STATEMENT OF REASONS

Concerning a determination under paragraph 76.03(7)(a) of the Special Import Measures Act regarding

CERTAIN STRUCTURAL TUBING ORIGINATING IN OR EXPORTED FROM THE REPUBLIC OF KOREA, THE REPUBLIC OF SOUTH AFRICA, AND THE REPUBLIC OF TURKEY

DECISION

On August 8, 2013, pursuant to paragraph 76.03(7)(a) of the Special Import Measures Act, the President of the Canada Border Services Agency determined that the expiry of the order issued by the Canadian International Trade Tribunal on December 22, 2008, in Expiry Review No. RR-2008-001, concerning certain structural tubing originating in or exported from the Republic of Korea, the Republic of South Africa and the Republic of Turkey was likely to result in the continuation or resumption of dumping of these goods into Canada.

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

SUMMARY ............................................................................................................................. 3  
BACKGROUND ....................................................................................................................... 4  
PRODUCT INFORMATION ...................................................................................................... 5  
  PRODUCT DEFINITION ......................................................................................................... 5  
  ADDITIONAL PRODUCT INFORMATION ........................................................................... 6  
CLASSIFICATION OF IMPORTS ............................................................................................... 6  
PERIOD OF REVIEW ................................................................................................................. 7  
CANADIAN INDUSTRY ............................................................................................................. 7  
  ATLAS TUBE CANADA ULC .................................................................................................. 7  
  BULL MOOSE TUBE LTD. ..................................................................................................... 7  
  NOVA STEEL INC. ................................................................................................................ 8  
  WELDED TUBE OF CANADA ............................................................................................... 8  
  ATLANTIC TUBE & STEEL INC. .......................................................................................... 8  
  FATE STEEL INC. ................................................................................................................ 8  
  QUALI-T-TUBE INC. ............................................................................................................. 8  
CANADIAN MARKET .................................................................................................................. 9  
ENFORCEMENT ....................................................................................................................... 9  
PARTIES TO THE PROCEEDINGS ......................................................................................... 9  
INFORMATION CONSIDERED BY THE PRESIDENT .......................................................... 10  
  ADMINISTRATIVE RECORD ............................................................................................... 10  
  PROCEDURAL ISSUES ......................................................................................................... 11  
POSITION OF THE PARTIES .................................................................................................. 12  
  PARTIES CONTENDING THAT CONTINUED OR RESUMED DUMPING IS LIKELY .......... 12  
    CANADIAN PRODUCERS .................................................................................................. 12  
  PARTIES CONTENDING THAT CONTINUED OR RESUMED DUMPING IS NOT LIKELY .... 16  
    EXPORTERS ..................................................................................................................... 16  
    TURKISH PARTIES ............................................................................................................ 16  
CONSIDERATION AND ANALYSIS ......................................................................................... 17  
  COMMODITY NATURE OF HSS ............................................................................................ 18  
  HSS PRODUCED IN FACILITIES THAT ARE USED TO PRODUCE OTHER GOODS .......... 18  
LIKELIHOOD OF CONTINUED OR RESUMED DUMPING .................................................... 18  
  REPUBLIC OF KOREA ......................................................................................................... 19  
  PRESIDENT’S DETERMINATION – REPUBLIC OF KOREA .............................................. 22  
  SOUTH AFRICA .................................................................................................................. 22  
  PRESIDENT’S DETERMINATION - SOUTH AFRICA ......................................................... 23  
  TURKEY .................................................................................................................................. 23  
  PRESIDENT’S DETERMINATION - TURKEY ...................................................................... 27  
CONCLUSION ............................................................................................................................ 27  
FUTURE ACTION ...................................................................................................................... 27  
INFORMATION ......................................................................................................................... 28  

Anti-dumping and Countervailing Directorate
SUMMARY

[1] On April 10, 2013, the Canadian International Trade Tribunal (Tribunal), pursuant to subsection 76.03(3) of the Special Import Measures Act (SIMA), initiated an expiry review of its order made on December 22, 2008, in Expiry Review No. RR-2008-001, continuing, without amendment, its finding issued on December 23, 2003, in Inquiry No. NQ-2003-001, concerning the dumping of structural tubing known as hollow structural sections (HSS) made of carbon and alloy steel, welded, in sizes up to and including 16.0 inches (406.4 mm) in outside diameter for round products and up to and including 48.0 inches (1,219.2 mm) in periphery for rectangular and square products, commonly but not exclusively made to ASTM A500, ASTM A513, CSA G.40.21-87-50W and comparable specifications, originating in or exported from the Republic of Korea, the Republic of South Africa and the Republic of Turkey.

[2] For purposes of this Statement of Reasons “certain structural tubing” will hereafter refer to goods subject to the order and the countries identified shall collectively be referred to as “the Named Countries.”

[3] As a result of the Tribunal’s notice, on April 11, 2013, the Canada Border Services Agency (CBSA) commenced an investigation to determine whether the expiry of the order is likely to result in the continuation or resumption of dumping of the goods into Canada.

[4] Four Canadian producers of certain structural tubing, namely Atlas Tube Canada ULC, Welded Tube of Canada, Nova Steel Inc. and Bull Moose Tube Ltd., provided a response to the Expiry Review Questionnaire (ERQ). Atlas Tube Canada ULC and Welded Tube of Canada jointly provided a case brief and a reply submission in support of their position that, if current anti-dumping measures against the Republic of Korea, the Republic of South Africa (South Africa) and the Republic of Turkey (Turkey) expire, continued or resumed dumping of certain structural tubing from the Named Countries is likely. Nova Steel Inc. provided a letter supporting the submissions filed by Atlas Tube Canada ULC and Welded Tube of Canada that continued or resumed dumping is likely.

[5] No responses to the ERQs or questionnaires were received from importers of certain structural tubing from the Named Countries. Nor were case arguments or reply briefs provided by the importers in this proceeding.

[6] MMZ Onur Boru Profil Uretim San. ve Tic. A.S. (MMZ), a Turkish exporter, and the Turkish Steel Exporters’ Association, Çelik Ihracatciları Birligi (ÇIB), and its members responded to the ERQ. MMZ and ÇIB collectively filed a case brief and reply submission in support of their position that, if current anti-dumping measures expire, continued or resumed dumping of certain structural tubing originating in or exported from Turkey is unlikely.
Analysis of information on the record shows that, with respect to the Republic of Korea, there are large volumes of welded pipe and tube produced in, and exported from, that country; there is uncertain future domestic demand for structural tubing due to forecasted slow growth in the country’s economy and in the construction industry; exporters have demonstrated an inability to compete in Canada at non-dumped prices; there are anti-dumping measures currently in place in Canada and other countries concerning similar products from the Republic of Korea; the commodity nature of structural tubing means that products from the Republic of Korea would compete with other imports in the Canadian market largely on the basis of price; and there is the potential for structural tubing producers located in the Republic of Korea to produce the goods in facilities that are used to produce other goods.

Analysis of information on the record shows that, with respect to South Africa, the country has large potential production and export capabilities with respect to structural tubing; the increased volume of imports in the South African pipe and tube market will place pressure on South African companies to look to export markets to replace lost domestic sales; South African structural tubing has failed to compete in Canada at non-dumped prices; the commodity nature of structural tubing means that South African product would compete with other imports in the Canadian market largely on the basis of price; and there is the potential for South African structural tubing to be produced in facilities that are used to produce other goods.

