OTTAWA, February 9, 2018

STATEMENT OF REASONS

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

CERTAIN STEEL PILING PIPE ORIGINATING IN OR EXPORTED FROM THE PEOPLE’S REPUBLIC OF CHINA

DECISION

On January 25, 2018, 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 November 30, 2012, in Inquiry No. NQ-2012-002:

i. is likely to result in the continuation or resumption of dumping of certain steel piling pipe originating in or exported from the People’s Republic of China; and

ii. is likely to result in the continuation or resumption of subsidizing of certain steel piling pipe originating in or exported from the People’s Republic of China.

Cet Énoncé des motifs est également disponible en français. This Statement of Reasons is also available in French.
# TABLE OF CONTENTS

SUMMARY .......................................................................................................................... 1  
BACKGROUND .................................................................................................................. 2  
PRODUCT DEFINITION ..................................................................................................... 3  
  ADDITIONAL PRODUCT INFORMATION .................................................................... 3  
  PRODUCTION PROCESS .......................................................................................... 4  
CLASSIFICATION OF IMPORTS ..................................................................................... 4  
PERIOD OF REVIEW ......................................................................................................... 4  
CANADIAN INDUSTRY .................................................................................................... 5  
CANADIAN MARKET ....................................................................................................... 5  
  CANADIAN PRODUCTION ....................................................................................... 5  
  IMPORTS ............................................................................................................... 6  
ENFORCEMENT DATA ..................................................................................................... 6  
PARTIES TO THE PROCEEDINGS .................................................................................. 6  
INFORMATION CONSIDERED BY THE CBSA .............................................................. 7  
  ADMINISTRATIVE RECORD ................................................................................... 7  
  PROCEDURAL ISSUES ......................................................................................... 8  
POSITION OF THE PARTIES - DUMPING ................................................................. 9  
  PARTIES CONTENDING THAT CONTINUED OR RESUMED DUMPING IS LIKELY ....... 9  
CONSIDERATION AND ANALYSIS - DUMPING ....................................................... 12  
POSITION OF THE PARTIES - SUBSIDIZING ............................................................ 16  
  PARTIES CONTENDING THAT CONTINUED OR RESUMED SUBSIDIZING IS LIKELY ..... 16  
CONSIDERATION AND ANALYSIS - SUBSIDIZING .................................................. 17  
CONCLUSION ............................................................................................................... 19  
FUTURE ACTION .......................................................................................................... 19  
INFORMATION ............................................................................................................ 20  

Trade and Anti-dumping Programs Directorate
SUMMARY

[1] On August 28, 2017, 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 November 30, 2012, in Inquiry No. NQ 2012-002, concerning the dumping and subsidizing of certain steel piling pipe originating in or exported from the People’s Republic of China (China).

[2] As a result of the CITT’s notice, on August 29, 2017, the Canada Border Services Agency (CBSA) commenced 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] A response to the Canadian Producer Expiry Review Questionnaire (ERQ) was received from Atlas Tube Canada ULC (Atlas)¹ and DFI Corporation (DFI)². These two companies may also collectively be referred to as “the Canadian producers” in this Statement of Reasons.

[4] In addition to responding to the ERQ, Atlas and DFI both submitted supplementary information³ prior to the closing of the record and also filed case briefs.⁴

[5] The ERQ responses and the case briefs submitted by Atlas and DFI included information supporting their position that continued or resumed dumping and subsidizing of certain steel piling pipe from China is likely should the CITT rescind its finding.

[6] The CBSA did not receive any responses to the Exporter ERQ.

[7] The CBSA received one partial response to the Importer ERQ, but it did not express an opinion with respect to the likelihood of continued or resumed dumping and subsidizing of steel piling pipe from China.

[8] The CBSA did not receive a response to the ERQ from the Government of China (GOC) nor did it receive a case brief or reply submission from the GOC.

[9] No other interested parties submitted case briefs or reply submissions.

[10] Analysis of information on the administrative record indicates: several anti-dumping measures have been imposed by Canada and other jurisdictions on closely-related steel pipe products from China; the inability of exporters to sell steel piling pipe in Canada at non-dumped prices; the anticipated increase in demand in Canada for steel piling pipe; the overcapacity of steel piling pipe production in China; and the continued interest of Chinese exporters in the Canadian market.

¹ Exhibits 21 (PRO) and 22 (NO) – Response to Canadian Producer ERQ – Atlas.
² Exhibits 24 (PRO) and 25 (NO) – Response to Canadian Producer ERQ – DFI.
³ Exhibits 36 (PRO) and 37 (NO) – Reference material from Atlas.
⁴ Exhibits 42 (PRO), 43 (NC), 44 (PRO) and 45 (NC) – Case briefs – Atlas and DFI.
[11] Analysis of information on the administrative record for this expiry review investigation also indicates; the continued availability of subsidy programs for steel piling pipe exporters in China; the GOC’s continued involvement in the steel sector; and closely-related steel pipe products from China are also subject to countervailing measures in Canada and in other jurisdictions.

