



LP 2021 ER

OTTAWA, August 13, 2021

STATEMENT OF REASONS

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

THE DUMPING AND SUBSIDIZING OF CARBON AND ALLOY STEEL LINE PIPE FROM CHINA

DECISION

On July 30, 2021, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the finding made by the Canadian International Trade Tribunal on March 29, 2016, in Inquiry No. NQ-2015-002:

- i. is likely to result in the continuation or resumption of dumping of certain carbon and alloy steel line pipe originating in or exported from China; and
- ii. is likely to result in the continuation or resumption of subsidizing of certain carbon and alloy steel line pipe originating in or exported from China.

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EXECUTIVE SUMMARY

[1] On March 5, 2021, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its finding made on March 29, 2016, in Inquiry No. NQ-2015-002, concerning the dumping and subsidizing of certain carbon and alloy steel line pipe (line pipe) originating in or exported from China.

[2] As a result of the CITT's notice of expiry review, on March 8, 2021, 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 finding is likely to result in the continuation or resumption of dumping and/or subsidizing of the subject goods.

[3] The CBSA received three responses to its Canadian Producer Expiry Review Questionnaire (ERQ). Namely, the CBSA received ERQ responses from Bri-Steel Manufacturing (Bri-Steel)¹, Evraz Inc. NA Canada (Evraz)² and Tenaris Canada³. The submissions made by the Canadian producers included information supporting their position that continued or resumed dumping and subsidizing of line pipe from China is likely if the CITT's finding is rescinded.

[4] The CBSA did not receive any responses to the Importer ERQ or the Exporter ERQ. The CBSA also did not receive a response to the Foreign Government ERQ from the Government of China (GOC).

[5] In addition to responding to the ERQ, Tenaris Canada submitted supplementary information prior to the closing of the record.⁴ The CBSA also received case briefs filed on behalf of Evraz and Tenaris Canada.⁵ The case briefs submitted included arguments supporting the position that continued or resumed dumping and subsidizing of line pipe from China is likely if the CITT's finding is rescinded.

[6] No importers in Canada, exporters or producers located in the subject countries, provided a case brief or reply submission.

[7] Analysis of information on the administrative record indicates a likelihood of continued or resumed dumping into Canada of certain line pipe originating in or exported from China should the CITT's finding be rescinded. This analysis relied upon the following factors:

- Imports of Chinese Line Pipe During the POR
- Export Orientation of Chinese Line Pipe Producers
- Steel Overcapacity in China

¹ Exhibits 15 (PRO) & 16 (NC) – Bri-Steel's Response to Canadian Producer ERQ

² Exhibits 17 (PRO) & 18 (NC) – Evraz Inc.'s Response to Canadian Producer ERQ

³ Exhibits 19 (PRO) & 20 (NC) – Tenaris Canada's Response to Canadian Producer ERQ

⁴ Exhibits 22 (PRO) & 23 (NC) – Close of Record – Supporting documents from Tenaris Canada

⁵ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada; Exhibits 27 (PRO) & 28 (NC) – Case Briefs Filed on Behalf of Evraz

- Market Conditions
- Trade Measures in Canada and in Other Jurisdictions
- Ability of Chinese Producers of Energy Tubular Products to Shift Production Capacity

[8] In addition, analysis of information on the administrative record indicates a likelihood of continued or resumed subsidizing of certain line pipe originating in or exported from China should the CITT's finding be rescinded. This analysis relied upon the following factors:

- Trade Measures in Canada and in Other Jurisdictions
- Continued Availability of Subsidy Programs

[9] For the forgoing reasons, the CBSA, having considered the relevant information on the record, determined on July 30, 2021, pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding in respect of certain line pipe originating in or exported from China is likely to result in

- the continuation or resumption of dumping of the goods into Canada; and
- the continuation or resumption of subsidizing of the goods exported to Canada.

BACKGROUND

[10] On August 28, 2015, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of line pipe from China. The investigations followed a properly documented complaint received from EVRAZ Inc. NA Canada of Regina, Saskatchewan, and Canadian National Steel Corporation of Camrose, Alberta (collectively "Evraz") and Tenaris Global Services (Canada) Inc. of Calgary, Alberta, Algoma Tubes Inc. of Sault Ste. Marie, Ontario, and Prudential Steel Inc. of Calgary, Alberta, (collectively "Tenaris Canada") ("the complainants").

[11] On February 24, 2016, pursuant to subsection 41(1) of SIMA, the CBSA made final determinations⁶ of dumping and subsidizing in respect of subject line pipe originating in or exported from China.

[12] On March 29, 2016, pursuant to subsection 43(1) of SIMA⁷, the CITT found that the dumping and subsidizing of subject line pipe originating in or exported from China have caused injury to the Canadian domestic industry. On this date, the CITT also excluded from its injury finding unfinished seamless carbon or alloy steel line pipe in the form of mother tubes having outside diameters of 184, 197, 210, 235, 260, 286, 328, 350, 368, 377, 394, 402, 419, 426, 450, 475, 480, 500, 521, 530, 560, 585 or 610 mm, in wall thicknesses from 9 mm to 110 mm and in lengths ranging from 7.72 m to 15.24 m, not stenciled as meeting any line pipe product specification, but imported for use in the production, and not solely for finishing, of seamless

⁶ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

⁷ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CITT Finding & Reasons – Line Pipe (Inquiry No. NQ-2015-002, March 29, 2016)

line pipe made to any one or several of API 5L, CSAZ245.1, ISO 3183, ASTM A333, ASTM A335, ASTM A106, ASTM A53 or their equivalents.

[13] On January 14, 2021, pursuant to subsection 76.03(2) of SIMA, the CITT issued a notice concerning the expiry of its finding, which was scheduled to occur on March 28, 2021. Based on the information filed during the expiry process, the CITT decided that a review of the finding was warranted.⁸ On March 5, 2021, the CITT initiated an expiry review of its finding pursuant to subsection 76.03(3) of SIMA.

[14] On March 8, 2021, the CBSA commenced an expiry review investigation to determine whether the expiry of the finding is likely to result in continued or resumed dumping and/or subsidizing of the goods from China.

PRODUCT DEFINITION

[15] The goods subject to this expiry review investigation are defined as:

“Carbon and alloy steel line pipe originating in or exported from the People's Republic of China, welded or seamless, having an outside diameter from 2.375 inches (60.3 mm) up to and including 24 inches (609.6 mm), including line pipe meeting or supplied to meet any one or several of API 5L, CSA Z245.1, ISO 3183, ASTM A333, ASTM A106, ASTM A53-B or their equivalents, in all grades, whether or not meeting specifications for other end uses (e.g. single-, dual-, or multiple-certified, for use in oil and gas, piling pipe, or other applications), and regardless of end finish (plain ends, beveled ends, threaded ends, or threaded and coupled ends), surface finish (coated or uncoated), wall thickness, or length, excluding galvanized line pipe and excluding stainless steel line pipe (containing 10.5 percent or more by weight of chromium), excluding goods covered by the Canadian International Trade Tribunal's Finding in Inquiry No. NQ-2012-002, and goods covered by the Canadian International Trade Tribunal's order in Expiry Review No. RR-2012-003.”

[16] For greater certainty, the product definition includes:

- unfinished line pipe (including pipe that may or may not already be tested, inspected, and/or certified to line pipe specifications) originating in China and imported for use in the production or finishing of line pipe meeting final specifications, including outside diameter, grade, wall-thickness, length, end finish, or surface finish; and
- non-prime and secondary pipes ("limited service products").

⁸ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Notice of Expiry of Finding

Products excluded from the CITT's finding

[17] As discussed above, the Canadian International Trade Tribunal (CITT) excluded from its finding unfinished seamless carbon or alloy steel line pipe in the form of mother tubes having outside diameters of 184, 197, 210, 235, 260, 286, 328, 350, 368, 377, 394, 402, 419, 426, 450, 475, 480, 500, 521, 530, 560, 585 or 610 mm, in wall thicknesses from 9 mm to 110 mm and in lengths ranging from 7.72 m to 15.24 m, not stenciled as meeting any line pipe product specification, but imported for use in the production, and not solely for finishing, of seamless line pipe made to any one or several of API 5L, CSAZ245.1, ISO 3183, ASTM A333, ASTM A335, ASTM A106, ASTM A53 or their equivalents.

Additional Product Information⁹

[18] Pipe that is being sold for oil and gas transmission purposes or process piping purposes is line pipe. The subject goods are used by the oil and gas industry in pipelines for the gathering and distribution of oil and gas or as process pipe used in steam generation facilities for steam assisted gravity drainage, petrochemical plants, upgraders, gas transmission facilities, and fabrication of modules.

[19] The Canadian market for oil and gas line pipe is governed by two main design codes depending on whether the line pipe is for pipelines or for process piping. Each code specifies the standards and grades of pipe that are acceptable for use. Together, the complainants manufacture or have the capability to manufacture line pipe under both design codes, in all grades. Pipelines must conform or be equivalent to CSA Z662 (oil and gas pipeline systems), and process piping must conform or be equivalent to ASME B31.1. These systems standards cover multiple pipe standards and can cover multiple grades of pipe. Examples of pipe standards include:

- CSA Z245.1;
- API 5L;
- ISO 3183;
- ASTM A333;
- ASTM A53-B; and
- ASTM A106.

[20] Pipe manufactured to a particular standard may be compatible with the requirements of another standard. This means that a particular pipe may be certified as complying with multiple standards (if all the requirements of each standard/grade are met for that particular pipe). For example, CSA Z245.1 Grade 448 pipe is considered to be equivalent to API 5L Grade X65. The API 5L X grade numbers define the minimum yield strength required of the grade in kilopounds per square inch. Process piping is generally supplied with multiple stencils including API 5L, CSA Z245.1 and ASTM A106.

⁹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

[21] Equivalent grades of pipe specified under each design code represent products that are equivalent regardless of manufacturing process. As a result, any grade of pipe is considered to be substitutable by a similar grade of pipe designed with a different standard. It is common practice to certify multiple grades of pipe on a mill test report. It is also common practice to substitute grades other than that initially requested by a customer with an equivalent grade. Mill test reports are provided to show that the properties of the supplied pipe meet the requirements of the actual grade supplied.

[22] Line pipe is normally marked or stenciled in paint on the external surface with the API, ASME, or equivalent specifications to which it has been manufactured and tested. The subject goods cover all line pipe meeting or supplied to meet the above specifications, regardless of whether the pipe has been multiple stenciled to indicate that it meets or is supplied to meet additional end use specifications. Line pipe that is manufactured and tested to meet higher API specifications (or equivalent CSA and ISO specifications) is automatically in conformity with lower specifications and may therefore have multiple stencils identifying additional end uses, such as American Society for Testing and Materials (ASTM), and equivalent specifications for end use as standard pipe (for low-pressure conveyance of steam, water, natural gas, air and other liquids in plumbing and heating applications), piling pipe, and other such end uses. Seamless line pipe conforming to API 5L may also be marked as conforming to pressure pipe applications under ASME B31.3. Additionally and for the same reasons, line pipe that is single-stenciled as API 5L may be used in lower specifications absent stencilling identifying that lower specification. All line pipe that is marked as meeting or that is supplied to meet API 5L (or equivalent specifications) for use as oil and gas pipelines or as ASME B31.3 for use as pressure pipe are covered in this investigation as subject goods regardless of whether the pipe is marked as meeting any other end-uses or is supplied to meet any other end-uses.

[23] The subject goods may be manufactured by the seamless or welded process. The typical end finish is a beveled end to allow for welding in the field, although line pipe may also be supplied as plain end (square cut), threaded, and threaded and coupled.