Analysis of information on the record shows that, with respect to Turkey, there are large volumes of certain structural tubing produced in Turkey and there is large excess capacity available to Turkish producers; there are large and increasing export volumes of structural tubing from Turkey to other countries; there is decreasing demand for structural in Turkey and Europe; there is continued interest by Turkish exporters in the Canadian market for non-subject structural tubing; Turkish exporters have demonstrated an inability to compete in Canada at non-dumped prices; anti-dumping measures are currently in place in other countries concerning similar Turkish products; the commodity nature of structural tubing means that Turkish product would compete with other imports in the Canadian market largely on the basis of price; and there is the potential for Turkish structural tubing producers to produce the goods in facilities that are used to produce other goods.

For the foregoing reasons the President of the CBSA (the President), having considered the relevant information on the record, determined, on August 8, 2013, under paragraph 76.03(7)(a) of SIMA that the expiry of the order in respect of certain structural tubing originating in or exported from the Republic of Korea, the Republic of South Africa and the Republic of Turkey is likely to result in the continuation or resumption of dumping of the goods into Canada.

BACKGROUND

The original dumping investigation into certain structural tubing originating in or exported from the Republic of Korea, South Africa and Turkey was initiated by the Canada Customs and Revenue Agency (now the CBSA) on May 21, 2003, following a complaint made by Atlas Tube Inc., Copperweld Corporation and Welded Tube of Canada Ltd.
[12] On November 17, 2003, the Commissioner of Customs and Revenue (now the President of the CBSA) made a final determination of dumping concerning the subject goods. An injury finding was subsequently issued by the Tribunal on December 23, 2003.

[13] On August 7, 2008, following the initiation of an expiry review of the Tribunal’s finding of injury, the President of the CBSA (President) determined that the expiry of the finding was likely to result in the continuation or resumption of dumping of certain structural tubing from the Republic of Korea, South Africa and Turkey.


[15] The CBSA completed its last reinvestigation to update the normal values and export prices of certain structural tubing on March 11, 2011.¹ No exporters cooperated. As a result, all imports of subject goods are subject to anti-dumping duty equal to 89% of the declared export price in accordance with a ministerial specification.

[16] On February 19, 2013, the Tribunal issued a notice² concerning the upcoming expiry of its order, which was scheduled to expire on December 21, 2013. Based on the available information and the representations submitted by the interested parties, the Tribunal decided, on April 10, 2013, that a review of the order was warranted.

PRODUCT INFORMATION

Product Definition

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

Structural tubing known as hollow structural sections (HSS) made of carbon and alloy steel, welded, in sizes up to and including 16.0 inches (406.4 mm) in outside diameter (O.D.) for round products and up to and including 48.0 inches (1,219.2 mm) in periphery for rectangular and square products, commonly but not exclusively made to ASTM A500, ASTM A513, CSA G.40.21-87-50W and comparable specifications, originating in or exported from the Republic of Korea, the Republic of South Africa and the Republic of Turkey.

¹ Exhibit 5: Notice of Conclusion of Re-investigation - 2011.
² Exhibit 4: CITT – Notice of Expiry of Order in Expiry No. LE-2012-005 concerning structural tubing originating in or exported from the Republic of South Korea, the Republic of South Africa and the Republic of Turkey.
Additional Product Information

[18] HSS is designed for above ground, load-bearing structural purposes. HSS is used in general construction for structural elements in buildings and bridges, as protective structures on heavy equipment and for other purposes such as highway railings, barriers and outdoor lighting. The goods may also be applied to non-structural uses in manufactured products such as agricultural implements, trailers, racking and storage systems.

[19] HSS is not used for such things as automotive tubing for exhaust systems, bumpers and the like, which are typically made from tubing produced to specialized automotive specifications. HSS is also not designed for conveying liquids or gases.

[20] Common to all welded HSS production is the transformation of hot-rolled steel sheet or strip into round, rectangular or square sections by a series of operations that include forming, welding and sizing. HSS is manufactured by moving hot-rolled steel sheet through a series of rolls into a round form. The rounded form is then welded, either by electrical-resistance welding or continuous welding and then cold formed into a round, square or rectangular shape after being processed through another series of sizing/shaping rolls. In the final stages HSS is cut to length and may be primed, painted, or pickled and oiled depending on the requirements of the customer.

[21] HSS that has been galvanized (i.e. coated in zinc) or coated in other metals is not subject to the order.

CLASSIFICATION OF IMPORTS

[22] The subject goods are normally, but not exclusively, imported into Canada under the following Customs Tariff Harmonized System (HS) classification numbers:

<table>
<thead>
<tr>
<th>Prior to January 1, 2012</th>
<th>As of January 1, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>7306.30.10.23</td>
<td>7306.30.00.23</td>
</tr>
<tr>
<td>7306.30.10.33</td>
<td>7306.30.00.33</td>
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</tr>
<tr>
<td>7306.61.90.12</td>
<td></td>
</tr>
<tr>
<td>7306.61.90.22</td>
<td></td>
</tr>
</tbody>
</table>

[23] This listing of HS codes is for convenience of reference only. Refer to the product definition for authoritative details regarding the subject goods.
PERIOD OF REVIEW

[24] The period of review (POR) for this expiry review investigation is January 1, 2010 to December 31, 2012.

CANADIAN INDUSTRY

[25] The Canadian industry for HSS is comprised of the following seven producers:

- Atlas Tube Canada ULC of Harrow, Ontario;
- Bull Moose Tube Ltd. of Burlington, Ontario;
- Nova Steel Inc. of Lasalle, Quebec;
- Welded Tube of Canada of Concord, Ontario;
- Atlantic Tube & Steel Inc. of Mississauga, Ontario;
- Fati Steel Inc. of Varennes, Quebec;
- Quali-T-Tube Inc. of Bromont, Quebec.

Atlas Tube Canada ULC

[26] Atlas Tube Canada ULC (Atlas) was founded in 1984 and began producing HSS that same year. The company expanded in 1997 by adding an operation in Plymouth, Michigan, and again in 1999 with an expansion of its Harrow, Ontario, facility.

[27] In 2005, Atlas purchased the structural tubing business of MaverickTube Corp. and Copperweld Corporation. Today, Atlas has five manufacturing facilities throughout Canada and the United States of America producing in excess of 1.2 million tons of HSS annually, making it North America’s largest manufacturer of HSS.


Bull Moose Tube Ltd.

[29] Bull Moose Tube Ltd. (Bull Moose), of Burlington, Ontario, has been manufacturing HSS and mechanical tubing since the 1970s. The company and its sister company, Bull Moose Tube Company, of Chesterfield, Missouri, are both owned by Caparo Holdings (US) Ltd. based in London, England.4

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3 Exhibit 33: Response to Producer Expiry Review Questionnaire - Atlas Tube Canada ULC.
4 Exhibit 27: Response to the Producer Expiry Review Questionnaire - Bull Moose Tube Limited.
Nova Steel Inc.

[30] Nova Steel Inc. (Nova) was founded in 1979 and first began producing structural tubing in LaSalle, Quebec, in 1986. In 1997, Canadian-based Nova Steel and U.S.-based American Steel and Aluminium Corporation merged to form Novamerican Steel Inc., a Canadian corporation. Nova, which is 100% owned by Novamerican Steel Inc., produces HSS at two of its operating units; Nova Tube Inc. in Baie d’Urfé, Quebec and Delta Tube Inc. in Lasalle, Quebec.5

Welded Tube of Canada

[31] Welded Tube of Canada (Welded Tube) was founded in 1970 in Concord, Ontario. Over the years the company’s product scope has expanded from its core business of producing HSS and mechanical tubing to include casing, tubing and line pipe for the oil country tubular goods sector. In 2001 the privately-owned family business acquired Maksteel, a steel processor located in Mississauga, Ontario, which serves the automotive and construction industries. In 2004 the company expanded again with the acquisition of its Berkeley, South Carolina tube operation, which produces sprinkler pipe and smaller size HSS products.6

Atlantic Tube & Steel Inc.