[12] For the foregoing reasons, the CBSA, having considered the information on the record, determined on January 25, 2018, under paragraph 76.03(7)(a) of SIMA that:

i. the expiry of the finding in respect of the dumping of certain steel piling pipe originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods into Canada; and

ii. the expiry of the finding in respect of the subsidizing of certain steel piling pipe originating in or exported from China is likely to result in the continuation of subsidizing of the goods exported to Canada.

BACKGROUND

[13] On May 4, 2012, following a complaint filed by Atlas, the CBSA initiated investigations respecting the dumping and subsidizing of certain steel piling pipe originating in or exported from China.

[14] On October 31, 2012, the CBSA made final determinations of dumping and subsidizing in respect of the subject goods from China and, on November 30, 2012, a threat of injury finding was issued by the CITT.

[15] On July 7, 2017, pursuant to subsection 76.03(2) of SIMA, the CITT issued a notice concerning the expiry of its finding, which was scheduled to expire on November 29, 2017. Based on the information filed during the expiry process, the CITT decided that a review of the finding was warranted. On August 28, 2017, the CITT initiated an expiry review of its finding pursuant to subsection 76.03(3) of SIMA.

[16] On August 29, 2017, 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

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

"Carbon and alloy steel pipe piles, commonly identified as piling pipe, in outside diameter ranging from 3½ inches up to and including 16 inches (8.9 cm to 40.6 cm) inclusive, in commercial quality and in various forms and finishes, usually supplied to meet ASTM A252, ASTM A500, CSA G.40.21 or comparable specifications or standards, whether single, dual or multiple certified, originating in or exported from the People’s Republic of China, excluding carbon steel welded pipe, in the nominal size range of 3½ inches up to and including 6 inches (89 mm to 168.3 mm) in outside diameter, in various forms and finishes, usually supplied to meet ASTM A252 or equivalent specifications, other than carbon steel welded pipe in the nominal size range of 3½ inches up to and including 6 inches, dual-stencilled to meet the requirements of both specification ASTM A252, Grades 1 to 3, and specification API 5L, with bevelled ends and in random lengths, for use as foundation piles."

Additional Product Information

[18] The most common grades of steel piling pipe are made to ASTM A500, ASTM A252 (including “modified” ASTM A252 with increased yield strength) or comparable internationally-recognized specifications. The vast percentage of steel piling pipe is made from carbon steel, although small amounts of steel piling pipe may be made with high-strength low-alloy (HSLA) steel or of other steel grades depending on project requirements.

[19] Steel piling pipe is produced either through electrical-resistance welding ("ERW") or seamless processes. ERW pipe production is either by longitudinal welding or by spiral (also called helical-butt or helical lap) welding. Regardless of the production process, welded and seamless piling pipe are identical in terms of physical, tensile and other properties. They are covered by the same ASTM or comparable specifications and are fully substitutable in terms of end-use applications.

[20] The common North American specification for steel piling pipe is ASTM A500 and/or ASTM A252. Steel piling pipe can also be produced to higher standards which allows the goods to be dual-certified or multiple-certified for other applications, such as oil country tubular goods (casing), API-5L (line pipe) or A53 (standard pipe). Casing, line pipe and some types of standard pipe are produced to more stringent standards than steel piling pipe which allows them to be fully substituted in steel piling pipe applications.

[21] The goods are referred to as steel “piling pipe”. However, other names are can be used interchangeably, including: pipe piles, driven piles, drilled shafts, caissons, mini caissons, micro piles, piers and casings.
Production Process

[22] In ERW production, hot-rolled steel coil is passed through a series of rollers to form a tubular shape and the edges of the strip are heated electrically and welded together under heat and pressure. Once the round is welded, the pipe passes through a series of cold-forming stands to size it to the appropriate dimension and then cut to length.

[23] In spiral/helical welding, pipe of different diameters can be made from a single coil of hot-rolled steel strip. Instead of slitting along its length as in ERW processes, the coil is un-rolled and then re-coiled in spiral fashion on a coiler to the desired outside dimension prior to welding. The welding process is more complex and hence more expensive than the ERW welding process because of the spiral form of the steel coil. However, the end product is identical to ERW pipe in its inherent properties.

[24] Steel piling pipe is produced by the Canadian producers with plain ends and in standard, unpainted finish. After testing for quality control purposes, the pipe is stencilled, bundled and then loaded on trucks at the Canadian producers’ factory-gate for shipping, either by road or by rail. The goods are normally sold in orders of pounds/tons and bundled in railcar quantities.

CLASSIFICATION OF IMPORTS

[25] Prior to 2018, steel piling pipe was normally imported into Canada under the following tariff classification numbers:

- 7306.30.00.14
- 7306.30.00.19
- 7306.30.00.24
- 7306.30.00.29
- 7306.30.00.34
- 7306.30.00.39
- 7306.30.00.40
- 7306.40.00.20
- 7306.40.00.30
- 7306.50.00.90

[26] As of January 1, 2018, steel piling pipe are normally classified under the following tariff classification numbers:

- 7306.30.00.10
- 7306.30.00.20
- 7306.30.00.30

[27] The goods may also be classified under the following tariff classification numbers:

- 7306.40.00.20
- 7306.50.00.90
- 7306.40.00.30

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

PERIOD OF REVIEW

[29] The period of review (POR) for the CBSA’s expiry review investigation is from January 1, 2014 to June 30, 2017.
CANADIAN INDUSTRY

[30] The Canadian industry for steel piling pipe is comprised of three companies.