[24] According to the complainants and the producers that support the complaint, since November 12, 2012, the date of the CITT Finding in Inquiry No. NQ-2012-002, steel piling pipe originating in or exported from China (steel piling pipe), the subject goods have been increasingly used in the Canadian market as piling pipe to form deep foundations where soil and ground conditions are not suitable or strong enough to support the structure load, particularly in drilling platforms and other energy installations in Western Canada.

CLASSIFICATION OF IMPORTS

[25] Prior to February 4, 2021, subject goods were normally classified under the following Harmonized System (HS) classification numbers:

7304.19.00.11	7305.11.00.14	7305.19.00.12
7304.19.00.12	7305.11.00.15	7305.19.00.13
7304.19.00.21	7305.12.00.12	7305.19.00.14
7304.19.00.22	7305.12.00.13	7305.19.00.15
7305.11.00.12	7305.12.00.14	7306.19.00.10
7305.11.00.13	7305.12.00.15	7306.19.00.90

[26] Beginning February 4, 2021, under the revised customs tariff schedule, subject goods are usually classified under the following HS classification numbers:

7304.19.00.31	7305.11.00.32	7305.12.00.43
7304.19.00.32	7305.11.00.33	7305.12.00.44
7304.19.00.33	7305.11.00.34	7305.12.00.49
7304.19.00.34	7305.11.00.39	7305.19.00.12
7304.19.00.39	7305.12.00.31	7305.19.00.13
7304.19.00.41	7305.12.00.32	7305.19.00.14
7304.19.00.42	7305.12.00.33	7305.19.00.15
7304.19.00.43	7305.12.00.34	7306.19.00.10
7304.19.00.44	7305.12.00.39	7306.19.00.90
7304.19.00.49	7305.12.00.41	
7305.11.00.31	7305.12.00.42	

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

PERIOD OF REVIEW

[28] The period of review (POR) for the CBSA's expiry review investigation is from January 1, 2018 to December 31, 2020.

CANADIAN INDUSTRY

[29] Information on the administrative record of this expiry review investigation indicates that the composition of the Canadian Industry has not changed since the original inquiry and that the Canadian industry for certain line pipe is comprised of the following producers:¹⁰

- Bri-Steel;
- Evraz; and
- Tenaris Canada

[30] As such, based on the information on the record, the CBSA has based its estimates of domestic production on the combined production of the above-named producers, each of whom provided a response to the CBSA's ERQ sent to the domestic producers of line pipe.¹¹

Bri-Steel Manufacturing

[31] Integris International Inc. dba Bri-Steel Manufacturing (Bri-Steel) was established in 2011 and is a domestic producer of pipe with outside diameters ranging from 16 inches to 36 inches.¹² Bri-Steel produces pipe using Thermal Pipe Expansion (TPE), whereby mother tube is used as an input in the production of line pipe.¹³

Evraz Inc. NA Canada

[32] Evraz Inc. NA Canada (Evraz) was incorporated in 1956 under the name of Prairie Pipe Manufacturing Co. Ltd. The company commenced operations in 1957 with the completion of construction of an ERW pipe mill in Regina.¹⁴ In 1959, the assets of Interprovincial Steel Corp. Ltd. ("IPSCO") were acquired and production of hot rolled steel flat products began in 1960. Manufacturing capabilities were subsequently expanded through a series of acquisitions and plant constructions, including tubular production facilities in Red Deer, Calgary and Regina.¹⁵

[33] In January 2020, Canadian National Steel Corporation, an entity formerly affiliated with Evraz Inc. NA Canada and which housed Camrose assets, also became a division of Evraz Inc. NA Canada.¹⁶

¹⁰ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, paras 11-12; Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations, CITT Finding & Reasons – Line Pipe (Inquiry No. NQ-2015-002, March 29, 2016)

¹¹ Exhibits 15 (PRO) & 16 (NC) – Bri-Steel's Response to Canadian Producer ERQ; Exhibits 17 (PRO) & 18 (NC) – Evraz Inc.'s Response to Canadian Producer ERQ; Exhibits 19 (PRO) & 20 (NC) – Tenaris Canada's Response to Canadian Producer ERQ

¹² Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q8

¹³ Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q8; Exhibit 21 (NC) – Articles, Reports and CBSA Research: CITT Finding & Reasons – Line Pipe (Inquiry No. NQ-2015-002, March 29, 2016), para 74

¹⁴ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q8

¹⁵ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q8

¹⁶ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q8

Tenaris Canada

[34] For purposes of the expiry review investigation, Tenaris Canada collectively refers to three separate legal entities, owned by Tenaris SA¹⁷, that are operated as a coordinated Canadian organization. The three companies are:

- Algoma Tubes Inc. (Sault Ste. Marie, Ontario) – producer of seamless line pipe and oil country tubular goods (OCTG);
- Prudential Steel ULC (Calgary, Alberta) – producer of ERW line pipe and OCTG; and
- Tenaris Global Services (Canada) Inc. (Calgary, Alberta) – strip distributor and importer of record for Tenaris seamless products produced outside Canada;

[35] Tenaris Canada is part of a network of associated companies involved in the production of line pipe in Canada and other countries. Tenaris Canada also responded to the CBSA's ERQ on behalf of Hydril Canadian Company Ltd. of Nisku, Alberta, a premium connection and accessory threader.¹⁸

[36] Tenaris has played a role in the Canadian line pipe market since the 1980s, when it acted as a spot importer of Tenaris-produced foreign line pipe. The role of the company has since evolved and today Tenaris Canada produces seamless and ERW line pipe in Canada.¹⁹

CANADIAN MARKET

[37] The imports of certain line pipe during the POR are presented in **Table 1** and **Table 2** below. The CBSA cannot release specific quantitative data respecting the value and volume of Canadian production of line pipe sold for domestic consumption as it would lead to the disclosure of confidential information.

Table 1
Imports of Line Pipe During the POR²⁰
(Quantity in Metric Tonnes (MT)) *

Source	2018	2019	2020
	Volume (MT)	Volume (MT)	Volume (MT)
China	305	15	420
All Other Countries	257,098	124,256	74,149
Total Imports	257,403	124,271	74,569

¹⁷ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q1 and Q8

¹⁸ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q5 & Q7

¹⁹ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q8

²⁰ Exhibit 24 (NC) – Compliance Statistics – Day 50

Table 2
Imports of Line Pipe During the POR ²¹
(Value in \$)*

Source	2018	2019	2020
	Value	Value	Value
China	560,120	27,251	803,359
All Other Countries	372,803,419	205,226,501	116,671,773
Total Imports	373,363,539	205,253,752	117,475,132

*Import and compliance statistics for non-subject countries are estimated based on sampling customs documents, the *Accelerated Commercial Release Operations Support System* (ACROSS) and information collected during the review.

Canadian Production

[38] The Canadian producers' combined domestic sales from domestic production decreased in value and volume in each year of the POR. This decrease is most notable between 2019 and 2020, where the Canadian producers sales from domestic production decreased significantly, and by comparatively more²² than the decrease experienced in the total apparent Canadian market.

Imports

[39] Total imports followed a similar pattern, with an overall decrease between 2018 and 2020 in terms of value and volume. Total imports lost market share in 2019 followed by an increase in 2020. While subject imports increased overall during the POR, the total volume remained low representing less than 1% of total imports during the POR.

[40] Since the dumping period of investigation (POI) of the original investigation (July 2014 to June 2015), subject imports have decreased significantly. During the original investigation, imports of line pipe from China represented 56.8% of total imports.²³ In contrast, subject imports represented only 0.2% of total line pipe imports and an even smaller proportion of the total apparent Canadian market, during the POR, thereby demonstrating that the sources of imports for line pipe have shifted since the original investigation. This is also supported by the CBSA's initiation of a second dumping investigation with respect to line pipe originating in or exported from the Republic of Korea in 2017.²⁴

[41] Similar to the general trends of the total apparent market, imports from other countries decreased in each year during the POR. However, in terms of market share, imports from other countries have fluctuated, decreasing in 2019 followed by gains in 2020 bringing the market share back up near to 2018 levels.

²¹ Exhibit 24 (NC) – Compliance Statistics – Day 50

²² Based on a comparison of % rate of decrease

²³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

²⁴ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

ENFORCEMENT DATA

[42] In the enforcement of the CITT's finding during the POR, as detailed in **Table 3** below, the total amount of anti-dumping and countervailing duty collected on subject imports from China was just over CAD 185,000. As a percentage of the total value for duty, the combined anti-dumping and countervailing duties assessed during the POR were equal to 13.3%.

Table 3
Enforcement data for the period of review²⁵

	2018	2019	2020
Volume of Subject Goods (MT)	305	15	420
Value for Duty of Subject Goods	\$560,120	\$27,251	\$803,359
SIMA Duty Assessed	\$93,776	\$88,711	\$2,613

PARTIES TO THE PROCEEDINGS

[43] On March 8, 2021, a notice concerning the CBSA's initiation of the expiry review investigation and the ERQs were sent to all known Canadian producers and potential importers and exporters of the subject goods. The Government of China (GOC) was also sent an ERQ regarding the subsidizing of the subject goods.

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

[45] Three Canadian producers, Bri-Steel, Evraz and Tenaris Canada participated in the expiry review investigation and provided ERQ responses. Additional documents were also filed on behalf of Tenaris Canada prior to the closing of the record.

[46] Case briefs were received from counsel on behalf of Tenaris Canada and Evraz.²⁶ No Reply submissions were filed.

[47] The GOC did not provide a response to the CBSA's ERQ nor did it submit a case brief or reply submission. No importer, exporter or other interested party provided a response to the ERQ.

²⁵ Exhibit 24 (NC) – Compliance Statistics – Day 50

²⁶ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada; Exhibits 27 (PRO) & 28 (NC) – Case Briefs Filed on Behalf of Evraz

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, if the CITT's finding is allowed to expire. 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 the 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." This allows 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 April 27, 2021.

POSITION OF THE PARTIES – DUMPING

Parties Contending that Continued or Resumed Dumping is Likely

[50] The Canadian producers made representations as part of their submissions to the CITT in LE-2020-004, in their ERQ responses, and/or in their case briefs supporting their position that the dumping of line pipe from China is likely to continue or resume should the CITT's finding expire.

[51] The main arguments made by the Canadian producers can be summarized as follows:

- Chinese Line Pipe Cannot Compete at Non-Dumped Prices in Canada;
- Chinese Producers of Line Pipe are Export Focused
- Overcapacity in the Chinese Steel Pipe Industry and Slowing Demand
- Chinese Line Pipe is Priced Below Global Market Prices
- Changes in the Global and Domestic Markets Make Dumping More Likely
- Trade Measures Imposed in Canada and in Other Jurisdictions
- Circumvention Efforts of Chinese Exporters Towards Similar Energy Tubular Products
- Ability of Chinese Producers of Energy Tubular Products to Shift Production Capacity

Chinese Line Pipe Cannot Compete at Non-Dumped Prices in Canada

[52] Evraz and Tenaris Canada submit that the CITT's injury finding and the imposition of SIMA duties with respect to line pipe from China significantly reduced the volume of subject goods imported into Canada since the end of 2015.²⁷ It is argued that this dramatic decrease in the volume of imports of subject goods demonstrates the inability of non-dumped Chinese line pipe to compete in the Canadian market.²⁸

[53] While both Evraz and Tenaris Canada note an increase in imports of line pipe in 2018, Tenaris Canada indicates that this was a relatively strong year for the oil and gas industry and energy tubular products, arguing that the increase in imports demonstrates that Chinese exporters were willing to sell dumped and subsidized subject goods in order to take advantage of increased demand.²⁹ Evraz argues that the increase in subject good imports in 2018, although relatively small, was made possible by outdated normal values.³⁰ Evraz and Tenaris Canada contend that Chinese line pipe imports cannot compete at un-dumped prices in the Canadian market and that Chinese line pipe would be sold at dumped prices to recapture market share if the finding were allowed to expire.