[32] Atlantic Tube and Steel Inc., is a family-run business that was founded in 1977. The company manufactures both automotive and structural tubing at its facilities in Mississauga, Ontario.7

Fati Steel Inc.

[33] Fati Steel Inc., of Varennes, Quebec, is a relatively new player in the Canadian HSS market. The company, which was created in 1989, only began producing HSS in 2009. According to the company’s website, it produces structural tubing rounds, squares and rectangles in sizes ranging from ¾” to 3” in outside diameter.8

Quali-T-Tube Inc.

[34] Quali-T-Tube Inc. manufactures round, square and rectangular structural tubing products ranging in sizes from ¾” to 3 ½” in outside diameter at its Bromont, Quebec facilities.9

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5 Exhibit 31: Response to the Producer Expiry Review Questionnaire - Novamerican Steel Inc. and Nova Steel.
6 Exhibit 42: Response to the Producer Expiry Review Questionnaire - Welded Tube of Canada.
8 Ibid.
9 Ibid.
CANADIAN MARKET

[35] The apparent Canadian market for certain structural tubing during the POR is indicated in the table below. Apparent Canadian market figures were calculated using the information in the Canadian producers’ ERQ replies and from the CBSA’s internally generated Customs information.

**Apparent Canadian Market Share for HSS**

<table>
<thead>
<tr>
<th>Source</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Producers</td>
<td>69%</td>
<td>66%</td>
<td>64%</td>
</tr>
<tr>
<td>Named Countries</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>31%</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>All Other Countries</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Total Market</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Note: A small amount of subject goods originating in the Named Countries was imported into Canada in 2010 and 2011. The actual percentage for 2010 is 0.0015% and the actual percentage for 2011 is 0.005% but both figures were rounded to 0%.

[36] During the POR sales increased for both the Canadian producers and the market overall. However, as can be seen in the table above, the Canadian producers’ share of the market decreased from 69% in 2010 to 64% in 2012. While the market share held by all other participants in the Canadian market remained stable over the three year period, the market share held by exporters from the United States of America increased from 31% in 2010 to 35% in 2012.

[37] Although the figures for the Canadian market are based in part on sales information from only 4 of the 7 Canadian producers of HSS, it is estimated that the sales of the four respondents to the Producer ERQ, Atlas, Bull Moose, Nova and Welded Tube, represent over 90% of the total sales by Canadian producers and, therefore, closely approximate the apparent Canadian market.

ENFORCEMENT

[38] During the POR, only a small amount of subject goods originating in the Named Countries were shipped to Canada. These goods were exported to Canada from the United States of America and anti-dumping duty was collected since no exporters had normal values established for their goods. The subject goods were assessed anti-dumping duty equal to 89% of the declared export price in accordance with the ministerial specification.

PARTIES TO THE PROCEEDINGS

[39] On April 10, 2013, the Tribunal’s notice concerning the expiry review and ERQs were sent to the known Canadian producers, importers, exporters and other interested parties.

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10 Exhibit 3: CITT Order and Reasons RR-2008-001, para. 38.
The ERQs requested information relevant to the consideration of the expiry review factors found under subsection 37.2(1) of the Special Import Measures Regulations (SIMR). Any persons or governments having an interest in this investigation were also invited to provide a submission regarding the likelihood of continued or resumed dumping of the goods should the Tribunal’s order be rescinded.

Four of the seven producers of HSS in Canada participated in the expiry review investigation by replying to the Expiry Review Questionnaire - Canadian Producer. The four Canadian producer participants are Atlas, Bull Moose, Nova, and Welded Tube. In addition to participating in the expiry review by answering the ERQ, two producers, Atlas and Welded Tube, jointly filed a case brief and a reply submission stating that the dumping of subject goods would continue or resume should the Tribunal’s order expire. Nova provided a letter supporting the submissions filed by Atlas and Welded Tube.

One Turkish exporter, MMZ Onur Boru Profil Uretim San. ve Tic. A.S. (MMZ), participated in the expiry review investigation by submitting a reply to the Expiry Review Questionnaire - Exporter. The Turkish Steel Exporters’ Association, Çelik Ihracatcilari Birligi (ÇIB), also provided a response to the Expiry Review Questionnaire – Exporter. MMZ, along with ÇIB and its members, collectively filed a case brief and a reply submission stating that, if current anti-dumping measures expire, continued or resumed dumping of structural tubing originating in or exported from Turkey is unlikely.

Six companies, who imported non-subject goods, participated in the expiry review by providing a response to the Expiry Review Questionnaire - Importer. No subsequent case arguments or reply submissions were received from these importers and no opinions were expressed regarding the likelihood of continued or resumed dumping should the Tribunal’s order be allowed to expire.

INFORMATION CONSIDERED BY THE PRESIDENT

Administrative Record

The information considered by the President 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 Tribunal’s administrative record at initiation of the expiry review, CBSA exhibits, and information submitted by interested persons, including information which the parties feel is relevant to the decision as to whether dumping is likely to continue or resume, if the order is rescinded. This information may consist of expert analyst reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities in Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization, and responses to the ERQ submitted by Canadian producers, importers and exporters.

11 Exhibit 9: CBSA/CITT - Expiry Review Questionnaire - Canadian Producer.
12 Exhibit 10: CBSA/CITT - Expiry Review Questionnaire - Exporter.
13 Exhibit 11: CBSA/CITT - Expiry Review Questionnaire - Importer.
For purposes of an expiry review investigation, the CBSA sets a date after which no new information may be placed on the administrative record. This is referred to as the “closing of the record date.” This deadline allows participants time to prepare their case arguments 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 May 30, 2013.

**Procedural Issues**

The President 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 President will consider the following factors in deciding whether to accept new information submitted after the closing of the record date:

(a) the availability of the information prior to the closing of the record date;  
(b) the emergence of new or unforeseen issues;  
(c) the relevance and materiality of the information;  
(d) the opportunity for other participants to respond to the new information; and  
(e) whether the new information can reasonably be taken into consideration by the President in making the determination.

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

On June 10, 2013, the CBSA received a request from counsel for Canadian producers Atlas and Welded Tube to file additional information on their behalf after the closing of the record. After due consideration, counsel was advised on June 13, 2013 that, based on its relevancy and materiality, the additional information would not be added to the record.

In the case brief collectively filed on June 10, 2013, by MMZ, ÇIB and its members, a table containing certain economic indicators relating to the Turkish economy was provided. The information contained in the table is considered to be new information as it had not been submitted to the CBSA prior to the closing of the record. Therefore, this information, along with the arguments relating to this information, were not taken into consideration in determining if continued or resumed dumping is likely should the order expire. It should be noted that nowhere in the arguments do MMZ and ÇIB draw conclusions with respect to this new information as to the likelihood of continued or resumed dumping. In addition, MMZ and ÇIB did not identify this information as new information nor did these parties request that this information be added to the record.