[31] Atlas Tube Canada ULC is located in Harrow, Ontario. Atlas produces like goods for the markets in eastern and western Canada, and was the complainant in the original investigation. Atlas submitted a response to the Canadian producer ERQ as well as a case brief.

[32] DFI Corporation is located in Edmonton, Alberta. DFI produces like goods for the market in western Canada, and provided a letter of support to the initial complaint. DFI submitted a response to the Canadian producer ERQ as well as submitted a case brief.

[33] Nova Tube is located in Montreal, Quebec and provided a letter of support to the initial complaint. Nova Tube did not provide a response to the ERQ nor file a case brief in this expiry review investigation.

CANADIAN MARKET

[34] The apparent Canadian market for steel piling pipe cannot be disclosed as the total value and volume of Canadian production of steel piling pipe sold for domestic consumption during the POR is based on confidential information filed by Atlas and DFI. Releasing the combined sales figures of these two Canadian producers would allow either party to calculate the confidential sales figures of the other. Similarly, the total value and volume of steel piling pipe imported into Canada from China during the POR cannot be disclosed because of the limited number of parties involved in the importing and exporting of these goods. Releasing this information would disclose information protected under section 107 of the Customs Act.

Canadian Production

[35] Sales from Canadian production figures, as explained above, are confidential, however, it can be noted that DFI states that there is “substantially less demand for piling pipe in the Canadian market compared to 2014 and the immediately preceding years [and] despite a recent uptick in the oil and gas sector drilling activity through the beginning of 2017, DFI has not yet benefited significantly from this very recent activity.”5 Similarly, Atlas states that “the Canadian construction sector, notably in Western Canada, was devastated after the collapse in oil prices in 2015-2016. As the Western Canadian economy improves in 2018, it is anticipated that piling demand and prices will firm up.”6

---
5 Exhibit 25 (NC) – Response to Canadian Producer ERQ - DFI, response to Q27.
6 Exhibit 22 (NC) – Response to Canadian Producer ERQ - Atlas, response to Q27.
Imports

[36] The total imports from China as well as the Canadian producers’ sales are confidential, as explained above, due to the limited number of parties involved. However, the total imports from all other countries and the apparent Canadian market are summarized in Table 1 and Table 2 below:

### Table 1
**Apparent Canadian Market for Steel Piling Pipe**
*(Value in $)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Other Countries Imports</td>
<td>70,979,516</td>
<td>59,155,181</td>
<td>60,279,953</td>
<td>41,218,913</td>
</tr>
<tr>
<td>Total Canadian Market</td>
<td>133,041,689</td>
<td>111,759,103</td>
<td>89,901,812</td>
<td>62,669,861</td>
</tr>
</tbody>
</table>

### Table 2
**Apparent Canadian Market for Steel Piling Pipe**
*(Volume in Metric Tonnes)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Other Countries Imports</td>
<td>76,842</td>
<td>63,485</td>
<td>75,204</td>
<td>46,952</td>
</tr>
<tr>
<td>Total Canadian Market</td>
<td>143,020</td>
<td>119,623</td>
<td>110,111</td>
<td>68,229</td>
</tr>
</tbody>
</table>

ENFORCEMENT DATA

[37] Subject goods were imported into Canada during the POR. SIMA duties were collected on these imports but the amount of duties collected cannot be disclosed due to confidentiality reasons.

PARTIES TO THE PROCEEDINGS

[38] On August 29, 2017, a notice concerning the CBSA’s initiation of the expiry review investigation was sent to potential Canadian producers, importers and exporters of steel piling pipe, as well as to the GOC. All of these parties were also sent an ERQ.

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

---

7 Exhibits 41 (NC) – Final Import and Domestic Market Statistics.
8 Ibid.
[40] Of the ERQs sent to potential Canadian producers of steel piling pipe at the initiation of the expiry review investigation, the CBSA received responses from two parties, Atlas and DFI. In addition to the ERQ responses, both Atlas and DFI submitted case briefs.

[41] The CBSA sent ERQs to potential exporters of steel piling pipe from China at the initiation of the expiry review investigation and did not receive any responses.

[42] The CBSA sent ERQs to potential importers of steel piling pipe at the initiation of the expiry review investigation and received one partial response from Protin Import Ltd. In its response, Protin Import Ltd. did not, indicate its position on whether dumping and subsidizing of steel piling pipe is likely to continue or resume, should the CITT rescind its finding. Protin did not submit a case brief.

[43] The GOC did not provide a response to the CBSA’s Government ERQ, nor did it submit a case brief or reply submission.