Chinese Producers of Line Pipe are Export-Focused

[54] Evraz argues that producers and exporters of subject goods have a proven export focus and a propensity to dump into export markets.³¹ In support of this, Evraz names several Chinese exporters of line pipe that participated in the CBSA's original investigation that are purported to have explicit global marketing strategies. According to Evraz, the export focus of producers reflects a broader national policy that encourages global steel sales, noting the GOC's 2016 Five-Year Plan and an increase in tax rebates for exported small diameter line pipe.³² Evraz and Tenaris Canada also point to China's export volumes of line pipe, finished steel, and pipe and tube products generally as evidence of China's reliance on export markets.³³ Tenaris Canada argues that Chinese producers are increasingly relying on exports and are willing to lower prices to reduce their overcapacity.

²⁷ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 43-46; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 18-19

²⁸ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras. 43 & 46; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 18

²⁹ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Submissions of Tenaris Canada, paras 18-20

³⁰ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, paras 69-71

³¹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 47 - 56

³² Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q28a; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 51

³³ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 52; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 75-80

[55] Evraz submits that China's export focus has led to a proliferation of trade remedies against small diameter line pipe and related Chinese pipe products to prevent aggressive dumping.³⁴ Evraz points specifically to United States International Trade Commission (USITC) sunset reviews in which China's role as a significant exporter of carbon quality steel pipe and/or line pipe is recognized. Similarly, Tenaris Canada argues that the CBSA's consecutive investigations into Chinese energy tubular products, and the margins of dumping found in each, demonstrate the propensity of Chinese subject goods to be dumped.³⁵ It is submitted that Chinese production would quickly marginalize sales from Canadian production if the finding was permitted to expire.³⁶

Overcapacity in the Chinese Steel Pipe Industry and Slowing Demand

[56] The responding Canadian producers raise Chinese steel capacity as a factor to be considered in evaluating the likelihood of resumed dumping of line pipe.³⁷ Specifically, it is argued that increasing capacity in the steel tubular goods market and weak economic conditions in China make the dumping of subject goods to Canada more likely if the finding were to be rescinded.³⁸

[57] Tenaris Canada notes that China is the largest contributor to the issue of global overcapacity in the steel sector.³⁹ Tenaris Canada provides estimates of Chinese line pipe capacity using information published by Fastmarkets Metal Bulletin Research (MBR) with respect to total welded and seamless steel tubular capacity and OCTG capacity and using the number of API-5L and API-5CT certifications issued to Chinese companies.⁴⁰ Tenaris Canada also compares the estimated Chinese line pipe capacity to Canadian tubular capacity and further, to Canadian line pipe demand.⁴¹

[58] Despite already possessing substantial steel pipe capacity, Tenaris Canada claims that China's steel pipe capacity will continue to grow.⁴² Tenaris Canada argues that China's excess capacity in steel production is fueling the excess capacity for line pipe, as its primary input.⁴³ Along with capacity concerns, Tenaris Canada notes record high crude steel production in China in 2020.⁴⁴

³⁴ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 48-49 & 53-54

³⁵ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada, paras 133-138.

³⁶ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada, para 80.

³⁷ Exhibits 15 (PRO) & 16 (NC) – Bri-Steel's Response to Canadian Producer ERQ, Q28; Exhibits 17 (PRO) & 18 (NC) – Evraz Inc.'s Response to Canadian Producer ERQ, Q28; Exhibits 19 (PRO) & 20 (NC) – Tenaris Canada's Response to Canadian Producer ERQ, Q28; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc.; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada

³⁸ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada, para 30-32

³⁹ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 51.

⁴⁰ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 33-34

⁴¹ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 37

⁴² Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 33-51

⁴³ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 38

⁴⁴ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 40.

[59] While production and capacity may be increasing, Tenaris Canada reports slowing growth in the Chinese economy, suggesting that the oil and gas industry and therefore demand for line pipe will be negatively affected.⁴⁵ Tenaris Canada submits that the Chinese market is not capable of absorbing the excess steel capacity and that Chinese steel products generally, and subject goods in particular, are being pushed into export markets. It is therefore argued that there is a likelihood of subject goods coming to Canada if the finding is allowed to expire.⁴⁶

[60] Evraz claims that the economic effects of the pandemic and resulting decline in global consumption have contributed to the state of overcapacity.⁴⁷ Referencing the USITC's sunset review determination on circular welded carbon quality steel line pipe, Evraz suggests that an estimate of 65 million MT of line pipe production capacity in China is conservative.⁴⁸ Despite China's claims of capacity elimination efforts, Evraz states that there is no evidence that China will be able to more effectively address the overcapacity issues in 2021 or 2022.⁴⁹

[61] In fact, Evraz submits that China is battling illegal mills opening and/or reopening without approval and states that China approved 8 new capacity replacement projects in 2019, involving bigger and more efficient facilities.⁵⁰ Evraz also notes that China has entered a period of rapid recovery since resuming operation in April 2020 and that its steel output is outpacing demand recovery elsewhere in the world. It is argued that this divergence in Chinese steelmaking from global steelmaking and the resulting rise in Chinese steel inventories is exacerbating the situation of steel overcapacity.⁵¹ Further, despite some recovery in steel demand in China in March 2020, Evraz claims that supply for steel continued to outpace demand. Evraz submits that with the massive inventory buildup and decline in domestic demand, it will be increasingly necessary for Chinese producers to find markets to offload their product.

Chinese Line pipe is Priced Below Global Market Prices

[62] Tenaris Canada argued that Chinese mills will compete aggressively with low priced goods in any export market where pricing is not constrained by trade remedies. In support of this, Tenaris Canada compared Chinese export pricing for line pipe with examples of the company's pricing in the Canadian market.⁵² In estimating the export prices of Chinese line pipe, Tenaris Canada considered pricing published by Fastmarkets MBR, price lists received from a manufacturer for exports to Canada and UN Comtrade data. This analysis demonstrated that Chinese line pipe export prices were lower than Canadian line pipe prices. Tenaris Canada also noted differences in the variability of hot-rolled coil (HRC) prices, claiming that the comparatively low priced Chinese HRC gives Chinese line pipe producers more flexibility in pricing.⁵³

⁴⁵ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 52-58

⁴⁶ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 31 & 52

⁴⁷ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 26

⁴⁸ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 27

⁴⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 32

⁵⁰ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 31-32

⁵¹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 36-38

⁵² Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 59-65

⁵³ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 66-71

[63] Evraz also presented a pricing analysis comparing estimated average Chinese line pipe export prices and *Pipe Logix* line pipe data.⁵⁴ Based on this analysis, Evraz submitted that Chinese export prices were below *Pipe Logix* prices (used as proxy Chinese normal values), with estimated dumping margins ranging from 56% to 91% between 2018 and 2020.⁵⁵ According to Evraz, the estimated margins of dumping are highly conservative given that the Chinese export prices represent exports to all markets, including those markets that are protected from dumped Chinese goods. As such, Evraz expects that the pricing of Chinese line pipe exported to Canada would be below the Chinese export prices used in its analysis, if Canada were to become unprotected from dumped Chinese line pipe. In support of this, Evraz submits a second pricing analysis whereby Chinese export prices are estimated based on the existing low price leaders in the Canadian market. The results of this analysis yield higher estimated margins of dumping ranging from 64% to 166%.⁵⁶

Changes in the Global and Domestic Markets Make Dumping More Likely

[64] Bri-Steel describes the global line pipe market as being in a state of flux, impacted by a number of factors including closures of old facilities, decreases in demand, downward pressure on pricing, consolidation and privatization of steel companies, trade battles, and tariffs imposed by the United States.⁵⁷ In Canada, Bri-Steel submits that 2018 and 2019 were solid years for line pipe, despite a lack of pipelines and downward pressure on oil.⁵⁸ While the energy industry faced many challenges in 2020, such as those related to COVID-19, Bri-Steel expects line pipe demand to be relatively strong in 2021 and 2022.⁵⁹ Bri-Steel also forecasts increases in line pipe prices in the Canadian market in 2021, but submits that the company would have to absorb the increases in raw material costs if the line pipe duties were not in place and Chinese line pipe was able to re-enter the market.⁶⁰

⁵⁴ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 55-56

⁵⁵ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., Table 3

⁵⁶ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., Table 4

⁵⁷ Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q13, Q26

⁵⁸ Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q22

⁵⁹ Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q13, Q22, Q24, Q26

⁶⁰ Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q27

[65] Evraz submits that line pipe markets globally and in Canada changed drastically during the POR.⁶¹ Evraz describes line pipe demand as being tied to oil and gas drilling activities by virtue of its use in connecting drilled and completed wells to larger pipelines and, to a smaller extent, for its use in steam and refinery applications.⁶² As such, Evraz submits that the decline in oil prices due to the Russia-OPEC supply war and the onset of pandemic containment measures which has reduced demand for oil, have been the primary drivers of reduced demand for line pipe globally.⁶³ According to Evraz, “2020 was the worst year on record for the oil industry and consequently the worst year ever for line pipe demand in Canada.”⁶⁴ Evraz claims that the slowdown in the global line pipe demand limits the available export markets for Chinese line pipe thereby increasing the likelihood that Chinese producers will again sell dumped and subsidized goods in Canada.⁶⁵ In support of this, Evraz discusses supply and demand in major markets, including China, the United States, the Middle East, the European Union and Russia.⁶⁶

[66] While Evraz anticipates improvement in line pipe demand in 2021, pointing to forecasted increases in rig counts and increases in capital expenditures in 2021, forecasted demand for oil and gas and therefore line pipe is not expected to reach near 2019 levels.⁶⁷ Likewise, Evraz notes that line pipe prices according to a *Pipe Logix* report have begun increasing in 2021 with the gradual recovery in oil prices and the increase in raw material costs, but states that prices are still below 2018 levels.⁶⁸ According to Evraz, the oil market crash has made purchasers in Canada even more price sensitive, further increasing the likelihood that Chinese line pipe would be sold to Canadian purchasers at dumped and subsidized prices.⁶⁹

[67] According to Tenaris Canada, market conditions have worsened substantially in Canada, China and globally since the original line pipe finding in 2016.⁷⁰ Tenaris Canada notes negative impacts in the global oil market caused by the Russia-Saudi Arabia oil price war, including instability in the price of oil and increased cost sensitivity.⁷¹ Since the 2016 finding, Tenaris Canada claims that the price of oil has fallen substantially which, along with the impacts of the pandemic, have lead to cuts in capital expenditure.⁷²

⁶¹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 5-25

⁶² Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 4

⁶³ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 5-9

⁶⁴ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 6, 22; Exhibits 17 (PRO) & 18 (NC) – Evraz Inc.’s Response to Canadian Producer ERQ, Q24

⁶⁵ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 10

⁶⁶ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 11-19

⁶⁷ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 5 & 20-25

⁶⁸ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22, Q24

⁶⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 5, 20-25

⁷⁰ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, para 139

⁷¹ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 122-125

⁷² Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 109-112

[68] Other concerns specific to the Canadian market include transportation bottlenecks limiting drilling activity and regulatory restrictions. In support of this, Tenaris Canada discusses delays and cancellations of specific pipeline projects.⁷³ Tenaris Canada notes that the line pipe market tracks the oil and gas market, pointing to the contraction in the Canadian line pipe market since 2018.⁷⁴ Tenaris Canada predicts recovery in the oil and gas markets, claiming that declines in the oil industry will likely be mitigated by growth in the gas sector.⁷⁵

[69] Likewise, Tenaris Canada forecasts modest recovery in the Canadian line pipe market in 2021 followed by further growth in 2022.⁷⁶ Despite the anticipated recovery, Tenaris Canada notes that the market is cost sensitive and there remains significant uncertainty.⁷⁷ Tenaris Canada submits that the combined effect of increased demand for line pipe in Canada and the cost sensitivity in the market caused by low oil prices will incentivise the dumping and subsidizing by Chinese exporters if the finding is rescinded. In fact, in the company's response to the CBSA's ERQ, Tenaris Canada expressed concerns with the volume of low-priced foreign supply available to Canadian customers, claiming that it has made it impossible to recover the increase in steel input prices.⁷⁸

Trade Measures imposed in Canada and in Other Jurisdictions

[70] Evraz and Tenaris Canada each noted a number of trade measures, including anti-dumping and countervailing measures, with respect to line pipe and other similar products from China.⁷⁹ Evraz, for example, indicated that 15 antidumping and/or safeguard orders are in place against Chinese line pipe in other countries and that there are an additional 18 antidumping duty orders against related Chinese pipe products which can be produced on the same or similar equipment.⁸⁰ The Canadian producers also noted recent US Department of Commerce (DOC) sunset reviews relating to *seamless carbon alloy steel standard line and pressure pipes* (2016) and *circular welded carbon quality steel line pipe* (2019) from China, in which the US DOC concluded that there would likely be continuation or recurrence of dumping if the antidumping orders were revoked.⁸¹ It is submitted that such antidumping constraints are evidence of a trend of Chinese producers dumping energy tubular products and demonstrates a pattern of unfair trade.⁸²

⁷³ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 113-118

⁷⁴ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 104-106

⁷⁵ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 107-108, 119-122, 125

⁷⁶ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 103-108

⁷⁷ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 107-108

⁷⁸ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q22

⁷⁹ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on behalf of Tenaris Canada, paras. 89-90; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras. 53-54

⁸⁰ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., Table 2 and para. 54; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q29, Attachments 29-1 & 29-2.