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POSITION OF THE PARTIES

Parties Contending that Continued or Resumed Dumping is Likely

[50] Two Canadian producers, Atlas and Welded Tube, collectively filed a case brief and a reply submission contending that resumed or continued dumping is likely if the order expires. In addition to this case brief, another Canadian producer, Nova, provided an opinion in its response to the ERQ that significant volumes of very low priced HSS would enter Canada if the order expires.

Canadian Producers

[51] In their case brief Atlas and Welded Tube list the following major factors in support of their position that continued or resumed dumping is likely if the order expires:

- Demand for HSS in the Republic of Korea, South Africa and Turkey has dropped dramatically with the economic slowdown in these countries;
- Major regional economies in China, the European Union and Africa, which are important markets for HSS producers in the Named Countries, are experiencing the effects of the worldwide recession;
- As a result of the current slowdown in economic growth in China, declines in Chinese demand for steel pipe and tube, including HSS, has released large volumes of these products onto the world markets;
- Producers in the Named Countries have added vast HSS capacity in recent years and, given that total capacity exceeds domestic demand, exporters have no choice but to look to other export markets to shed surplus production;
- HSS producers in Turkey and the Republic of Korea have been found to have dumped steel pipe and tube in the United States and other markets, demonstrating a propensity to engage in this type of activity;
- Product from Turkey and the Republic of Korea is being sold in foreign markets at prices below the cost of converting hot-rolled coil to subject goods;
- Without the discipline of anti-dumping duties, the selling price of subject imports will be well below the Canadian price, resulting in significant price erosion, price suppression, and declines in the Canadian producers’ financial performance.15

[52] Atlas and Welded Tube made the argument that the CBSA should assess the cumulative effect of continued or resumed dumping of structural tubing from the three named countries even though there is no statutory requirement to do so. Contrarily, Atlas and Welded Tube argue that, should the CBSA not agree with the principle of cumulation, there is sufficient evidence on the record to support a determination of likelihood of resumed dumping from one or more of the Named Countries.16

16 Ibid., pp. 4 - 5.
While Atlas and Welded Tube agree that there has been little or no evidence of dumping of the subject goods into Canada during the period of review, they contend that the phrase “whether there has been dumping of goods while a finding or order in respect of the goods is in effect” appearing in paragraph 37.2(1)(a) of the SIMR should be interpreted as referring to the dumping of exports from the Named Countries into markets other than Canada and not confined to the dumping of subject goods into Canada from the Named Countries. Atlas and Welded Tube point out that exports of structural pipe and tube and closely related steel pipe and tubular products from the Republic of Korea and/or Turkey are subject to anti-dumping duties in a number of countries and that this can be taken into account by the CBSA in determining whether there is a likelihood of renewed dumping.  

In addressing the performance of exporters, Atlas and Welded Tube point to the fact that the Republic of Korea and Turkey are among the largest producers and exporters of welded pipe and tube in the world while South Africa, although of a lesser size, is also a major producer and exporter of these goods. Reference is made to the Tribunal’s Statement of Reasons in RR-2008-001 wherein it states that there is considerable production capacity of pipe and tubular goods in the subject countries and a strong export orientation of producers in these countries.

With respect to the Republic of Korea specifically, Atlas and Welded Tube make reference to Steel Statistical Yearbook 2012, published by World Steel Association, which lists that country as the third largest producer of welded tubes in the world in 2011 and the world’s fifth largest exporter, with production and export volumes of 5.0 million tonnes and 2.6 million tonnes respectively. Atlas and Welded Tube also make reference to export volumes of similar products from the Republic of Korea as reported in determinations by the United States International Trade Commission (USITC). According to Atlas and Welded Tube, the production and export potential of exporters located in the Republic of Korea combined with slowdowns in the economies of the Republic of Korea and China, point to the risk of large imports of subject goods coming to Canada from that country with the likelihood of renewed dumping.

With respect to Turkey, Atlas and Welded Tube again make reference to production and export volumes as reported by the USITC. According to the USITC, Turkey produced 3.2 million tonnes of steel pipe in 2010 and had a total steel pipe capacity of 6.0 million tonnes. According to Steel Statistical Yearbook 2012 and the USITC respectively, Turkey exported 1.65 million tonnes of tubular steel products in 2011, including 400,000 tonnes of round, welded, non-energy tubular products. Atlas and Welded Tube make reference to articles indicating that Turkey’s economy is slowing while the Eurozone, Turkey’s largest export market for pipe and tube products, is in recession. These circumstances, it is argued, will force Turkish producers to seek out other outlets and revert to dumping product into Canada should the current order expire.

Ibid., pp 6 - 7.
Ibid., pp 7 - 8.
Ibid., pp. 9 - 15.
Ibid., pp. 15 - 22.
[57] With regards to South Africa, Atlas and Welded Tube point out that South African production of HSS is significant, albeit smaller than that of the Republic of Korea and Turkey. They refer to reports indicating excess capacity in that market along with pressures from imported steel from China. Atlas and Welded Tube state that, according to the Association of Steel Tube and Pipe Manufacturers of South Africa (ASTPM), there is slackening domestic demand, surplus capacity, and pressures from Asian imports and, because of this, there is a need for the South African industry to export.\(^{21}\)

[58] In terms of future sales volumes Atlas and Welded Tube argue that, although imports of subject goods into Canada during the period of review have been negligible, there is a likelihood that future imports will be in large volumes if the order were to lapse. They point to the US market where imports of Turkish structural pipe and tube totalled close to 20,000 tonnes in the first quarter of 2013 while South Korean imports totalled close to 13,000 tonnes. Atlas and Welded Tube also point to significant volumes of welded oil country tubular goods and rebar being imported into Canada from the Republic of Korea and Turkey in the first 5 months of 2013.\(^{22}\)

[59] In terms of future pricing Atlas and Welded Tube submit that, given the commodity nature of HSS, if the current order expires exported goods will undercut or “converge” at the lowest market price to make sales and regain market share. Atlas and Welded Tube refer to Metal Bulletin Research which reports the FOB price of Turkish HSS to be $US 710 per tonne in Q2 2013. The US Department of Commerce reports import prices of Turkish structural pipe and tube in the $US 750 per tonne range in 2012-2013. MMZ, in its ERQ response, reports its average FOB price of HSS sold into the United States at $700 per tonne in 2013 and its domestic market selling price at $950 per tonne.\(^{23}\)

[60] With respect to the Republic of Korea, Atlas and Welded Tube refer to Metal Bulletin Research which reports the FOB price of HSS in the Asian region to be $US 715 per tonne in Q2 2013. Import prices structural pipe and tube from the Republic of Korea into the US market are reported by the US Department of Commerce as being in the range of $US 750 per tonne in 2012-2013. Adding shipping costs and an amount for profit, it is estimated that these imports would sell in Canada in the range of $950 which is substantially below the delivered selling prices to end users and resellers in the same period reported by Atlas and Welded Tube.\(^{24}\)

\(^{21}\) Ibid., pp. 22 - 23.
\(^{22}\) Ibid., pp. 23 - 24.
\(^{23}\) Ibid., pp. 25 - 26.
\(^{24}\) Ibid., pp. 27 - 28.
Atlas and Welded Tube state that there is evidence showing that export prices of HSS from the Republic of Korea and Turkey have been close to, and likely below, the cost of hot-rolled coil in those countries. They quote Metal Bulletin Research reporting the Q2 2013 price of hot-rolled coil (HRC) in European markets at between $US 585-666/tonne and at $US 688/tonne in Japan. According to a Steel Orbis report, in May 2013, structural tubing from the Republic of Korea was being offered in the United States at between $US 805-827/tonne and structural tubing from Turkey was being offered at between $US 794-816/tonne, on a delivered basis. MMZ, in its ERQ response, states that its anticipated selling price into the US market in 2013-2014 will be in the $700-740/tonne range. Atlas and Welded Tube claim that, taking into account the HRC costs, the conversion costs, the freight costs, plus an amount for profit, the selling prices quoted above from Turkey and the Republic of Korea are substantially less than their costs of production, which would point to continued dumping if the present order expires.25