**INFORMATION CONSIDERED BY THE CBSA**

**Administrative Record**

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

[45] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA’s investigation. This is referred to as the “closing of the record date” and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on October 23, 2017.
Procedural Issues

[46] The CBSA will normally not consider any new information submitted by participants subsequent to the closing of the record date. However, in certain exceptional circumstances, it may be necessary to permit new information to be submitted. The CBSA will consider the following factors in deciding whether to accept new information submitted after the closing of the record date:

(a) the nature, relevance, materiality and volume of the information;
(b) the difficulties encountered by the participant in obtaining or submitting the information by the date specified (for example, the availability of the information or emergence of new or unforeseen issues);
(c) whether the information can reasonably be taken into consideration by the CBSA for purposes of the proceedings including whether there is sufficient time to verify the information;
(d) whether other parties are likely to be prejudiced if the information is used (for example, the opportunity for other participants to respond to the information);
(e) whether acceptance of the information would compromise the ability of the CBSA to conduct the proceedings expeditiously; and
(f) any other factors that are relevant in the circumstances.

[47] Participants wishing to file new information after the closing of the record date, either separately or in case briefs or reply submissions, must identify this information so that the CBSA can decide whether it will be included in the record for purposes of the determination.

[48] The CITT administrative record was added to the CBSA’s administrative record for this expiry review investigation after the closing of the record. Counsel representing interested parties were informed of the addition of this relevant and material information, and were given additional time to submit comments with regards to this information. Counsel for both Atlas and DFI declined to submit any comments. The CBSA did not receive any comments from any other interested parties with respect to the addition to the administrative record.

[49] The CBSA received a request from counsel for a Canadian producer to submit additional information to the administrative record after the close of record. This information was published on December 20, 2017, which was 58 days after the close of record. Furthermore, the information was not provided to the CBSA until a further 20 days after publication, which was 78 days after the close of the administrative record. The large volume of the additional information did not allow sufficient time for consideration and evaluation by the CBSA. In addition, interested parties would be prejudiced as there would be no opportunity to respond to the information if added to the record and the timing of the submission was such that adding it to the administrative record would compromise the ability of the CBSA to complete the proceeding expeditiously. Therefore, this late information was not added to the administrative record for this expiry review investigation, and counsel was informed of this decision.
POSITION OF THE PARTIES - DUMPING

Parties contending that continued or resumed dumping is likely

[50] The Canadian producers Atlas and DFI made representations in their ERQ responses and case briefs supporting their position that dumping of steel piling pipe from China is likely to continue or resume should the CITT’s finding expire and that the anti-dumping measures should remain in place.

Anti-dumping findings

[51] Both Atlas and DFI provided examples in their ERQ responses and case briefs of anti-dumping duties being imposed by countries other than Canada with respect to steel pipe and steel-related products from China. The anti-dumping measures in place against these products were pointed to as proof that exporters from China have demonstrated a propensity to dump steel pipe products in various jurisdictions throughout the world.

[52] In addition to providing examples of anti-dumping duties imposed by other countries, both Canadian producers provided examples of anti-dumping duties in place in Canada with respect to other steel pipe and steel-related products from China. The numerous findings in Canada against these products from China were cited as further evidence of the inability of exporters from China to compete in Canada at fairly-traded prices. They further contend that the lack of steel piling pipe originating in China and entering the Canadian market in recent years is another indication of exporters in China being unable to compete at fairly-traded prices.

[53] Both Atlas and DFI contend that the history of the impact of the steel piling pipe finding is relevant in considering whether to allow the finding to expire. They contend that the finding, if not continued, would allow certain steel piling pipe to be sold in Canada at prices that are lower than those in the country of origin. The numerous findings in Canada against these products from China were cited as further evidence of the inability of exporters from China to compete in Canada at fairly-traded prices. The numerous findings in Canada against these products from China were cited as further evidence of the inability of exporters from China to compete in Canada at fairly-traded prices.

[54] The Canadian producers contend that allowing the steel piling pipe finding to expire could possibly lead to certain importers in Canada improperly declaring line pipe as line pipe in order to avoid paying SIMA duties with regards to the finding of certain steel piling pipe. Both Canadian producers have quoted from the original CITT hearings in the NQ-2015-002 inquiry on certain line pipe, whereby an importer of steel piling pipe admitted, on record, to importing steel piling pipe and declaring it as line pipe to avoid paying SIMA duties. Both products have similar product specifications and can often be interchanged in usage applications. The Canadian producers indicated that the two findings work in tandem to protect the Canadian industry from dumped steel pipe from China.

9 Exhibit 43 (NC) – Atlas Case Brief. Paras. 69-74.
10 Exhibit 45 (NC) – DFI Case Brief. Para 37.
11 Exhibit 43 (NC) – Atlas Case Brief. Para. 21.
12 Exhibit 45 (NC) – DFI Case Brief. Paras 31-32.
13 Exhibit 43 (NC) – Atlas Case Brief. Para. 23.
Continued interest in the Canadian market

[55] Both Atlas and DFI contend that there is evidence of continued interest in the Canadian market by exporters of steel piling pipe from China. Atlas provided correspondence with an exporter of steel piling pipe in China as evidence of the continued interest of Chinese exporters to target the Canadian market with piling pipe made to A252 specifications. DFI indicated that despite being in low quantities, the CBSA collected anti-dumping duties during the POR on subject goods imported into Canada, which indicates the interest of the Canadian importers to source low-priced subject goods from China.