⁸¹ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on behalf of Tenaris Canada, para. 91; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 27-28, Table 2

⁸² Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q28a; Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf Tenaris Canada, para. 132;

[71] Tenaris Canada also commented on the anti-dumping measures imposed by the Canadian authorities on Chinese energy tubular goods and related products, discussing specifically large line pipe, sucker rods, OCTG, seamless casing and pup joints.⁸³ It is argued that this demonstrates Chinese producers' ongoing propensity to sell dumped and subsidized goods into Canada and is evidence of the attractiveness of the Canadian market.⁸⁴

[72] Other trade measures, including tariffs imposed by the US under the Section 301 and Section 232 measures and safeguards are also discussed by the Canadian producers.⁸⁵ It is argued that measures such as the section 232 steel tariffs decreased sales of line pipe to the United States from most global steel producers which increased the global supply of line pipe in the market. This also decreased the outlets for Chinese produced line pipe and gives rise to a risk of diversion of line pipe from the United States.⁸⁶

[73] The Canadian producers argued that the proliferation of trade measures limits the markets that Chinese line pipe can access and increases the vulnerability of the Canadian market.⁸⁷ Evraz in particular argues that decreasing outlets for Chinese line pipe increases the Chinese producers' willingness to sell line pipe to Canada at whatever price is necessary to secure sales.⁸⁸

Circumvention efforts of Chinese Exporters Towards Similar Energy Tubular Products

[74] Tenaris Canada argued that there has been significant efforts analogous to circumvention by Chinese exporters related to findings in seamless casing and OCTG.⁸⁹ Specifically, Tenaris Canada notes that \$136 million in anti-dumping duties were assessed against Chinese OCTG shipments by the CBSA.⁹⁰ Tenaris Canada submits that the lengths taken to circumvent the findings of similar energy tubular products make clear that Chinese producers are desperate to enter the Canadian market and would do so if the line pipe finding was rescinded.

[75] Evraz also raised the issue of potential circumvention.⁹¹ Specifically, Evraz noted that the CITT previously recognized that some of the Chinese line pipe imported into Canada in the original investigation was API 5L certified material for use as piling pipe, in order to circumvent the existing piling pipe finding. Evraz claims that line pipe will likely again be imported for use as piling pipe if the line pipe finding is rescinded.

⁸³ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras. 128-132 & 133-138

⁸⁴ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, para. 138; Exhibits 27 (PRO) & 28 (NC) – Case brief filed on behalf of Evraz, para 64

⁸⁵ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 94-102; Exhibits 27 (PRO) & 28 (NC) – Case brief filed on behalf of Evraz, paras 40-42, 45; Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q13 & Q26

⁸⁶ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 41; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 97

⁸⁷ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on behalf of Tenaris Canada, para 97, 102; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22

⁸⁸ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras and 39- 42

⁸⁹ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada Canada, paras 27-29

⁹⁰ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, para 28; Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Submissions of Tenaris Canada, paras 24-26

⁹¹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 65

Ability of Chinese Producers of Energy Tubular Products to Shift Production Capacity

[76] The ability of Chinese producers to shift production from similar goods to subject goods in response to shifts in demand is discussed by Evraz and Tenaris Canada.⁹² Tenaris Canada expresses concern that production capacity of API 5CT OCTG would be converted to line pipe if the finding were rescinded. In support of this, Tenaris Canada states that 193 companies in China hold active licenses to manufacture, process or thread API 5CT OCTG and that 63 of the companies also hold at least one license for API 5L line pipe. With respect to the remaining 130 companies, it is argued that the companies could easily obtain certification to produce line pipe given that they are already certified for the more complex OCTG product and since it is possible to produce line pipe, OCTG and mechanical pipe on the same equipment.⁹³ Tenaris Canada submits that the existence of anti-dumping and/or countervailing findings on OCTG in Canada, the United States and Russia creates further incentive for Chinese producers to shift production from OCTG to line pipe if the line pipe finding were rescinded.⁹⁴

Parties Contending That Continued or Resumed Dumping is Unlikely

[77] None of the parties contended that continued or resumed dumping of subject goods from China is unlikely should the CITT's finding expire.

CONSIDERATION AND ANALYSIS - DUMPING

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

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

- Imports of Chinese Line Pipe During the POR
- Export Orientation of Chinese Line Pipe Producers
- Steel Overcapacity in China
- Market Conditions
- Trade Measures in Canada and in Other Jurisdictions
- Ability of Chinese Producers of Energy Tubular Products to Shift Production Capacity

[80] As mentioned earlier in this report, the CBSA received ERQ responses from three Canadian producers. One of the responding Canadian producers, Tenaris Canada, also submitted supplementary information prior to the closing of the record. Case briefs were also filed on

⁹² Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 50; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras. 81-87.

⁹³ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras. 83-84, 86

⁹⁴ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 82

behalf of Tenaris Canada and Evraz. The CBSA did not receive ERQ responses from any importers, exporters or producers of subject goods or from the GOC. The CBSA relied on the ERQ responses and information submitted by these parties, as well as the other information on the administrative record for purposes of this expiry review investigation.

Imports of Chinese Line Pipe During the POR

[81] The volume of subject imports decreased drastically between the Dumping POI of the original investigation (i.e. prior to the finding) and the POR of this expiry review investigation. Proportionally, subject imports represented 56.8% of imports during the Dumping POI,⁹⁵ while line pipe originating in or exported from China was reduced to only 0.2% of imports during the POR.⁹⁶ This significant reduction in the volume of subject good imported is indicative of the effect of the SIMA line pipe measures and the inability or unwillingness for most exporters to maintain sales at normal values. Furthermore, the assessment of SIMA duties on subject goods during the POR also serves as evidence that line pipe from China was dumped and/or subsidized during this period.⁹⁷

Export Orientation of Chinese Line Pipe Producers

[82] Information on the record confirms that line pipe producers in China continue to be export-orientated and interested in the Canadian market, as evidenced by policies and plans in China, export volumes and marketing and sales strategies.

Policies and Plans in China

[83] Various initiatives of the GOC emphasize the government's focus on exports generally, and with respect to steel in particular. For example, in its 13th five year plan (2016-2020), the GOC identified the steel industry specifically as an industry of focus for which China will encourage more equipment, technology, standard and services to go global.⁹⁸ The 13th five year plan also aims to upgrade foreign trade by promoting "... a transformation in foreign trade toward better quality exports that command higher prices," while also consolidating and improving traditional export strengths. The GOC states that it will promote diversification in export markets, increasing the proportion of emerging markets while also maintaining the share of traditional markets.⁹⁹

[84] The 2015 draft revision to the Steel Industry Adjustment Policy also emphasizes the vital role of the iron and steel industry, stating various goals for 2025 including international competitiveness.¹⁰⁰ The policy also seeks to improve the quality and performance of widely available common products, and increase the development and application of certain key steel varieties. Article 28 of the draft identifies steel for energy fields among the steel product types

⁹⁵ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

⁹⁶ Table 1 of CBSA LP 2021 ER SOR

⁹⁷ Table 3 of CBSA LP 2021 ER SOR

⁹⁸ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-3

⁹⁹ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-3, Chapter 9, section 3

¹⁰⁰ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Attachment Q28A

oriented for development. Strong steel enterprises are also encouraged to participate in cross-border mergers and acquisitions to optimize resource allocation and improve competitiveness.

[85] In response to the spread of the COVID-19 pandemic and the impact on national economies, China's Ministry of Finance announced in March 2020 that tax rebates on over 1000 export goods would be raised.¹⁰¹ In the case of exports of alloy steel and steel pipes, including oil and gas steel pipe, this resulted in a tax rebate increase to 13%.¹⁰² Despite rumours of a rollback on export tax rebates, no such confirmation has been made by the Chinese central government as recent as April 2021.¹⁰³ With larger rebates applicable on exports of line pipe, it is more likely that exporters of subject goods will be able to lower their export prices to improve their international competitiveness. The initiatives, plans and policies of the GOC, discussed above, encourage export behaviour and underline the importance of steel, including line pipe, to the Chinese economy.

Export Volumes

[86] China has maintained a trade surplus for the better part of the last decade, with exports increasing consistently between 2009 and 2015.¹⁰⁴ While exports of steel from China have trended down since 2016, China remained the world's largest steel exporter during the POR,¹⁰⁵ exporting 62 million MT of steel in 2019 alone.¹⁰⁶ Baosteel, a known producer of line pipe in China, reported exports of steel products totalling 3.621 million tons in 2019.¹⁰⁷ Notably the volume of China's 2019 steel exports was almost double that of Japan, the world's second largest exporter. China was also the largest exporter of semi-finished and finished steel products during this period, with pipe and tube products representing 12.6% of total exports.¹⁰⁸ Information available on the administrative record suggests China's steel exports are expected to rise in 2021.¹⁰⁹

¹⁰¹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: China's steel market welcomes tax rebates increase

¹⁰² Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-4; Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – China's steel market welcomes tax rebates increase

¹⁰³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – Export Taxes

¹⁰⁴ Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Report – Global Steel Trade Monitor – China exports (2020)

¹⁰⁵ *based on export information available for 2018, 2019, and H1 2020.*

¹⁰⁶ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD Steel market Developments Q4 2020, ITA Report – Global Steel Trade Monitor – China exports (2020)

¹⁰⁷ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Bao Steel Annual Report 2019, page 19

¹⁰⁸ Exhibit 21 (NC) – Articles, Reports and CBSA Research: World Steel Association – Steel Statistical Yearbook 2020, OECD Steel Market Developments Q4 2020, ITA Report – Global Steel Trade Monitor – China exports (2020)

¹⁰⁹ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, Attachments 15 & 16

[87] The recent sunset review conducted by the USITC relating to circular welded carbon quality steel line pipe from China also found that China continues to export substantial quantities of line pipe "...and will continue to have that capability in the reasonably foreseeable future."¹¹⁰ In fact, information on the administrative record indicates that exports of line pipe from China remained above three million MT in almost every year between 2016 and 2019 and above 2 million MT in 2020.¹¹¹

[88] While exports of subject goods to Canada have decreased dramatically since the original period of investigation, China remains one of the top five trading partners from which Canada imports pipe and tube products for the period beginning January 2018 and ending September 2020.¹¹² In light of the volume of line pipe exported from China during the POR, it is evident that Chinese line pipe has the potential to overwhelm the Canadian market.