Atlas and Welded Tube point to trade measures in other jurisdictions covering the same or closely-related products. Examples include anti-dumping duties being imposed by Australia in 2012 on HSS from the Republic of Korea and anti-dumping duties currently in place in the United States for similar products from the Republic of Korea and Turkey, circular welded pipe and tube and light walled rectangular pipe. For the US cases, specific dumping margins apply to many of the same producers previously identified by Atlas and Welded Tube as producers of HSS. Atlas and Welded Tube state that these trade measures and findings provide evidence of the propensity of producers in the Named Countries to ship dumped HSS onto world markets.26

Atlas and Welded Tube contend that, with US trade measures in effect combined with substantial excess capacity and a pattern of aggressive exporting practices, there is a danger of diversion should the order lapse. Atlas and Welded Tube quote similar reasoning taken from the Statement of Reasons issued by the Tribunal in its 2008 Expiry Review.27

According to Atlas and Welded Tube, the industry has managed to increase sales and profitability the last two years as compared to the recession years of 2009-2010. However, as Canadian GDP growth has slowed since 2012 and capital spending in construction and other industrial projects is projected to remain flat in 2013-2015, HSS demand is forecasted to be relatively weak. According to Atlas and Welded Tube, the slowing Canadian economy combined with excess supplies in the exporters’ markets point to the probability of large volumes of dumped imports recurring should the order expire.28

Atlas and Welded Tube state that there is abundant material on the record showing that there have been significant changes to international market conditions, such as the slowdown in the economies of the Named Countries, in China and in the Eurozone. Faced with lower domestic demand, overcapacity and poor external market conditions, Atlas and Welded Tube state that producers of subject goods will sell their products aggressively leading to renewed shipments of dumped HSS to Canada should the SIMA duties lapse.29

25 Ibid., pp. 28 - 30.
26 Ibid., pp. 30 - 32.
27 Ibid., p. 33.
28 Ibid., pp. 34 - 36.
29 Ibid., p. 37.
Other factors raised by Atlas and Welded Tube include the fact that many of the same Canadian-based importers and trading companies that were involved with the 2003 inquiry and the 2008 review continue to be active today. Another circumstance cited by Atlas and Welded Tube is the phenomenon of source-shifting by traders and importers. It is argued that importers would return to the Named Countries to supplement their low-priced sources of supply should the order not be maintained.  

Another Canadian producer contending that continued or resumed dumping is likely if the order expires was Nova. Nova stated in its response to the ERQ that, due to soft international market conditions and established channels of distribution within Canada, it is likely that significant volumes of very low priced HSS would enter Canada if the duties are removed.

Parties Contending that Continued or Resumed Dumping is Not Likely

Exporters

A case brief and a reply submission were filed by MMZ Onur Boru Profil Uretim San. ve Tic. A.S. (MMZ) and the Turkish Steel Exporters’ Association, Çelik Ihracatçılık Birliği (ÇİB), and its members (collectively referred to hereafter as the Turkish Parties) contending that, with respect to Turkey only, continued or resumed dumping is not likely if the order expires.

Turkish Parties

In their case brief the Turkish Parties state that an analysis of the information as provided in ERQs in respect of Turkish exports and elsewhere on the record show that exporters in Turkey:

- are not in a situation of excess production capacity for structural tubing;
- are not dependent on exports to maintain capacity utilization rates;
- do not have a sustained interest in the Canadian market as evidenced by the volume of goods exported in markets located in the immediate vicinity of Turkey;
- do not have a history of dumping since there are no other known anti-dumping orders, worldwide, specifically in respect of Turkish HSS.

In their case brief the Turkish Parties point out that, while production of HSS in Turkey has grown from approximately 863,000 tonnes in 2010 to over 1.1 million tonnes in 2012, due to growing domestic demand and growth in proximate export markets, exports to Canada have remained nil during the same period.
The Turkish Parties argue that, while domestic production of HSS has steadily increased, overall exports as a function of total output has decreased due to domestic demand resulting from economic growth in Turkey.\(^{35}\) On a volume basis, the percentage of exports as a measure of total HSS output has steadily decreased from 30.4% in 2010, to 26.6% in 2011 and to 21% in 2012.\(^{36}\) It should be noted that the wrong figures were used in the analysis. The Turkish Parties used the quantities of “export sales to all other countries” in the numerator rather than the quantities of “total export sales.” Using the latter figures yields the following results: 78.2% in 2010, 72.4% in 2011 and 78% in 2012.

The Turkish Parties state that what export markets Turkey enjoys have seen significant growth from 2010 to 2012. Examples cited include: exports of HSS to Iraq increasing from 179,040 tonnes in 2010 to 269,098 tonnes in 2012, an increase of 50%; exports to the UK growing by 20%, and; exports to other export markets increasing from 674,718 tonnes to 862,516 tonnes, an increase of almost 30%. Demand for Turkish HSS is described as robust, both domestically and on its traditional export markets.\(^{37}\)

One of Turkey’s most important HSS producers, MMZ, also forecasts robust domestic demand, growth in all its export markets and steadily increasing prices. According to the Turkish Parties, data submitted by MMZ and ÇIB demonstrates that the pricing levels of Turkish HSS in Canada, in comparison to other export markets, is higher showing that dumping will not occur if and when Turkish HSS returns to the Canadian market.\(^{38}\)

The Turkish Parties state that exporters in Turkey do not have a history of dumping since there are no other anti-dumping orders, worldwide, with respect to Turkish HSS.\(^{39}\) Reference is made to an investigation in 2005 by the US International Trade Commission concerning light-walled rectangular (LWR) pipe and tube from Mexico and Turkey, a product which is only partially relevant to the CBSA’s investigation, wherein that body “... determined that the domestic LWR pipe and tube industry was neither materially injured nor threatened with material injury...” The Turkish Parties also make note of the fact that an anti-dumping proceeding initiated in March 2012 by the European Commission concerning imports of hollow profiles from Macedonia, Turkey and Ukraine was terminated without any determination in February 2013 following the withdrawal of the complaint by producers in the European Union.\(^{40}\)

CONSIDERATION AND ANALYSIS

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

\(^{35}\) Ibid., pp. 5 - 6.
\(^{36}\) Ibid., p. 5.
\(^{37}\) Ibid., p. 6.
\(^{38}\) Ibid., pp. 6 - 7.
\(^{39}\) Ibid., p. 4.
\(^{40}\) Ibid., pp. 8 - 9.
Before presenting a country by country analysis concerning the likelihood of continued or resumed dumping in absence of the Tribunal’s order, there are certain issues that relate to the goods on a broader scale: the commodity nature of HSS and HSS being produced in facilities that are used to produce other goods.

**Commodity Nature of HSS**

HSS is typically produced to a national or international standard that would specify the product’s chemistry, tensile strength and other properties. In Canada, the standard specification is CSA G.40.21-87-50W. HSS producers in all countries of the world will apply to national or international standard bodies to have their product certified to their standards. As such, HSS produced to a given specification in a country should be physically interchangeable with HSS produced to the same specification in another country. The fact that HSS can be made to the same standards all over the world means that the product also shares the same channels of distribution and the same potential customers. Due to the commodity nature of HSS, the product competes in markets largely on the basis of price.