[56] Both Canadian producers anticipate a recovery in the Canadian oil industry which will help fuel a recovery of the sluggish demand in the steel piling pipe industry, and with that, an increased interest from exporters in China to export steel piling pipe to Canada at potentially dumped prices.

Steel overcapacity, volumes and pricing

[57] Both Atlas and DFI contend that there is a global overcapacity of steel production, that “China is by far the world’s largest producer and exporter of steel products” and that the “largest surplus capacity today is in China…” The Canadian producers note that despite some efforts to reduce capacity in China, the surplus has not yet been corrected to a sustainable level, and that overcapacity in steel, specifically in China, will continue to affect global steel pricing for many years.

[58] Atlas contends that “Because of the capital intensive nature of pipe-making, there is an inexorable need for Chinese pipe mills to produce and sell product wherever possible…” They also provided an excerpt from the CBSA’s Expiry Review Statement of Reasons of certain oil country tubular goods in 2014, that “a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer’s variable costs are covered.”

14 Exhibit 43 (NC) – Atlas Addendum to the case brief.
15 Ibid – Atlas Case Brief. Para. 44.
16 Exhibit 45 (NC) – DFI Case Brief. Para 13.
17 Exhibit 43 (NC) – Atlas Case Brief. Para. 29.
[59] Atlas identified four steel pipe producers in China who, taken together, have a total production capacity of over 1 million tonnes per year.\textsuperscript{19} Atlas submits that these four producers have pipe-making capacity many times the size of the estimated Canadian steel piling pipe market.\textsuperscript{20} They also provided steel piling pipe sample prices provided by exporters in China on an e-commerce website to demonstrate that there is no lack of supply of low-priced steel piling pipe available to importers in Canada.\textsuperscript{21} They further note that many of these suppliers “have names and locations close to several of the [four] named mills...” and “many of the offers on [the e-commerce website] are by trading companies as well as steel piling pipe producers themselves.”\textsuperscript{22}

[60] DFI contends that a declining domestic market for steel piling pipe in China adds to the likelihood of exporters of steel piling pipe in China looking to other markets.\textsuperscript{23} DFI also notes that the prices at which one importer in particular imported steel piling pipe during the POR were “well below the Canadian producers’ domestic prices during that same period...”\textsuperscript{24}

[61] DFI notes that information on the record indicates that the issue with excess capacity in China’s domestic steel industry has not been resolved. In the RR-2016-001 on certain pup joints, the CITT had the following to say:

42. The oil price collapse of 2014 permeated throughout the international market. In February 2016, global oil benchmark prices reached their lowest price in nearly 13 years, with the CAPP recording a price of just US$30.62/bbl. China also struggled with an oversupply of steel, with an estimated 336 tonnes of overcapacity in 2015. At the same time, demand for steel in China fell by 5.4 percent in 2015, though it did increase slightly in January to November of 2016. Chinese steel production is expected to continue to outpace demand in 2017, and the situation will be exacerbated if planned increases in capacity of 41 tonnes are added in 2017.\textsuperscript{25}

[62] Further, both Canadian producers note that due to the commodity nature of steel piling pipe, average prices tend to gravitate to the lowest offered price, as with any commodity product. This, with the potential for an increased demand for steel piling pipe in Canada could cause price undercutting to occur, and without proper measures in place, would allow exporters in China to sell at dumped prices in the Canadian market.

\textsuperscript{19} Exhibit 43 (NC) – Atlas Case Brief. Para. 63.
\textsuperscript{20} Ibid – Atlas Case Brief. Para. 64.
\textsuperscript{22} Exhibit 43 (NC) – Atlas Case Brief. Footnote 52 and 53.
\textsuperscript{23} Exhibit 45 (NC) – DFI Case Brief. Paras. 24 to 26.
\textsuperscript{24} Ibid – DFI Case Brief. Para. 30.
\textsuperscript{25} Ibid – DFI Case Brief. Para. 20, reference to CITT RR-2016-001.
CONSIDERATION AND ANALYSIS - DUMPING

[63] In making a determination under paragraph 76.03(7)(a) of SIMA as to 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.

[64] Guided by the factors in the aforementioned subsection 37.2(1) of the SIMR and based on the consideration of the information on the administrative record, the following list of factors represents a summary of the analysis conducted in this expiry review investigation with respect to dumping:

- Several anti-dumping measures have been imposed by Canada and other jurisdictions on closely-related steel products from China;
- The inability of exporters to sell steel piling pipe in Canada at non-dumped prices;
- The anticipated increase in demand in Canada for steel piling pipe;
- The overcapacity of steel piling pipe in China; and
- The continued interest of Chinese exporters in the Canadian market.

[65] As mentioned earlier in this Statement of Reasons, three parties provided responses to the CBSA’s ERQ: Atlas, DFI, and Protin Import Ltd. In addition to ERQ responses, both Canadian producers submitted case briefs, and made representations that dumping of steel piling pipe from China is likely to continue or resume should the CITT rescind its finding, while Protin Import Ltd. did not express any views.