Marketing and Sales Strategies of Line Pipe Producers in China

[89] The marketing and sales strategies of producers of line pipe in China demonstrate a continued focus on export markets. In fact, excerpts taken from the websites of known line pipe producers in China emphasize global marketing strategies and the producers' capacities to fulfill export sales.¹¹³ For example, Tianjin Pipe International Economic & Trading Corporation lists products specifically available for export (including line pipe), the value of its exports, and indicates that it has been named one of the top 50 exporters in Tianjin.¹¹⁴ Likewise, Baosteel's 2019 annual report boasts the export of goods to more than 70 countries and regions.¹¹⁵ With respect to 2020 business objectives, plans and priorities, Baosteel states that the overseas market will be "...vigorously expanded to achieve export targets of key products." Another producer of steel products, Shandong Molong Petroleum Machinery Company Limited, also discusses the export of products for the energy equipment industry among the company's principal businesses.¹¹⁶ Further evidence of the export orientation of Chinese line pipe producers is found in the imposition of anti-dumping measures concerning line pipe originating in or exported from China.¹¹⁷ This is discussed in further detail below.

¹¹⁰ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment Q22-3, page 14

¹¹¹ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q28

¹¹² Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Global Steel Trade Monitor – Canada Imports of Pipe and Tube Products

¹¹³ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-2

¹¹⁴ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q28 & Attachment 28-2, page 12

¹¹⁵ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Bao Steel Annual report 2019

¹¹⁶ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Shandong Molong 2020 Annual Report

¹¹⁷ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 29-1

[90] Further to the marketing strategies discussed above, information on the record suggests that producers of line pipe in China have maintained interest in the Canadian market. Evidence of this was provided in the form of offers/price quotes received by Tenaris Canada from Chinese exporters.¹¹⁸ In addition, excerpts from distributor websites confirm that several companies which participated in the CITT's original line pipe injury inquiry, continue in operation and continue to source goods from abroad.¹¹⁹ The existence of networks connecting producers in China to distributors and/or potential customers in Canada increases the likelihood that line pipe producers would sell line pipe to Canada if the current finding expired.

[91] The evidence on the administrative record demonstrates that producers of line pipe in China remain focused on export markets. In light of factors discussed above, the CBSA finds that producers in China are likely to rely, or to continue to rely, on export markets.

Steel Overcapacity in China

Production and Capacity

[92] As noted in the CBSA's recent OCTG expiry review investigation, steel production is capital-intensive in nature, incurring high fixed costs. As such, in order to maintain high capacity utilization rates (to recover fixed expenses) producers may look to export markets to help maintain utilization rates when demand in the home market cannot absorb production.¹²⁰ The CBSA continues to find there to be a risk that producers in the steel industry will sell excess production in foreign markets at depressed prices rather than reduce their production, in situations where there is overcapacity.

[93] According to the Organisation for Economic Co-operation and Development (OECD), global crude steelmaking capacity increased to over 2,453 million MT in 2020.¹²¹ While global steel making capacity decreased from 2015 to 2018, information available suggests that capacity increases in 2020 would mark the second consecutive year of increases, taking into consideration new capacity additions and closures.¹²² The OECD states that the gap between global production and capacity narrowed between 2016 and 2019 due to strong increases in production and modest decreases in steelmaking capacity. The OECD expects the gap could widen significantly from 565.9 million MT in 2019 to 703.8 million MT in 2020.¹²³

¹¹⁸ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q10, Q28a

¹¹⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 66; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-1

¹²⁰ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OCTG ER SOR paras 70-71

¹²¹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD 89th Session of the OECD Steel Committee

¹²² Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD Steel Market Developments, Q4 2020

¹²³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD Steel Market Developments Q4 2020, pages 51-52

[94] Overcapacity in the Chinese steel industry has been a well-recognized problem over a number of years, including throughout the POR. Like global steelmaking capacity, steelmaking capacity in China increased in 2019 following a period of decreasing capacity.¹²⁴ Specifically, steelmaking capacity in China increased 2.1% in 2019, while global capacity increased approximately 1.5%. Furthermore, evidence available suggests that China's steelmaking capacity will continue to increase, as the net crude steel capacity expansion is estimated to be 37.65 million MT per year from 2019 to 2023.¹²⁵ Line pipe production capacity in China, in particular, has previously been estimated to exceed 65 million MT.¹²⁶

[95] In addition to having the largest steelmaking capacity, evidence on the record indicates that China is also the world's largest steel producing country, representing 53.1% of total global production in 2019.¹²⁷ Further, 6 of the 10 largest steel producing companies globally are headquartered in China. For example, China's Baowu Group, a producer of line pipe and other steel products, is China's largest steel producer and the second largest global steel producer.¹²⁸ A list of China's top 10 steel producers identifies several companies that produce steel pipe.¹²⁹ Although China is already the largest steel producer, crude production data reported by the World Steel Association (WSA) for 2010 to 2019 demonstrates that China's steel production continued to increase.¹³⁰ Steel production data reported by the United States International Trade Administration, also confirmed consistent production increases between 2015 and 2019, despite some inconsistencies with the data reported by the WSA.¹³¹

[96] While most countries reduced steel production in 2020 in light of the effects of the COVID-19 pandemic, information available indicates that China's steel production continued to increase reaching nearly 1.053 billion MT.¹³² In fact, in May 2020 China hit a new record by producing more than 90 million MT of steel in a single month.¹³³

¹²⁴ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD Latest Developments in steelmaking capacity 2020, Annex C

¹²⁵ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-11

¹²⁶ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 22-3, page 14

¹²⁷ Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Report – Global Steel Report 2019

¹²⁸ Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Report – Global Steel Report 2019, ITA Report – Global Steel Trade Monitor – China exports (2020)

¹²⁹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Report – Global Steel Trade Monitor – China exports (2020)

¹³⁰ Exhibit 21 (NC) – Articles, Reports and CBSA Research: World Steel Association – Steel Statistical Yearbook 2020, Table 1

¹³¹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Report – Global Steel Trade Monitor – China exports (2020)

¹³² Exhibit 21 (NC) – Articles, Reports and CBSA Research: World Steel Association – Steel Production 2019-2020, Article – World Steel Production

¹³³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Report – United States Trade Representative 2020 Report to Congress on China's WTO Compliance, page 31-32

[97] Included on the administrative record is information concerning certain plans, policies and actions of the GOC which have the stated aim of reducing production and/or capacity of steel. For example, in its 13th five year plan (2016-2020), China admits that it must “move more quickly to address overcapacity in industries such as steel...”¹³⁴ In fact, China has stated that it reduced its installed steelmaking capacity by 150 million MT between 2016 and 2018, as part of this plan.¹³⁵

[98] The OECD also published a list of plant level closures for 2019, in which six of ten companies were located in China.¹³⁶ In addition, the OECD discusses targets announced by the Hebei provincial government, China’s largest steel producing province, to reduce steel making capacity by an additional 14 million MT per year in 2019 and 2020.¹³⁷ Mandatory production cuts were also reportedly introduced in Tangshen as well as rules to renovate or stop using old blast furnaces, enforceable by penalties.¹³⁸ Evidence available also points to a draft plan of the Ministry of Industry and Information Technology which reportedly aims to tighten steel capacity through a capacity swap programme in certain regions.¹³⁹ In January 2021, the GOC further reiterated its plans to reduce annual steel production, as part of its efforts to cut carbon dioxide emissions.¹⁴⁰

[99] Despite China’s repeated commitments to address steel overcapacity, scepticism remains surrounding China’s willingness and ability to meaningfully address steel capacity issues. For example, several sources expressed concern that China’s capacity swap initiative will have the impact of increasing overall capacity, as outdated equipment is replaced with more efficient technology.¹⁴¹ In addition, information on the record confirms that China disengaged from the Global Forum on Steel Excess Capacity (GFSEC) in 2019.¹⁴²

¹³⁴ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-3

¹³⁵ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – China readies revamped steel capacity swap policy, Ministerial Report – Global Forum on Steel Excess Capacity 2020, page 28

¹³⁶ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD latest developments in steelmaking capacity 2020, annex B

¹³⁷ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD latest developments in steelmaking capacity 2020, pages 12-14

¹³⁸ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – China struggles to rein in steel production

¹³⁹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – China readies revamped steel capacity swap policy

¹⁴⁰ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q29

¹⁴¹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – China readies revamped steel capacity swap policy, Article – China struggles to rein in steel production, Article – United Steelworkers – Global Forum on Steel Excess Capacity; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-11

¹⁴² Exhibit 21 (NC) – Articles, Reports and CBSA Research: News Archive – European Commission - Global Forum on Steel Excess Capacity; Article – United Steelworkers – Global Forum on Steel Excess Capacity

[100] Further, a report published by the GFSEC cites discrepancies between the 150 million MT reduction in steelmaking capacity as claimed by the GOC and a 100 million MT reduction calculated using capacity data provided by China's National Bureau of Statistics to the GFSEC, for this period.¹⁴³ According to this report, OECD capacity data points to an even smaller reduction of 87 million MT for the period of 2016 to 2018, followed by increases in capacity in 2019, as was discussed previously above. In fact, even if the capacity reduction claimed by the GOC is accepted as accurate, China's Iron and Steel Association recognized in 2019 that the Chinese steel industry continues to face excess capacity, stating that the 150 million MT which were cut was "far from achieving its tasks".¹⁴⁴

[101] The existence of illegal induction furnaces in China has also been widely recognized. According to an article posted by Reuters in September 2019, China's Ministry of Industry and Information Technology admitted that China was continuing to face challenges containing illegal capacity such as new illegal mills not approved by the government, mills that reopened without approval and/or mills which were moved instead of being shut down.¹⁴⁵ In reporting China's steelmaking capacity, the OECD notes that the data does not include illegal IF capacity, for which data was not available.¹⁴⁶ Other sources of information available on the administrative record discuss specific instances of companies ignoring demands to cut production.¹⁴⁷ Perhaps most notably, and as discussed above, China's production and capacity have actually increased during the POR despite the GOC's stated reduction efforts.

[102] Further to the discussion above, information on the administrative record suggests that steel production and capacity are likely to continue to increase following the POR. For example, an article published by S&P Global Platts references the approval of eight steel capacity replacement projects.¹⁴⁸

Demand

[103] While the effects of the pandemic have contributed to a slowdown in global demand for steel, information on the administrative record suggests that China's economic performance and infrastructure stimulus has led to increases in steel demand during the POR.¹⁴⁹ Notably, in

¹⁴³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Ministerial Report – Global Forum on Steel Excess Capacity 2020, page 28

¹⁴⁴ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, public attachment 91

¹⁴⁵ Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, public attachment 93.

¹⁴⁶ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD latest developments in steelmaking capacity 2020, Annex C

¹⁴⁷ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – United Steelworkers – Global Forum on Steel Excess Capacity; Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, public attachment 94

¹⁴⁸ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 28-11

¹⁴⁹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Ministerial Report – Global Forum on Steel Excess Capacity 2020; Article – CNBC- China's Iron ore prices spike 10% on supply concerns, World Steel Association – Steel Statistical yearbook 2020, Table 39

October 2020, the WSA forecasted that China would be one of the few markets to experience growth in demand for finished steel in 2020.¹⁵⁰

[104] Despite these gains in demand, it is evident that China's steel production has a history of exceeding consumption:

Table 3
Chinese Steel Production and Consumption (Millions of MT)¹⁵¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Production	577.1	638.7	702.0	731.0	822.0	822.8	798.8	808.4	831.7	922.8	992.9
Apparent Consumption	576.3	615.2	671.6	691.7	776.5	746.2	701.8	715.2	772.2	870.1	946.2

[105] In addition, softening oil demand in China suggests that China's demand for energy tubulars such as line pipe may not be immune to the downturns experienced in the global market.¹⁵² Persistent production in addition to reduced global demand, has led to record levels of steel inventory in China in 2020.¹⁵³

[106] In the opinion of the CBSA, the combination of the factors described above will likely result in further overproduction and continued overcapacity. As supply continues to exceed demand, the CBSA is of the opinion that this is likely to put pressure on prices and will further encourage producers of line pipe in China to pursue export markets.