**HSS Produced in Facilities that are Used to Produce Other Goods**

Information on the record shows that HSS is produced on equipment that is also used to produce other goods. HSS is frequently produced on the same equipment as mechanical tubing and standard pipe. This interchangeability of products on common equipment provides producers of HSS a degree of flexibility to manipulate their product mix in order to maximize profits. Producers also may use this interchangeability of products in order to maximize plant loadings thereby reducing their unit fixed costs.

**LIKELIHOOD OF CONTINUED OR RESUMED DUMPING**

Guided by the factors in the aforementioned subsection 37.2(1) of the SIMR and having considered the information on the administrative record, the ensuing list represents a summary of the analysis conducted in this expiry review investigation:

- the large production capabilities of HSS producers in the Named Countries;
- the large volumes of HSS being exported from the Named Countries to countries other than Canada;
- exporters from the Named Countries have demonstrated an inability to compete in the Canadian market at non-dumped prices; and
- anti-dumping measures have been imposed by other countries on the same or closely-related tubular products from the Named Countries.

The following analysis of the likelihood of continued or resumed dumping begins with the Republic of Korea, followed by South Africa and Turkey.

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42 Exhibit 29: Response to the Exporter Expiry Review Questionnaire - MMZ Onur Boru Profil Uretim and the Çelik İhracatçılara Birligi (ÇIB, or the Turkish Steel Exporter's Association).
Republic of Korea

[81] Due to the lack of responses from exporters of HSS in the Republic of Korea there is no information on the record indicating the quantity of HSS produced in that country; however, there is information on the record pertaining to the production in the Republic of Korea of welded tubes, a broader category of goods. According to the Steel Statistical Yearbook 2012, published by the World Steel Association, the Republic of Korea ranked third overall in the world in the production of welded tubes in 2011, producing over 5 million tonnes.44 Another publication, Metal Bulletin Research, reports roughly the same figure for production from the Republic of Korea of welded pipes and tubes.45 The country’s production of electric resistance welded (<16” outside diameter) pipe and tube, a narrower scope of goods which comprise HSS, was reported to be approximately 3.3 million tonnes in 2011.46 The inventory of these goods, according to the same publication, is reported to have increased by 26% from 2011 to 2012.47

[82] Although the above information regarding production levels in the Republic of Korea pertains to the broader category of welded pipes and tubes, it provides a perspective as to the potential scale of HSS production in that country. If HSS production in the Republic of Korea represented only one-tenth of the total production of all welded pipe and tube products in that country it would equate to 500,000 tonnes. Based on the confidential sales figures provided by the Canadian producers in their responses to the ERQ, this amount would be considered substantial in relation to the size of the Canadian market. Given the fact that HSS may be produced on equipment or in facilities that are used to produce other goods, any estimate as to the actual volume of HSS produced in the Republic of Korea would necessarily understate the potential volume of HSS that may be produced in that country.

[83] Besides being ranked as one of the top producers of welded tubes in the world, the Republic of Korea also ranks as the world’s fifth largest exporter of tubular steel products.48 Information on the record shows that the Republic of Korea exported approximately 3.5 million tonnes of welded pipes and tubes in 2011, or about 70% of its total production of these goods.49 The 3.5 million tonnes exported in 2011 is a 21% increase over the roughly 2.9 million tonnes exported in 2010.50 In contrast, the country imported only 100,000 tonnes or so of welded pipe and tube products in 2011 making it a very large net exporter of these goods.51

46 Ibid.
47 Ibid.
50 Ibid.
51 Ibid.
With regard to the HSS market in the Republic of Korea and the state of that country’s economy in general, the following comments appeared in the October 2012 issue of Metal Bulletin Research:

“It looks as if more months of slow growth in construction industry orders lie ahead in the smaller economies – slower economic growth in Korea, a continuing crisis in the Vietnam construction industry, only modest growth in other ASEAN countries – and in Japan reconstruction order rates show no sign of accelerating. The energy sector, and export markets outside of eastern Asia provide the main prospects for strong growth.”  

Other articles on the record point to industrial production declining in the Republic of Korea, the government of the Republic of Korea reducing its growth forecast for the country to 2.3% in March, and the central bank joining government efforts to boost the export-reliant economy by cutting its benchmark interest rate to 2.5%. According to the Korea International Trade Association, exports of steel from the Republic of Korea declined 10.6% in the first quarter of 2013 as compared to a year earlier. A slowing of the economy in the Republic of Korea combined with a very large production capacity, growing inventories and an export-oriented philosophy would suggest a sustained or intensified export effort by HSS producers located in the Republic of Korea in the near term to counter any dampening of demand in their home market.

During the POR, there was a dearth of imports from the Republic of Korea. The relatively small amount of goods originated in the Republic of Korea but were exported from the United States of America. As no exporters had normal values established for their goods, the subject goods were assessed anti-dumping duty equal to 89% of the declared export price in accordance with the ministerial specification.

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53 Exhibit 33: Response to Producer Expiry Review Questionnaire - Atlas Tube Canada ULC, tab 3, South Korea’s Industrial Output Falls For Third Month, Global Economic News, April 29, 2013.
54 Exhibit 33: Response to Producer Expiry Review Questionnaire - Atlas Tube Canada ULC, tab 3, South Korea’s central bank cuts key rate to 2.5 percent, The Associated Press, May 9, 2013.
55 Ibid.
56 Ibid.
In the CBSA’s reinvestigations conducted during the period of review, no exporters from the Republic of Korea chose to cooperate.\(^{57}\) In fact, not only have exporters from the Republic of Korea chosen not to cooperate in the original dumping investigation in 2003 and the two reinvestigations concluded in January 2008\(^{58}\) and March 2011, but exporters in the Republic of Korea also have chosen not to participate in the CBSA’s current expiry review investigation with respect to these goods. In contrast to this lack of interest in the Canadian market, exports of HSS from the Republic of Korea have maintained a significant presence in the US market. Information on the record shows the Republic of Korea to be the third largest exporter of HSS to the United States, shipping approximately 55,000 tonnes of this product during the period April 2012 to March 2013.\(^{59}\) This behaviour would indicate that, rather than receiving normal values and competing in Canada at non-dumped prices, HSS exporters located in the Republic of Korea prefer to find alternate export markets.

On December 11, 2012, the Tribunal issued a finding of injury against certain carbon steel welded pipe originating in or exported from the Republic of Korea. As a result, there is currently an anti-dumping measure in place in Canada against certain carbon steel welded pipe, a product similar to structural tubing.

There are currently anti-dumping measures in place in the United States of America against certain circular, welded, non-alloy steel pipes and tubes from the Republic of Korea and other countries,\(^{60}\) as well as light-walled rectangular pipe and tube from the Republic of Korea and other countries.\(^{61}\) Both products, while not considered to be structural tubing, are considered to be closely related to HSS. These goods would be manufactured on the same type of equipment as HSS and made by many of the same producers that make HSS. Both cases were recently reviewed concurrently by the United States International Trade Commission (USITC) as part of a five-year review. The USITC determined that the revocation of anti-dumping duty orders on these goods would be likely to lead to continuation or recurrence of material injury.\(^{62}\)

In another recent decision, issued by the Australian Customs and Border Protection Service on June 7, 2012, it was determined that the dumping of hollow structural sections exported from the People’s Republic of China, the Republic of Korea, Malaysia and Taiwan had caused material injury to the Australian industry producing like goods.\(^{63}\) The recent decisions in Australia and in the United States of America, involving the same or closely-related products, indicate a pattern of dumping by producers of tubular products located in the Republic of Korea.