[66] As of January 25, 2018, the CBSA has anti-dumping measures in force for the following steel pipe products originating in or exported from China:  

Carbon and Alloy Steel Line Pipe  
Carbon Steel Welded Pipe (CSWP 1)  
Fabricated Industrial Steel Components  
Large Line Pipe  
Oil Country Tubular Goods (OCTG 1)  
Pup Joints  
Seamless Casing

[67] The dumping of steel pipe products by exporters in China has been documented by the CBSA in its final determinations associated with the above-mentioned findings. In addition to these measures, information on the record indicates that there have been at least 27 other measures in 12 jurisdictions other than Canada, on steel pipe products from China since 1999. The number of anti-dumping measures in other jurisdictions against Chinese steel pipe products over the last 18 years, as well as the CBSA’s own dumping determinations concerning steel pipe goods, demonstrates a pattern by Chinese exporters to continue to export these steel products at dumped prices.

[68] Information on the record indicates that certain importers in Canada played a role in the continued dumping of steel piling pipe. Past participation in the improper declaration of the goods to avoid paying SIMA duties demonstrates a tendency to seek out the lowest priced goods available, regardless of whether they may be at dumped prices. This history with respect to the original line pipe investigation is relevant in that it further demonstrates the propensity of Chinese exporters to dump steel pipe products into Canada.

[69] Based on the foregoing, evidence on the record indicates that there is a history of anti-dumping measures against Chinese steel pipe products, and a propensity of Chinese exporters to dump steel pipe products into export markets, including Canada.

[70] According to confidential enforcement data that cannot be released, few shipments of subject goods have entered Canada since 2014, the initial year after the CITT’s injury finding. The minimal volume of subject goods being imported into Canada, as well as the selling price of the importations, demonstrates the inability of Chinese exporters to compete at non-dumped prices.

[71] Tables 1 and 2 above indicate that exporters of steel piling pipe from other countries have increased their Canadian market share during the POR. By annualizing the tonnes exported in the first six months of 2017, they will have increased their market share by nearly 20% since 2014. In terms of price, the average price per tonne has decreased by 5% since 2014.

---

27 Exhibit 13 (NC), Exhibit 15 (NC), Exhibits 29 to 32 (NC) – Statements of Reasons.
29 Exhibit 45 (NC) – DFI Case Brief. Para. 37.
30 Exhibit 43 (NC) – Atlas Case Brief. Para. 21.
31 Exhibit 45 (NC) – DFI Case Brief. Paras. 31-32.
The steel piling pipe industry is heavily impacted by the strength of the oil and gas industry in western Canada. The following table highlights the overall downward trend of drilling activity in western Canada from 2012 to 2016, and the beginning of an anticipated recovery in 2017:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Wells Drilled</th>
<th>% Change (Year over Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11,673</td>
<td>-27.4%</td>
</tr>
<tr>
<td>2013</td>
<td>10,853</td>
<td>-7.0%</td>
</tr>
<tr>
<td>2014</td>
<td>10,927</td>
<td>0.7%</td>
</tr>
<tr>
<td>2015</td>
<td>5,292</td>
<td>-51.6%</td>
</tr>
<tr>
<td>2016</td>
<td>3,562</td>
<td>-32.7%</td>
</tr>
<tr>
<td>2017 Estimated</td>
<td>6,842</td>
<td>92.1%</td>
</tr>
</tbody>
</table>

The market for steel piling pipe has been severely impacted by the oil price collapse in 2015-2016, notably in western Canada. Further, the market in eastern Canada has been impacted by a slowdown in industrial construction as well as “import penetration from new offshore sources, as importers [in Canada] used new suppliers to avoid payment of SIMA duties on Chinese products.”

Information on the administrative record indicates the beginning of an anticipated increase in activity in the oil and gas industry in 2017, specifically in the number of wells to be drilled. As can be seen in the chart above, the most recent forecast by the Canadian Association of Oilwell Drilling Contractors predicted the number of wells to be drilled in 2017 would almost double over the number in 2016.

The forecasted increase in oil well drilling is likely to have a correlated increase on the demand in the Canadian market for steel piling pipe. This increase in demand will also increase the likelihood of higher volumes of imports of steel piling pipe into Canada. As stated above, the inability of Chinese exporters to compete at the current prices is evidenced by the lack of shipments since 2015. Further, to regain market share in Canada, exporters in China will have to compete against exports from other countries, which, as explained above, have been gaining market share the past three years. Due to the commodity nature of steel piling pipe and the increased competition from exporters in other countries, exporters in China will likely undercut prices to gain customers and market share in the Canadian steel piling pipe market.

33 Exhibit 22 (NC) – Atlas ERQ Response. p.4, answer to Q25.
34 Exhibit 25 (NC) – DFI - ERQ Response. Annex H.
Based on the foregoing, evidence indicates that exporters in China have demonstrated an inability to compete in the Canadian market at non-dumped prices, and that competitive pressure from exporters in other countries would likely result in decreased selling prices in the absence of the CITT’s finding.

