, April 11, 2023).

[Conclusion of normal value review: Oil country tubular goods and seamless casing \(OS 2022 UP1\) \(cbsa-asfc.gc.ca\)](#). The amount of subsidy determined for Dalipal for future shipments is 21.31 RMB per metric tonne.

¹²⁸ [Seamless casing: Measures in force \(cbsa-asfc.gc.ca\)](#)

¹²⁹ Exhibit 37 (NC) – Close of record documents – CBSA. China Notification of Subsidies to WTO, July 20, 2023, page 39 of 161. Subsidy 33: “Policies on the urban land use tax of oil and gas production enterprises.”

¹³⁰ CBSA Measures in Force – [Measures in force \(cbsa-asfc.gc.ca\)](#).

[187] Information on the administrative record also indicates that the United States has seven countervailing measures against steel tubular products from China. The products that are subject to the United States countervailing measures include: *Oil Country Tubular Goods, Large Diameter Welded Pipe, Circular Welded Austenitic Stainless Pressure Pipe, Circular Welded Carbon Quality Steel Line Pipe, Circular Welded Carbon Quality Steel Pipe, Light-Walled Rectangular Pipe and Tube, and Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe.*¹³¹

[188] The existence of thirteen countervailing measures in place in Canada and in the United States concerning OCTG and steel tubular products from China indicates that Chinese exporters/producers of steel tubular products receive countervailable benefits from the GOC and the GOC has placed a great deal of importance on its steel tube and pipe industry and subsidized it accordingly. The consistent subsidizing of OCTG throughout the POR and back to the original investigation support the position that the GOC will likely continue to subsidize its domestic seamless casing producers in the future. As a result, should the CITT order be rescinded, the countervailing measures against Chinese steel tubular products in Canada and the United States, may increase the likelihood of continued or resumed subsidizing.

Determination Regarding Likelihood of Continued or Resumed Subsidizing

[189] Based on the information on the administrative record in respect of the continued availability of subsidy programs for OCTG exporters in China and the countervailing measures against Chinese steel tubular products in Canada and the United States, the CBSA has determined that the expiry of the order is likely to result in the continuation or resumption of subsidizing of certain seamless casing originating in or exported from China.

CONCLUSION

[190] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of information on the record, on February 15, 2024, pursuant to paragraph 76.03(7)(a) of SIMA, the CBSA determined that the expiry of the order made by the CITT on November 28, 2018 in Expiry Review No. RR-2017-006:

- i. in respect of certain seamless casing originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods; and
- ii. in respect of certain seamless casing originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods.

¹³¹ Exhibit 44 (NC) – Tenaris Case Brief, paragraph 58; Exhibit 30 (NC) – Response to Canadian Producer ERQ – Tenaris, Attachment Q30(d).

FUTURE ACTION

[191] On February 16, 2024, the CITT commenced its inquiry to determine whether the expiry of the order with respect to the dumping and subsidizing of the goods from China is likely to result in injury. The CITT's Expiry Review schedule indicates that it will make its decision by July 24, 2024.

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

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

INFORMATION

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

Mail: SIMA Registry and Disclosure Unit
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