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\(^{57}\) Exhibit 5: Notice of Conclusion of Re-investigation - 2011.
\(^{59}\) Exhibit 45: Supplementary materials submitted by Atlas Tube Canada ULC and Welded Tube of Canada, tab 10, US Commerce Department Import Data for Structural Pipe and Tube Products.
\(^{60}\) Exhibit 13: Public version of CITT's administrative record, Expiry Review Submissions filed by Atlas Tube Canada ULC and Welded Tube of Canada, tab 21.
\(^{63}\) Exhibit 22: Report to Minister - Hollow Structural Sections from China, Korea, Malaysia, Taiwan and Thailand - Australian Customs and Border Protection Service.
President’s Determination – Republic of Korea

[91] Based on information on the record in respect of: the large volumes of welded pipe and tube produced in, and exported from, the Republic of Korea; the forecasted slow growth in the Republic of Korea’s construction industry and economy; the inability of exporters located in the Republic of Korea to compete in Canada at non-dumped prices; anti-dumping measures currently in place in Canada and other countries concerning similar products from the Republic of Korea; the commodity nature of certain structural tubing forcing exporters located in the Republic of Korea to compete in the Canadian market on the basis of price; and the fact that certain structural tubing can be produced in facilities that are used to produce other goods, the President determined that the expiry of the order in respect of certain structural tubing originating in or exported from the Republic of Korea is likely to result in the continuation or resumption of dumping of these goods into Canada.

South Africa

[92] Due to the lack of responses from exporters of HSS from South Africa there is no information on the record indicating the quantity of HSS produced in that country; however, there is information on the record pertaining to the production in South Africa of welded tube and pipe, a broader category of goods. Robor, according to its website, is a world-class manufacturer and supplier of welded tube and pipe, cold formed steel profiles, and associated value added products. Robor has exported more than 900,000 tonnes worldwide and claims to be the largest steel tube manufacturer in southern Africa. Although there is no information on the record indicating the total quantity of HSS produced in South Africa, the information above indicates that Robor has significant production capabilities. Even if Robor’s exports of HSS represented only 10% of its total exports, this amount would be considered to be sizeable in relation to the apparent Canadian market for HSS.

[93] According to the Association of Steel Tube and Pipe Manufacturers (ASTPM) of South Africa, imports of finished steel tube and pipe products from the Far East are increasing yearly, resulting in market share loss, with resultant unemployment occurring. According to a newsletter on ASTPM’s website:

“With the global economic crises and globalisation of markets, the buying behaviour of traditional and well established markets, has changed. This has made the exporting of commodity steel tube and pipe increasingly difficult and as the tube manufacturers have surplus capacity, they need to export.”

64 Exhibit 13: Public version of CITT’s administrative record, Expiry Review Submissions filed by Atlas Tube Canada ULC and Welded Tube of Canada, tab 6.
65 Ibid.
66 Exhibit 15: Steel News Excerpts, Tab 2, Steel tube, pipe industry recovered well, but imports a threat, Engineering News Online, January 20, 2012.
67 Exhibit 15: Steel News Excerpts, Tab 3, Value Added Exports – ASTPM Newsletter.
[94] The newsletter confirms that steel tube and pipe products are commodity goods, that there is surplus capacity of these items in South Africa, and that there is a need to export, possibly as a result of the increase in steel tube and pipe products from the Far East displacing domestic sales.

[95] During the POR, there were no imports of HSS from South Africa into Canada. No exporter from South Africa participated in the CBSA’s current expiry review investigation with respect to these goods, nor did any exporter participate in the CBSA’s two reinvestigations concluded in January 2008 and March 2011. As such, all HSS imports from South Africa are subject to anti-dumping duty equal to 89% of the declared export price in accordance with a ministerial specification. The fact that no exporter from South Africa sold HSS to Canada during the POR while at the same time the ASTPM is encouraging its members to export would strongly indicate an inability, on the part of South Africa, to compete in the Canadian market at non-dumped prices.

**President’s Determination - South Africa**

[96] Based on information on the record in respect of: South Africa’s potential production and export capabilities with respect to HSS; the increased volume of imports in the South African tube and pipe market causing South African companies to look to export markets to replace lost domestic sales; the inability of HSS producers in South Africa to compete in Canada at non-dumped prices; the commodity nature of HSS compelling South African HSS to compete in the Canadian market on the basis of price; and the fact that HSS can be produced in facilities that are used to produce other goods, the President determined that the expiry of the order in respect of certain structural tubing originating in or exported from South Africa is likely to result in the continuation or resumption of dumping of these goods into Canada.

**Turkey**

[97] Unlike the situation for the Republic of Korea and South Africa, there is information on the record indicating the total quantity of HSS produced in Turkey, as well as the total production capacity for HSS in that country. According to the Turkish Steel Exporters’ Association, Çelik İhracatçılıları Birliği (ÇIB), Turkey produced in excess of 1.1 million tonnes of HSS in 2012. The amount of HSS reportedly produced in 2012 is 11.2% greater than the 994,554 tonnes produced in 2011 and 28.2% greater than the 863,056 tonnes produced in 2010. The country’s production capacity in 2012 is reported as 1.5 million tonnes, which equates to a capacity utilization rate of 74%. Based on the confidential sales figures provided by the Canadian producers in their responses to the ERQ, the total quantity of HSS produced in Turkey and the excess capacity available to Turkish producers is substantial in relation to the total Canadian market for these goods.

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69 Exhibit 5: Notice of Conclusion of Re-investigation - 2011.
70 Exhibit 29: Response to the Exporter Expiry Review Questionnaire - MMZ Onur Boru Profil Uretim and the Çelik İhracatçılıları Birliği (ÇIB, or the Turkish Steel Exporter’s Association)
71 Ibid.
72 Ibid.
According to the information submitted by ÇIB, Turkey exported a total of 674,718 tonnes of HSS in 2010, 720,263 tonnes in 2011 and 862,516 tonnes in 2012. The 27.8% increase in exports from 2010 to 2012 closely mirrors the 28.2% increase in production which took place over the same period of time. Imports of HSS into Turkey, on the other hand, were reported by ÇIB to be 46,186 tonnes in 2010, 52,806 tonnes in 2011 and 38,836 tonnes in 2012. Based on these figures, it can be said that Turkey, like South Korea, is a very large net exporter of these goods.

ÇIB reports that 113,005 tonnes of HSS were sold to customers in the United States of America in 2012, making that country Turkey’s third largest export market for these goods. Besides the sizeable volume sold into the US market in 2012, Turkish exporters also have sold limited quantities of HSS into Canada in the past three years. As certain structural tubing is subject to anti-dumping duty in Canada, the imported goods would have been in non-subject sizes, i.e. greater than 16” in outside diameter for round products and greater than 48” in periphery for rectangular and square products. The inroads that Turkish HSS has made into the US market and the continued presence of Turkish HSS in the Canadian market signifies a sustained and growing interest in the North American market by exporters in that country.