The steel industry in China is currently, and has been for many years, in a state of production overcapacity. In the 6th Five Year Plan issued by the Government of China, there is evidence that the Government of China is continuing to provide incentives to steel manufacturers, despite the fact that the GOC has also publicly announced that they are working with the steel industry to reduce the capacity issue. Further, information on the administrative record indicates that the GOC is planning to reduce crude steel output by 100 to 150 million metric tonnes by 2020. As the Canadian producers, in their case briefs and the information gathered through independent research by the CBSA suggests, the Chinese overcapacity issue with respect to the steel industry will be a longstanding one, despite the GOC’s efforts to reduce capacity and output by 2020.

Despite the GOC efforts to reduce capacity and output, the vice-president of the China Iron Ore and Steel Association expected China’s steel output to grow 3% to 5% in 2017. Information on the administrative record also indicates a declining demand in the Chinese steel market, as supported in a recent OECD Steel Committee report. Considered the largest exporter of steel in the world for a number of years, with so much overcapacity, an increase in output and a weakening demand in the steel industry in China, steel piling pipe producers in China will likely continue to rely on export markets.

The issue concerning overcapacity of steel production in China has also been documented in several recent CBSA proceedings concerning Chinese steel goods, such as fabricated industrial steel components, large line pipe from China and Japan, large line pipe from Korea, and pup joints, as well as by information on the record for this expiry review investigation. All of this information confirms that the Chinese steel industry has been experiencing significant overcapacity for many years, and without a major overhaul of the industry in China, overcapacity will continue.

Based on the foregoing, absent the CITT’s finding, the overcapacity of producers of steel pipe products in China will likely lead to an increased interest by the Chinese exporters to sell into the Canadian steel piling pipe market.

---

35 Exhibit 33 (NC) – CBSA Research Documents.
36 Ibid.
37 Ibid.
38 Exhibit 45 (NC) – DFI Case Brief. Para 25.
39 Exhibits 29 to 31 (NC) – Final Determination Statements of Reasons for Fabricated Industrial Steel Components, Large Line Pipe, Line Pipe, and Pup Joints.
40 Exhibit 33 (NC) – CBSA Research Documents.
Despite the low volume of shipments of subject goods to Canada between 2014 and the first six months of 2017, there is information on the administrative record in the form of a sales solicitation by an exporter of steel pipe products located in China to a Canadian producer. This reflects the continued interest of exporters in China to sell steel piling pipe into the Canadian market.

**Determination Regarding Likelihood of Continued or Resumed Dumping**

Based on the information on the administrative record demonstrating that: several anti-dumping measures have been imposed by Canada and other jurisdictions on closely-related steel products from China; the inability of exporters to sell steel piling pipe in Canada at non-dumped prices; the anticipated increase in demand in Canada for steel piling pipe; the overcapacity of steel piling pipe in China; and the continued interest of Chinese exporters in the Canadian market, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping into Canada of certain steel piling pipe originating in or exported from China.

**POSITION OF THE PARTIES - SUBSIDIZING**

**Parties contending that continued or resumed subsidizing is likely**

The Canadian producers, Atlas and DFI, both contend that the subsidizing of steel piling pipe from China is likely to continue or resume should the CITT’s finding expire.

Atlas notes that the CBSA was of the opinion that section 20 conditions existed in the steel piling pipe sector during the investigation phase, and that the “ongoing subsidization of hot-rolled steel available to the Chinese pipe-producing sector was confirmed in 2016 in *Large Diameter Line Pipe.*” Atlas also notes that many of the same subsidy programs available to the producers of large diameter line pipe were also available to steel piling pipe producers, as determined by the CBSA during the investigation in 2012.

Atlas further notes that there were no submissions from any interested parties in China, including the GOC, which provided information that suggested that section 20 conditions do not exist, as they did in the original investigation in 2012. Therefore the Chinese steel pipe industry continued to be governed by section 20 conditions, which included the provision of hot-rolled steel at subsidized prices.

Further to this, Atlas contends that 101 potentially actionable subsidy programs were found by the CBSA during the original investigation, and that 160 actionable subsidy programs were determined to have benefited Chinese pipe producers in the CBSA’s final determination of carbon and alloy steel line pipe on December 5, 2017. They also contend that “many of these [subsidy programs] are horizontal and available throughout the Chinese pipe-producing sector. Among the listed subsidies is the provision of input materials by the government at less than fair market value.”

---

41 Exhibit 43 (NC) – Atlas Addendum to the case brief.
42 Ibid – Atlas Case Brief. Para. 32.
43 Ibid – Atlas Case Brief. Paras. 82-83.
[87] Atlas notes that in the fabricated industrial steel components subsidy investigation, the CBSA also concluded that subsidies were available in the form of hot-rolled steel to downstream producers that were being provided at less than fair market value.\textsuperscript{44} Atlas further notes that the “US Commerce Department confirmed the vast extent of GOC subsidy programs available in the pipe and tube sector” in 2015, including the provision of raw materials at less than fair market value.\textsuperscript{45}

[88] DFI notes that several jurisdictions, including Canada, Turkey and the United States have countervailing measures in place against closely related steel pipe products subsidized by the GOC.\textsuperscript{46}

\textbf{CONSIDERATION AND ANALYSIS - SUBSIDIZING}

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

[90] Guided by the factors in the aforementioned subsection 37.2(1) of the SIMR and having considered the information on the administrative record, the following list represents a summary of the CBSA’s analysis conducted in this expiry review investigation with respect to subsidizing:

- the availability of subsidy programs for steel piling pipe exporters in China;
- the GOC’s continued involvement in the steel sector; and
- closely-related pipe products from China are also subject to countervailing measures in Canada and in other jurisdictions.