Market Conditions

Global Market Conditions

[107] According to the OECD, global growth prospects have collapsed as a result of government containment measures implemented to help limit and/or slow the spread of the COVID-19 pandemic.¹⁵⁴ In fact, world GDP growth went from 3.4% in 2018 to -4.5% in 2020.¹⁵⁵ Notably, China was the only market reported in the OECD's market development report to have real GDP growth in 2020, although it too slowed substantially at 1.8%. While the OECD projects GDP growth to partially recover in 2021 at 5%, it notes that consumers and businesses remain cautious and that recovery is fragile. The OECD indicates that the resilience of the steel sector towards COVID-19 is likely to be affected by the challenging conditions already faced by the steel industry prior to the pandemic.¹⁵⁶ Further, the OECD cites other risks including trade

¹⁵⁰ Exhibit 21 (NC) – Articles, Reports and CBSA Research: World Steel Association – Steel Demand Outlook 2020-21, page 6

¹⁵¹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: ITA Report – Global Steel Trade Monitor – China exports (2020)

¹⁵² Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 11; Exhibit 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, Attachment 35

¹⁵³ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachments 28-8, 28-9, 28-10; Exhibits 1 (PRO) & 2 (NC) – CITT Administrative Record – Case Brief of Evraz Inc. NA Canada, Attachment 27

¹⁵⁴ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD Steel Market Developments Q4 2020, pages 6-8

¹⁵⁵ Exhibit 21 (NC) – CBSA Research Articles: OECD Steel Market Developments Q4 2020, pages 8-9

¹⁵⁶ Exhibit 21 (NC) – CBSA Research Articles: OECD Steel Market Developments Q4 2020, pages 18

and cross-border investment restrictions, financial vulnerabilities from slow economic growth and corporate indebtedness.¹⁵⁷

[108] Information available on the administrative record demonstrates that West Texas Intermediate (WTI) prices (a benchmark in oil prices) improved between 2016 and 2018 but, like GDP growth, faced setbacks in 2020.¹⁵⁸ Looking at the POR specifically, WTI oil prices decreased from 65 USD/barrel in 2018 to 39 USD/barrel in 2020. Based on information available for the first three months of 2021, WTI oil prices have shown signs of growth, averaging 58 USD/barrel. While WTI oil prices of 58 USD/barrel are improved from 2020, the forecasted 2021 oil prices remain below prices seen in 2014.¹⁵⁹ According to the US Energy Information Administration, WTI prices are expected to remain around 55 USD/barrel in 2021 and 2022.¹⁶⁰

[109] As discussed by the Canadian producers, trends in oil and gas prices have been recognized to have an impact on drilling activity, thereby impacting demand for products like OCTG and line pipe. Tenaris Canada notes, for example, that drilling activity is stimulated when WTI oil prices hold above 50 USD/barrel.¹⁶¹ Drilling activity, measured by average number of drilling rigs actively looking for or developing oil or natural gas, declined over the POR.¹⁶² Likewise, in light of the collapse in oil prices and the declines in drilling activity during the POR, demand for line pipe has also faced challenges during the POR and particularly in 2020. For example, Evraz referenced a Preston Pipe report, claiming that 2020 demand for small diameter line pipe in the United States was the lowest it had been since 2009.¹⁶³

[110] With respect to steel products generally, based on data from the WSA, global demand for finished steel products increased each year from 2010 to 2019, except for 2015.¹⁶⁴ For example, in 2019, the second year of the POR, global steel demand reportedly increased 3.5%, reaching a high of 1,766.7 million MT.¹⁶⁵ Steel demand in 2020 however is projected to be weak, falling 2.4% according to the WSA's October 2020 short range outlook, as it too was effected by the COVID-19 pandemic.¹⁶⁶ Steel demand forecasts for 2021 have shown improvements¹⁶⁷, however several sources cite concerns over prolonged weak demand.¹⁶⁸

¹⁵⁷ Exhibit 21 (NC) – CBSA Research Articles: OECD Steel Market Developments Q4 2020, pages 6-11

¹⁵⁸ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada, paras 109-112

¹⁵⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 6-9

¹⁶⁰ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22 and attachment Q22-12, Table 1

¹⁶¹ Exhibits 25 (PRO) & 26 (NC) – Case Briefs filed on Behalf Tenaris Canada, para 106

¹⁶² Exhibit 21 (NC) – Articles, Reports and CBSA Research: Baker Hughes Worldwide Rig Count, Article – Baker Hughes Announces March 2020 Rig Count.

¹⁶³ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 13

¹⁶⁴ Exhibit 21 (NC) – CBSA Research Articles: World Steel Association – Steel Statistical Yearbook 2020, pages 21-23

¹⁶⁵ Exhibit 21 (NC) – CBSA Research Articles: World Steel Association – Steel Demand Outlook 2020-21

¹⁶⁶ Exhibit 21 (NC) – CBSA Research Articles: World Steel Association – Steel Demand Outlook 2020-21, OECD Steel Market Developments Q4 2020, pages 17 - 21

¹⁶⁷ Exhibit 21 (NC) – CBSA Research Articles: World Steel Association – Steel Demand Outlook 2020-21, page 5

¹⁶⁸ Exhibit 21 (NC) – CBSA Research Articles: OECD Steel Market Developments Q4 2020, page 6, OECD 89th session of the Steel Committee, Ministerial Report – Global Forum on Steel Excess Capacity 2020, Deloitte CIS Research Center - Overview of the steel and iron ore market 2020

Market Conditions in China

[111] Following a period of decreasing HRC prices beginning in May 2018¹⁶⁹, information available on the administrative record demonstrates that prices of HRC have increased in certain markets from August 2020 to March 2021.¹⁷⁰

[112] With respect to the pricing of line pipe, Canadian producers have supplied estimated export prices of line pipe from China. Using data collected from IHS Markit Data, Evraz reports average export prices of line pipe for sales to all countries.¹⁷¹ This data demonstrates a modest downward trend in average pricing from 1,151 USD/tonne in 2018 to 1,020 USD/tonne in 2020.¹⁷² Likewise, Tenaris Canada reports export pricing of line pipe from China based on information gathered from Fastmarkets MBR.¹⁷³

[113] For the purposes of the 2016 final determination,¹⁷⁴ the CBSA was of the opinion that the conditions described in paragraph 20(1)(a) of SIMA apply in the steel pipe sector in China, which includes line pipe. Section 20 of SIMA may be applied to determine the normal value of goods where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country, under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market. Where section 20 is applicable, normal values for the goods are not determined based on domestic prices or costs in that country.

[114] When section 20 conditions are found to exist, the CBSA usually determines normal values using the selling price, or the total cost and profit, of like goods sold by producers in a surrogate country designated by the CBSA pursuant to paragraph 20(1)(c) of SIMA. Alternately, normal values may be determined under paragraph 20(1)(d) of SIMA, using re-sales in Canada of like goods imported from a third country. During the investigation, sufficient surrogate country data respecting domestic prices and costs relating to the like goods was not provided to the CBSA. Furthermore, importers did not provide sufficient re-sale information to enable the CBSA to determine normal values in accordance with paragraph 20(1)(d) of SIMA.

[115] As a result, throughout the enforcement period, the normal values for the exporters that provided a complete and reliable response to the questionnaires have been determined using an alternate methodology under a Ministerial Specification, pursuant to section 29 of SIMA. Specifically, the CBSA determined normal values based on information provided in the publication *Pipe Logix* for the period of July 2014 to June 2015. *Pipe Logix* is a trade publication based in the USA which tracks OCTG and line pipe prices. As the *Pipe Logix* data represents the

¹⁶⁹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: OECD Steel Market Developments Q4 2020, pages 36-39

¹⁷⁰ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 66-71

¹⁷¹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 55-56

¹⁷² Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., Table 3

¹⁷³ Exhibits 25 (PRO) & 26 (NC) – Case Brief filed on behalf of Tenaris Canada, paras 59-65

¹⁷⁴ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

price of goods from distributors to end users, the prices were adjusted to account for a distributor margin.¹⁷⁵

[116] Evidence on the administrative record does not indicate any significant change in the GOC's level of involvement in the steel pipe sector in China such that it would change the CBSA's opinion issued at the time of the Final Determinations concerning the conditions of Section 20 in the steel pipe sector in China.

[117] As such, for purposes of evaluating the likelihood of resumed and/or continued dumping, the CBSA finds it relevant to compare the export selling prices of line pipe from China during the POR to other line pipe pricing information available on the administrative record. In this respect, information from *Pipe Logix* relating to average line pipe prices was provided. For the purposes of the final determination of dumping, the CBSA relied on information from this publication in determining normal values pursuant to section 29 of SIMA. As such, the CBSA has found, and continues to find, that this publication is a reasonably reliable source of information. A comparison of export selling prices from China to average *Pipe Logix* line pipe pricing, as provided by Evraz, demonstrates that export pricing was below adjusted *Pipe Logix* pricing in all years of the POR.

Table 5
Evraz's Estimated Margin of Dumping¹⁷⁶

Table 3				
Estimated Margins of Dumping – Chinese Export Prices to Other Countries				
	2017	2018	2019	2020
Line Pipe (HS 7304.19, 7305.11, 7305.12, 7305.19, and 7306.19)				
China Export AUV (USD/tonne) ¹⁵¹	\$ 978	\$ 1,151	\$ 1,143	\$ 1,020
PipeLogix Line Pipe Average (USD/ton) (after 8.2% downward adjustment) ¹⁵²	\$1,798	\$2,194	\$1,891	\$1,590
Estimated Dumping	\$820	\$1,043	\$748	\$570
Estimated Dumping Margin	84%	91%	65%	56%

[118] Considering the above pricing analysis in concert with the existing substantial overcapacity and export orientation of Chinese line pipe producers, the CBSA finds that it is likely that exporters of subject goods will continue or resume selling line pipe to Canada at dumped prices in the absence of the CITT's finding.

¹⁷⁵ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

¹⁷⁶ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 55 & Table 3

Conditions in the Canadian Market

[119] Despite the challenges faced in the global line pipe market, discussed above, Canada remains an attractive market to line pipe producers in other countries, as evidenced by the presence of imports from countries other than China during the POR.