In response to the ERQ, the Turkish exporter MMZ Onur Boru Profil Uretim San. ve Tic. A.S. (MMZ) reported its production of HSS to be 25,000 tonnes in the period of January 1 - June 30, 2012 and its plant capacity to be 350,000 tonnes. For the periods January 1 – June 30, 2012 and January 1 – June 30, 2013, the company reported average selling prices of $700 per tonne for sales to its largest export market, the United States of America, and $950 per tonne for sales to customers in its domestic market. Although the $950 per tonne average domestic selling price reported for the period January 1 – June 30, 2012 may have been miscalculated, the $950 per tonne selling price reported for the period of January 1 - June 30, 2013 would indicate that MMZ is selling HSS into the US market at prices below their domestic selling prices or, in other words, at apparently dumped prices.

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73 Ibid.
74 Ibid.
75 Ibid.
76 Ibid.
77 Ibid.
78 Ibid.
79 Ibid. Note: MMZ reported a total sales value of $902,500 and a sales volume of 10,000 metric tonnes in the period January 1 – June 30, 2012, which would equate to an average unit selling price of $90.25/tonne and not the reported amount of $950/tonne. Therefore either the total sales value, the sales volume or the average selling price was misreported.
According to the information submitted by ÇIB, most of Turkey’s largest export markets for HSS are in Europe. The European economy, however, is continuing to struggle as countries in that region cope with the debt crisis. A number of articles on the record, samples of which appear below, make reference to the economic situation in Europe.

“But Europe’s economic fortunes have worsened in the past year, and prospects for a rapid turnaround remain elusive. The International Monetary Fund expects the European Union economy not to grow at all in 2013 and to still be performing below its pre-crisis average in 2018.”

“Welded tube and pipe demand across the EU has primarily been affected by two factors this month, a lack of demand in the construction markets and declining vehicle sales. Construction demand has yet to see a full recovery following the economic downturn, which has continued to suppress demand.”

As export trade with Europe tightens, it is reasonable to expect that Turkish exporters of HSS will continue to turn their attention to other markets to promote sales, as they have done recently with respect to the US market. This assumption is supported by the following statement appearing in Metal Bulletin Research’s Welded Steel Tube and Pipe Market Tracker publication issued in November 2012:

“As the customer base in Europe declines, Turkish export producers are bolstering trade to other regions of the world to keep activity high.”

Information on the record bears this out as the Turkish producer and exporter MMZ states in its response to the ERQ that, in 2014 and 2015, it anticipates increasing its sales to the United States by 33%, to Mexico by 66%, to Eastern Europe by 33%, to the CIS countries by 66% and to the Middle East and Gulf countries by 33%.

The information on the record pertaining to the general economic situation in Turkey is mixed. While its economy is performing better than many in the EU, there are signs that the economy in Turkey is slowing. According to the Turkish Iron and Steel Producers Association:

“Slowdown in GDP growth pace continued throughout 2012 and Turkish economy grew by 3.4 percent in the first quarter, 3.0 percent in the second quarter, 1.6 percent in the third quarter and 1.4 percent during the final quarter of 2012. Growth rate of the Turkish economy dropped sharply to 2.2% in the whole of 2012 from 8.8% in 2011.”

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80 Ibid. The UK was Turkey’s 2nd largest export market for HSS in 2010-2012; Romania was the 3rd largest in 2010-2011 and the 4th largest in 2012, and; Belgium was the 4th largest in 2010-2011.
84 Exhibit 29: Response to the Exporter Expiry Review Questionnaire - MMZ Onur Boru Profil Uretim and the Çelik Ihracatcilara Birligi (ÇIB, or the Turkish Steel Exporter’s Association).
85 Exhibit 15: Steel News Excerpts, Turkish Steel Industry, Turkish Iron and Steel Producers Association.
The slowing of the economy is attributed to “weak domestic demand,” resulting in part from the policies of Turkey’s central bank, and “spillover from the European debt crisis.” Less demand for HSS in Turkey and in Europe will put pressure on Turkish exporters to increase their sales to other markets, including North America, in order to maintain high production levels.

During the POR, no subject goods originating in or exported from Turkey were imported into Canada. This is not surprising given the fact that no exporters from Turkey chose to cooperate in the CBSA’s two re-investigations concluded in January 2008 and in March 2011. As no Turkish exporters requested normal values from the CBSA, all subject goods from Turkey would be subject to anti-dumping duty equal to 89% of the declared export price in accordance with the ministerial specification. While no Turkish exporters shipped subject goods to Canada during the POR, ÇIB reports that Turkish exporters did sell limited quantities of non-subject HSS into Canada in the past three years. The fact that non-subject goods from Turkey were sold into Canada during the POR but subject goods from Turkey were not indicates an aversion by Turkish exporters to compete in the Canadian market at non-dumped prices.

There are currently anti-dumping measures in place in the United States of America against certain circular, welded, non-alloy steel pipes and tubes from Turkey and other countries, as well as light-walled rectangular pipe and tube from Turkey and other countries. While not considered to be structural tubing, both of these products are considered to be closely related to HSS. These goods would be manufactured on the same type of equipment as HSS and made by many of the same producers that make HSS. Both cases were recently reviewed concurrently by the United States International Trade Commission (USITC) as part of a five-year review. The USITC determined that the revocation of anti-dumping duty orders on these goods would be likely to lead to continuation or recurrence of material injury.

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87 Ibid.
88 Exhibit 43: Import and Enforcement Statistics for the Period of Review.
90 Exhibit 5: Notice of Conclusion of Re-investigation - 2011.
91 Exhibit 29: Response to the Exporter Expiry Review Questionnaire - MMZ Onur Boru Profil Uretim and the Çelik Ihracatçılara Birliği (ÇIB, or the Turkish Steel Exporter's Association).
President’s Determination - Turkey

[108] Based on information on the record in respect of: the large volume of HSS produced in Turkey and the large excess capacity available to Turkish producers; the large and increasing export volumes of HSS from Turkey to other countries; the decreasing demand for HSS in Turkey and Europe; the continued interest by Turkish exporters in the Canadian market for non-subject HSS; the inability of Turkish exporters to compete in Canada at non-dumped prices; anti-dumping measures currently in place in other countries concerning similar Turkish products; the commodity nature of HSS forcing Turkish product to compete in the Canadian market on the basis of price; and the fact that HSS can be produced in facilities that are used to produce other goods, the President determined that the expiry of the order in respect of certain structural tubing originating in or exported from Turkey is likely to result in the continuation or resumption of dumping of these goods into Canada.

CONCLUSION

[109] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors contained in subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of the information on the record, the President determined that the expiry of the order made by the Tribunal on December 22, 2008, in Expiry Review No. RR-2008-001, concerning certain structural tubing originating in or exported from the Republic of Korea, the Republic of South Africa and the Republic of Turkey is likely to result in the continuation or resumption of dumping of these goods into Canada.

FUTURE ACTION

[110] On August 9, 2013, the Tribunal commenced its inquiry to determine whether the expiry of its order concerning the dumping of certain structural tubing from the Republic of Korea, South Africa and Turkey is likely to result in injury or retardation to the Canadian industry. The Tribunal has announced that it will issue its decision by December 20, 2013.

[111] If the Tribunal determines that the expiry of the order with respect to goods from the Republic of Korea, South Africa and Turkey is likely to result in injury or retardation, the order will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping duty on dumped importations of certain structural tubing originating in or exported from the Republic of Korea, South Africa and Turkey.

[112] If the Tribunal determines that the expiry of the order with respect to the goods from the Republic of Korea, South Africa and Turkey is unlikely to result in injury or retardation, the order in respect of those goods will be rescinded. Anti-dumping duty would no longer be levied on importations of structural tubing beginning on the date the order is rescinded.
INFORMATION

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

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