[91] At the conclusion of the CBSA’s original subsidy investigation in 2012, the CBSA determined that the GOC had conferred benefits to three exporters under the following two programs:

\begin{quote}
1. \textit{Input Materials Provided by Government at Less than Fair Market Value, at the final determination}; and
2. \textit{Grant - Special Supporting Fund for Commercialization of Technological Innovation and Research Findings}\textsuperscript{47}
\end{quote}

[92] The total amount of subsidy for these two programs was calculated to be 439.47 renminbi per metric tonne (RMB/MT) exported. Detailed descriptions of these programs and explanations as to why they were regarded as subsidies subject to countervailing duties are contained in the Statement of Reasons issued at the final determination.\textsuperscript{48}

\textsuperscript{44} Exhibit 43 (NC) – Atlas Case Brief. Para. 85.
\textsuperscript{45} Ibid – Atlas Case Brief. Para. 86.
\textsuperscript{46} Exhibit 45 (NC) – DFI Case Brief. Para 37.
\textsuperscript{47} Exhibit 15 (NC) – Statement of Reasons – Final Determination (2012 investigation), pages 27-33.
\textsuperscript{48} Ibid.
[93] For all other exporters, the amount of subsidy was determined under a ministerial specification pursuant to subsection 30.4(2) of SIMA. The amount of subsidy calculated for non-cooperative exporters was 641.35 RMB/MT.49

[94] In the CBSA's original investigation in 2012 the GOC did not submit sufficient information to enable the CBSA to determine the amount of subsidy in accordance with subsection 30.4(1) of SIMA.50 In the CBSA's current expiry review investigation none of the exporters that previously had company specific amounts of subsidy submitted a response to the ERQ or filed a case brief or reply submission. The GOC also did not submit a response to the ERQ or file a case brief or reply submission.

[95] Information obtained by the CBSA's own research indicates the GOC's continued involvement in the steel industry. This is in the form of the 13th Five Year Plan, as well as articles alleging the GOC's orchestration of the amalgamation of certain steel plants in China.51 While the intention of the latter was to reduce steel capacity in China, the information indicates a continued GOC involvement in the steel industry, and GOC influence in the form of incentive programs that have often been determined by the CBSA to be countervailable subsidies.

[96] There are currently seven other closely related steel pipe products that the CBSA found to be subsidized by the GOC, and for which there are currently countervailing measures in force. They are as follows: carbon and alloy steel line pipe, carbon steel welded pipe, large line pipe, oil country tubular goods, pup joints, seamless casing, and fabricated industrial steel components. In addition to these goods, there are four other steel-related products from China that are subject to countervailing duty in Canada.

[97] The existence of a dozen countervailing measures in place by the CBSA concerning certain steel products from China indicates that the GOC has placed a great deal of importance on its steel industry and subsidized it accordingly. Information on the administrative record also indicates that Turkey has one current countervailing measure and the United States has two current countervailing measures against certain steel pipe products from China.52 This indicates that producers of steel piling pipe in China continue to receive countervailable benefits from the GOC.

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

[98] Based on the continued availability of subsidy programs for steel piling pipe exporters in China; the GOC's continued involvement in the steel sector; and closely-related pipe products from China are also subject to countervailing measures in Canada and in other jurisdictions, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of subsidizing of steel piling pipe originating in or exported from China.

---

50 Ibid.
51 Exhibit 33 (NC) – CBSA Research Documents.
52 Exhibit 45 (NC) – DFI Case Brief. Para. 37.
CONCLUSION

[99] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and an analysis of the evidence on the record, on January 25, 2018, pursuant to paragraph 76.03(7)(a) of SIMA, the CBSA determined that the expiry of the finding made by the CITT on November 30, 2012, in Inquiry No. NQ-2012-002:

i. is likely to result in the continuation or resumption of dumping of certain steel piling pipe originating in or exported from China; and

ii. is likely to result in the continuation or resumption of subsidizing of certain steel piling pipe originating in or exported from China.

FUTURE ACTION

[100] On January 26, 2018, the CITT commenced its inquiry to determine whether the expiry of the finding with respect to the dumping and subsidizing of the goods from China is likely to result in injury. The CITT’s Expiry Review schedule indicates that it will make its decision by July 4, 2018.

[101] 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.

[102] 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

[103] 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
      Canada

Telephone: Paul Pomnikow  613-948-7809

E-mail: simaregistry@cbsa-asfc.gc.ca


FEB 08 2013

Doug Band
Director General
Trade and Anti-dumping Programs Directorate