[120] Nevertheless, following markets for oil and gas, demand for line pipe in Canada was also negatively impacted during the POR.¹⁷⁷ As discussed above, WTI oil prices decreased over the course of the POR. Likewise, Western Canada Select (WCS) prices (i.e. the benchmark oil price for Western Canada drilling activities) were also under pressure during the POR.¹⁷⁸ As noted by the CITT in RR-2019-005, "...Canadian oil prices remained additionally challenged, due to Canadian oil and gas being landlocked and the delivery of Western Canadian oil and gas to market being constrained by transportation bottlenecks."¹⁷⁹ With the Russia-OPEC oil price war and the outbreak of the pandemic, WCS oil prices were particularly effected in 2020, where they declined from 36.82 USD/bbl in January to 3.50 USD/bbl in April.¹⁸⁰ Despite some recovery in WCS prices towards the end of 2020, evidence on the record suggests oil prices are expected to remain around \$40/bbl in 2021, far below 2014 levels.¹⁸¹

[121] As discussed above, drilling activity tracks oil and gas price trends. In response to falling WCS prices, the Government of Alberta imposed oil production cuts during the POR thereby slowing oil production and drilling activity.¹⁸² According to Baker Hughes, the average annual Canadian rig count decreased in each year of the POR. Specifically, Canada's average annual rig count was 191 in 2018, 135 in 2019 and 90 in 2020.¹⁸³

[122] Despite the collapse in oil prices and the negative impacts to the Canadian oil and gas industry, Canada remains an attractive market for line pipe. According to 2019 data, Canada is among the 4th largest producers of crude oil and natural gas globally.¹⁸⁴ With respect to drilling activity, information on the administrative record indicates that Canadian drilling activity began improving following the low in June 2020, while worldwide oil and natural gas rig counts continued decreasing for several more months.¹⁸⁵ Furthermore, information on the record suggests continued improvement in 2021. For example, PSAC forecasts a modest increase in rigs released in 2021.¹⁸⁶ Likewise, Tenaris Canada also noted that drilling activity in 2021 has been

¹⁷⁷ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q23; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22

¹⁷⁸ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22

¹⁷⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 20

¹⁸⁰ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 20

¹⁸¹ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22 & Q24

¹⁸² Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 8; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachments 22-6, 22-7

¹⁸³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Baker Hughes Worldwide Rig Count

¹⁸⁴ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachments Q29-10 and Q29-11

¹⁸⁵ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Baker Hughes Worldwide Rig Count

¹⁸⁶ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q24

stronger than 2020 and is expected to continue.¹⁸⁷ Further aiding the favourable oil and gas industry outlook, are forecasted increases in capital expenditures in Canada.¹⁸⁸

[123] As demand for line pipe in Canada tracks the oil and gas market (i.e. drilling activity), Canadian producers have forecasted some recovery in the Canadian line pipe market. Specifically, Canadian producers suggest that the line pipe market is expected to begin its recovery in 2021 and continue into 2022.¹⁸⁹

[124] Average line pipe pricing in Canada, according to the CBSA's estimate of imports, suggests an overall average increase in import pricing over the POR.¹⁹⁰ In addition, in response to the CBSA's ERQ, Evraz referenced a *Pipe Logix* report suggesting that line pipe prices in North America have started to increase in the beginning of 2021 due to recovery in oil prices and the increase in raw material costs, but states that they remain below 2018 prices.¹⁹¹ Further, it was submitted that the presence of low priced imports from other countries has made it impossible to recover the increase in input prices (i.e. HRC).¹⁹²

[125] Although the Canadian market for line pipe faced difficult conditions during the POR, forecasts with respect to line pipe demand and pricing suggest potential recovery in the industry thereby supporting the attractiveness of the Canadian market. In light of the appeal of the Canadian market, the substantial excess capacity in global and domestic markets and the fact that producers generally compete on the basis of price, there is an ongoing risk that line pipe would be sold to Canadian customers at dumped prices.

Trade Measures in Canada and Other Jurisdictions

[126] China has a history of dumping steel pipe products into the Canadian market. This is evidenced by the number of anti-dumping findings in place with respect to steel pipe products originating in or exported from China. In addition to subject line pipe, the CBSA has anti-dumping measures in force on large diameter line pipe, OCTG, sucker rods, carbon steel welded pipe, seamless casing, steel piling pipe, and pup joints.¹⁹³

[127] In addition to the Canadian measures, several jurisdictions have imposed anti-dumping and other trade measures on Chinese steel pipe and tubular products, including line pipe. A list of these anti-dumping measures is provided in **Table 6** below.

¹⁸⁷ Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q24

¹⁸⁸ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22

¹⁸⁹ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q24, Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q24; Exhibits 15 (PRO) & 16 (NC) – Response to ERQ from Bri-Steel, Q24

¹⁹⁰ Table 1 & 2 of CBSA LP 2021 ER SOR

¹⁹¹ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q22

¹⁹² Exhibits 19 (PRO) & 20 (NC) – Response to ERQ from Tenaris Canada, Q22

¹⁹³ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Dumping and Subsidy Investigations; <https://www.cbsa-asfc.gc.ca/sima-lms/i/mif-mev/menu-eng.html>

Table 6
Anti-dumping Measures Imposed by Other Jurisdictions¹⁹⁴

Country Imposing Antidumping Action	Description of Subject Goods
<i>Line Pipe Products from China</i>	
United States	Certain Circular Welded Carbon Quality Steel Line Pipe
United States	Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe
Mexico	Seamless steel tubing
Brazil	Line pipe
Brazil	Line Pipe for Oil and Gas Pipelines, Of Seamless Iron (other Than Cast Iron) Or Steel
Mexico	Seamless steel tubing
India	Seamless tubes pipes and hollow profiles of Iron
Turkey	Seamless pipes and tubes of iron and steel
European Union	Certain seamless pipes and tubes of iron or steel of circular cross section, of an external diameter exceeding 406,4 mm
Thailand	Certain iron steel pipe and tube
Argentina	Steel pipes of the type used in oil and gas pipelines
Mexico	Carbon and alloy steel tubing
United States	Large diameter welded pipe
Ukraine	Hot-deformed seamless steel pipes

[128] Certain measures referenced in the table above have recently undergone review by the respective investigating authority. For example, in 2019 the US DOC conducted a sunset review with respect to circular welded carbon quality steel line pipe, finding that the revocation of the orders on welded line pipe from China would likely lead to the continuation or recurrence of dumping, countervailable subsidies and material injury to the industry in the United States.¹⁹⁵ Similarly, in 2020, the European Commission initiated an expiry review with regard to imports of certain welded tubes and pipes of iron or non-alloy steel originating in three countries, including China. On April 16, 2021, the European Commission published the results of the expiry review in the Official Journal of the European Union, noting that there was a likelihood of recurrence of dumping if the measures would not be extended.¹⁹⁶

¹⁹⁴ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q29, Attachment 29-1; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., Table 2; Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 48-49

¹⁹⁵ Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 53-54

¹⁹⁶ Exhibit 21 (NC) – Articles, Reports and CBSA Research: EU – Definitive Anti-dumping Welded Pipe and Tube

[129] In addition to the measures in force concerning Chinese line pipe, information on the record indicates that there are 18 additional anti-dumping measures against related products, which can be produced on the same or similar equipment.¹⁹⁷ The numerous measures currently in place in Canada and other jurisdictions demonstrate the Chinese exporters' propensity to dump line pipe and other related steel tubular products. Furthermore, the CBSA's numerous investigations into the alleged dumping and/or subsidizing of steel products originating in or exported from China is evidence of the attractiveness of the Canadian market for such goods.

[130] Other trade measures, such as tariffs and safeguards have also been imposed on Chinese steel products by jurisdictions outside of Canada during the POR. For example, the United States imposed tariffs on imports of several goods, including Chinese line pipe, under Section 232 of the *Trade Expansion Act of 1962*.¹⁹⁸ In 2019, the European Commission imposed definitive safeguard measures on a number of steel products which were subsequently reviewed and maintained in June 2020.¹⁹⁹ The evidence available suggests that this includes line pipe from China.

[131] The presence of these trade measures further limits the markets that Chinese line pipe can access, thereby increasing the risk of diversion of subject goods to Canada. While the anti-dumping and countervailing measures currently in place in Canada with respect to the subject goods have significantly limited imports of Chinese line pipe during the POR, the removal of these measures is likely to result in an increase of shipments to Canada at dumped prices.

Ability of Chinese Producers of Energy Tubular Products to Shift Production Capacity

[132] The CBSA has previously found that line pipe can be made on the same production equipment as OCTG and other tubular products such as standard pipe and piling pipe.²⁰⁰ Likewise, evidence on the record suggests that a number of companies in China hold active licenses/certifications to produce both API-5L line pipe and API 5CT OCTG.²⁰¹ Further, given the similarities in production, it is reasonable to assume that manufacturers with certification only to produce API-5CT would not experience significant challenges obtaining API 5L certification.

¹⁹⁷ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 54;

¹⁹⁸ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, attachments 22-1, 22-2, 22-3; Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article – Reuters – Tariffs

¹⁹⁹ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, attachment Q22-5; Exhibit 21 (NC) – Article – European Commission – Commission maintains safeguards in place to defend European steel industry; Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 61-108

²⁰⁰ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

²⁰¹ Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 1-43

[133] In addition to having the ability to shift production from other tubular goods, such as OCTG, to line pipe, it is reasonable to expect that some production would be converted to line pipe production if the line pipe finding expired. On July 3, 2020, the CBSA determined that the expiry of the order in respect of certain OCTG from China was likely to result in the continuation or resumption of dumping and subsidizing of the goods exported to Canada.²⁰² The CITT subsequently continued its order. Notably, OCTG is also subject to trade measures in the United States and Russia.²⁰³ As markets for Chinese OCTG have been limited by such trade measures, there is an increased risk of conversion of production from OCTG, in particular, to products not subject to anti-dumping measures.

Determination Regarding Likelihood of Continued or Resumed Dumping

[134] Based on the evidence on the record in respect of: imports of Chinese line pipe during the POR, the export orientation of Chinese line pipe producers, steel overcapacity in China, market conditions, trade measures, and the ability of producers of energy tubular product in China to shift production, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of line pipe, originating in or exported from China, into Canada.

POSITION OF THE PARTIES - SUBSIDIZING

Parties Contending that Continued or Resumed Subsidizing is Likely

[135] The Canadian producers, having made certain representations as part of their submissions to the CITT in LE-2020-004, in their ERQ responses, and/or in their case briefs, argued that the subsidizing of line pipe from China is likely to continue or resume should the CITT's finding expire.

[136] The main argument made by the Canadian producers can be summarized as follows:

- Imports of Chinese Line Pipe Cannot Compete at Unsubsidized Prices
- Chinese Producers of Line Pipe Remain Heavily Subsidized
- Trade Measures in Canada and in Other Jurisdictions

²⁰² Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA OCTG 2020 ER SOR

²⁰³ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 82; Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 44-47

Imports of Chinese Line Pipe Cannot Compete at Unsubsidized Prices

[137] Similar to the argument made above in relation to the likelihood of dumping, Canadian Producers Evraz and Tenaris Canada have submitted that the insignificant volume of imports during the POR also demonstrates that Chinese exporters are unable to sell their goods to Canada at non-subsidized prices.²⁰⁴ In support of this, the producers point to the stark difference between the volume of Chinese imports in 2014 and the volume following the imposition of SIMA duty, as part of the CBSA's dumping and subsidy investigation. According to Evraz, the limited presence of Chinese line pipe in the Canadian market is particularly noteworthy given that subsidy rates, along with normal values, have not been updated since March 2016.

Chinese Producers of Line Pipe Remain Heavily Subsidized

[138] Evraz submits that Chinese producers of subject goods have been and are likely to remain subsidized.²⁰⁵ Likewise, Tenaris Canada argues that the subsidization of line pipe during the POR in addition to the continued interest in the Canadian market increases the likelihood of a resumption or continuation of subsidization of subject goods from China if the line pipe finding were rescinded.²⁰⁶

[139] In support of their arguments, reference is made to publically available information which indicates that subsidies to listed companies increased each year between 2014 and 2018, culminating in RMB 153.8 billion of payments offered by Beijing and local governments in 2018.²⁰⁷ In reviewing the annual reports of Shandong Molong Petroleum Machinery Company Limited and Bauwu Iron and Steel Co., Evraz noted additional evidence of subsidies received in 2019 and 2020.²⁰⁸ For example, Evraz points to the third quarter 2020 report of line pipe producer, Baoshan Iron & Steel Co., Ltd., in which an amount of government subsidy for the period of January to September is RMB 256 million.²⁰⁹ Tenaris Canada also notes allegations made by the EU and the United States that China failed to disclose all subsidy programs to the WTO.²¹⁰ In light of this, Tenaris Canada submits that further countervailing findings against Chinese steel products is a possibility.

²⁰⁴ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 18-20; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 43-46

²⁰⁵ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 57-58

²⁰⁶ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 26

²⁰⁷ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Q29 and Attachment Q29-6

²⁰⁸ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 58

²⁰⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 58; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 29-5

²¹⁰ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 92-93

[140] According to Evraz, China's subsidy programs have been compounded by COVID-19 stimulus.²¹¹ Specifically, the Canadian producers provide evidence of government stimulus announced or provided in 2020 in the form of new articles and publications. For example, Evraz references a KPMG publication which discusses various GOC initiatives including the launch of the RMB 1.2 trillion of repurchase reposessions and other low interest loans as well as an employment based subsidy program.²¹² Tenaris Canada also discusses China's total social financing (TSF) and the loosening of the GOC's fiscal and monetary measures.²¹³

Trade Measures in Canada and in Other Jurisdictions

[141] Evraz argues that the subsidization of Chinese tubular goods is well established for small diameter line pipe and closely related products.²¹⁴ In support of this, Evraz and Tenaris Canada discuss the amounts of subsidy found in the CBSA's investigations into a number of steel tubular goods from China, including line pipe, seamless casing, pup joints, OCTG, Welded Large Diameter Line pipe and sucker rods.²¹⁵ Reference is also made to the CBSA's recent expiry review investigations in respect of OCTG and carbon steel welded pipe, in which subsidization of the goods is addressed.²¹⁶ In one example, relating to the CBSA's recent OCTG re-investigation, it is noted that the all others rate for exporters of Chinese OCTG was determined to be 4,070 RMB per tonne.²¹⁷

[142] Evraz and Tenaris Canada submit that other countries have also experienced the injurious subsidizing of Chinese steel tubular products.²¹⁸ In this respect, the Canadian producers make reference to findings made by the US DOC and Australia between 2012 and 2020, relating to line pipe and other related products.

²¹¹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 60

²¹² Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 60; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment 29-7

²¹³ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 41

²¹⁴ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 61-62

²¹⁵ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 23, 128-138; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., paras 57, 61.

²¹⁶ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 61; Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 23

²¹⁷ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 61

²¹⁸ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, para 88-91; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 62; Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 44-49

Table 7
Countervailing Measures Imposed by Other Jurisdictions²¹⁹

Country Imposing Countervailing Action	Description of Subject Goods
United States	Certain Small Diameter Line Pipe
United States	Circular Welded Carbon Quality Steel Pipe
United States	Oil Country Tubular Goods
Australia	Hollow Structural Sections
United States	Large Diameter Welded Pipe

[143] Based on the information discussed above, the Canadian producers argue that it is likely that the subject goods shipped to Canada would continue to be subsidized.

Parties Contending that Continued or Resumed Subsidizing is Unlikely

[144] None of the parties contended that continued or resumed subsidizing of subject goods from China is unlikely should the CITT's finding expire.

CONSIDERATION AND ANALYSIS - SUBSIDIZING

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

[146] No exporters or importers provided a response to the ERQ, nor did they file case briefs or reply submissions. Likewise, the GOC did not provide a response to the ERQ, nor did the GOC provide a case brief or reply submission.

[147] In the absence of participation from exporters, importers or the GOC, the CBSA relied on other information in assessing the likelihood of continued or resumed subsidization should the CITT's finding be rescinded.

[148] Guided by the aforementioned factors and having considered the information on the administrative record, the following list represents a summary of the factors analyzed by the CBSA in conducting this expiry review investigation with respect to subsidization:

- Trade Measures in Canada and in Other Jurisdictions
- Continued Availability of Subsidy Programs

²¹⁹ Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 62 and Table 5

Trade Measures in Canada and in Other Jurisdictions

[149] In the original line pipe subsidy investigation, the CBSA investigated 177 subsidy programs. Information concerning these programs is available in the CBSA's Statement of Reasons for the original investigation concerning line pipe.²²⁰

[150] As noted in the CBSA's Final Determinations *Statement of Reasons*, the GOC did not provide a response to the CBSA's subsidy RFI which limited the CBSA's ability to determine the amount of subsidy in the prescribed manner, pursuant to subsection 30.4(1) of SIMA, as the required information relating to financial contribution, benefit and specificity was not provided. It also limited the CBSA's ability to determine whether producers, or other suppliers of goods and services are public bodies.

[151] Due to this lack of information, subsidy amounts for all exporters were determined under a ministerial specification, pursuant to subsection 30.4(2) of SIMA.

[152] For each of the eight exporters/exporter groups that provided sufficient information in response to the subsidy RFI, an individual amount of subsidy was determined under ministerial specification, based on the information provided in response to the RFI and obtained during the on-site verification or desk audit. Amounts of subsidy determined for exporters that provided sufficient information during the original investigation ranged from 12.10 RMB/MT to 289.93 RMB/MT. The all others rate, for exporters that have not been issued specific amounts of subject, is equal to 989.97 RMB/MT.

[153] It was found that 100% of the goods exported from China were subsidized during the original investigation. Since the CITT's finding, the CBSA has not conducted any re-investigations to update amounts of subsidy for line pipe from China.

[154] In addition to the line pipe finding, the CBSA currently has seven other countervailing measures in place against steel tubular products originating in or exported from China: OCTG, Seamless Casing, Pup Joints, Sucker rods, Large Line Pipe, Carbon Steel Welded Pipe and Piling Pipe.²²¹ Detailed descriptions and explanations of the programs are contained in the CBSA's *Statement of Reasons* issued at the final determination of each investigation.

[155] Furthermore, in recent years the CBSA has conducted expiry reviews with respect to seamless casing, carbon steel welded pipe and OCTG, determining that that the expiry of each finding/order was likely to result in the continuation or resumption of subsidizing of the goods originating in or exported from China.²²²

²²⁰ Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA Statement of Reasons – Line Pipe Final Determinations

²²¹ <https://www.cbsa-asfc.gc.ca/sima-lms/i/mif-mev/menu-eng.html>; Exhibit 21 (NC) – Articles, Reports and CBSA Research: CBSA dumping and subsidy investigations

²²² <https://www.cbsa-asfc.gc.ca/sima-lms/i/er-rre/menu-eng.html>

[156] Information on the administrative record also indicates that the US and Australia have countervailing measures in force against steel tubular products from China. Products listed as subject to the US countervailing measures include: OCTG, 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, and Large Diameter Welded pipe. The goods subject to Australia's countervailing measures are hollow structural sections.²²³ With respect to the US countervailing measures on line pipe, it is worth noting that the US DOC recently concluded its second sunset review in which it determined that the revocation of the orders on welded line pipe from China would likely lead to continuation or recurrence of dumping and countervailable subsidies.²²⁴

[157] The existence of these countervailing measures in place in Canada and in other jurisdictions concerning line pipe and/or similar steel tubular products from China serves as evidence that Chinese exporters of steel tubular products have received countervailable benefits from the GOC. It is the CBSA's opinion that the GOC will likely continue to subsidize its domestic line pipe producers in the future.

Continued Availability of Subsidy Programs

[158] Information on the administrative record indicates that government subsidies continue to be available to steel producers, including line pipe producers, in China. For example, and as previously discussed, the GOC announced in March 2020 an increase to the export tax rebate rate on certain goods, including steel pipe.²²⁵ Further, in November 2020, it was revealed that the Chinese Ministry of Commerce and the Ministry of Ecology and Environment are studying new export tax rebate policies to promote steel exports.²²⁶

²²³ Exhibits 25 (PRO) & 26 (NC) – Case brief filed on behalf of Tenaris Canada, paras 23, 88-93; Exhibits 27 (PRO) & 28 (NC) – Case Brief filed on behalf of Evraz Inc., para 62 & Table 5; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, attachments 29-1 and 29-2; Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 44-49

²²⁴ Exhibit 23 (NC) – Close of Record – supporting documents from Tenaris Canada, pages 53-54

²²⁵ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Article - China's Steel market welcomes tax rebate increase, Article – Export Taxes

²²⁶ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment Q28-4

[159] Also noteworthy are the annual reports of two steel producers in China, which confirm that government support was received during the POR. For example, the 2020 annual report of Shandong Molong Petroleum Machinery Company Limited lists government grants in excess of RMB 14 million each year from 2018 to 2020. In fact over the course of the POR the total amount of government grant is reportedly greater than RMB 60 million and is described as being “mainly due to the company’s corporate support subsidies.”²²⁷ Reports published by Baosteel, a line pipe producer that participated in the CBSA’s original investigation, describes receipt of government subsidies and grants throughout the POR.²²⁸ The CBSA also notes that the assessment of SIMA duties on line pipe originating in or exported from China and imported into Canada during the POR²²⁹ is further evidence of the continued dumping and/or subsidization of subject goods.

[160] Evidence available also suggests the introduction of additional government support in response to the COVID-19 pandemic, including through tax measures, employment related measures, economic stimulus, etc.²³⁰

[161] In addition, other jurisdictions continue to express concern over subsidization of the steel industry in China. For example, the United States and the European Union reiterated concerns surrounding China’s non-notification of possible subsidy programs for steel producers in a 2019 meeting of the WTO’s Committee on Subsidies and Countervailing Measures.²³¹ Members of the GFSEC, a forum open to members of the G20 and members of the OECD, also recently cited concerns over market-distorting government subsidies and other support measures in China, in its 2020 Ministerial Report.²³² Members of the GFSEC contend that there is lending by Chinese state owned banks to indebted steel companies, equity infusions to non-financially viable steelmaking companies, grants and awards, preferential tax programs, and the preferential provision of steelmaking materials, among other government measures.²³³

[162] On the basis of the above, it is the CBSA’s position that the GOC places a great deal of importance on its steel industry, including line pipe, and that there are strong indications that the GOC will likely continue to subsidize its domestic producers of line pipe in the future.

²²⁷ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Shandong Molong 2020 annual report, page 7

²²⁸ Exhibit 21 (NC) – Articles, Reports and CBSA Research: Bao Steel Annual Report 2019, pages 8, 172, 178; Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment Q29-5 pages 5-6

²²⁹ Table 3 of CBSA LP 2021 ER SOR

²³⁰ Exhibits 17 (PRO) & 18 (NC) – Response to ERQ from Evraz, Attachment Q29-7; Exhibit 21 (NC) – Ministerial Report – global forum on steel excess capacity 2020, pages 32-33

²³¹ Exhibit 21 (NC) – Articles, Reports and CBSA Research: WTO 2019 News Item

²³² Exhibit 21 (NC) – Ministerial Report – global forum on steel excess capacity 2020

²³³ Exhibit 21 (NC) – Ministerial Report – global forum on steel excess capacity 2020, pages 32-33

Determination Regarding Likelihood of Continued or Resumed Subsidizing

[163] Based on the information on the administrative record in respect of the continued availability of subsidy programs for producers and exporters of line pipe in China and the countervailing measures in place relating to Chinese line pipe and other steel tubular products, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of subsidizing of certain line pipe originating in or exported from China.

CONCLUSION

[164] 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 and considering any other factors relevant in the circumstances. Based on the foregoing analysis of pertinent factors and consideration of information on the record, on July 30, 2021 the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the finding made by the CITT on March 29, 2016, in Inquiry No. NQ-2015-002, in respect of certain line pipe originating in or exported from China:

- i. is likely to result in the continuation or resumption of dumping of the goods into Canada; and
- ii. is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

FUTURE ACTION

[165] The CITT has now initiated its expiry review to determine whether the continued or resumed dumping and subsidizing are likely to result in injury. The CITT's Expiry Review schedule indicates that it will make its decision by January 6, 2022.

[166] If the CITT determines that the expiry of the finding with respect to the goods is likely to result in injury, the finding 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.

[167] If the CITT determines that the expiry of the finding with respect to the goods is not likely to result in injury, the finding 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 finding was scheduled to expire will be returned to the importer.

INFORMATION

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

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