



Canada Border
Services Agency

Agence des services
frontaliers du Canada

SR2 2024 UR

OTTAWA, February 11, 2025

STATEMENT OF REASONS

Concerning the undertaking review determination with respect to

SUCKER RODS

ORIGINATING IN OR EXPORTED FROM ARGENTINA, BRAZIL AND MEXICO

DECISION

On January 27, 2025, pursuant to paragraph 53(1) of the *Special Import Measures Act* (SIMA), the Canada Border Services Agency renewed price undertakings in relation to certain sucker rods from Argentina, Brazil and Mexico.

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

TABLE OF CONTENTS

SUMMARY OF EVENTS	1
PERIOD OF REVIEW	2
INTERESTED PARTIES	2
PRODUCT INFORMATION	3
PRODUCTION PROCESS	4
PRODUCT USE.....	6
CLASSIFICATION OF IMPORTS	6
IMPORTS INTO CANADA	7
INVESTIGATION PROCESS	7
POSITION OF THE CANADIAN PRODUCER	9
POSITION OF THE EXPORTERS	10
CBSA’S ANALYSIS.....	11
DECISION	14
PUBLICATION	14
INFORMATION	15

SUMMARY OF EVENTS

[1] On August 9, 2019, the Canada Border Services Agency (CBSA) received a written complaint from Apergy Canada ULC–Alberta Oil Tool Division (hereafter, “the complainant” or “AOT”), located in Edmonton, Alberta, alleging that imports of certain sucker rods originating in or exported from Argentina, Brazil, and Mexico (hereafter “the named countries”) are being injuriously dumped. The complainant alleged that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[2] On August 30, 2019, pursuant to paragraph 32(1)(a) of SIMA, the CBSA informed the complainant that the complaint was properly documented. The CBSA also notified the embassies of Argentina, Brazil, and Mexico that a properly documented complaint had been received.

[3] The complainant provided evidence to support the allegation that certain sucker rods from the named countries have been dumped. The evidence also disclosed a reasonable indication that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[4] On September 30, 2019, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of certain sucker rods from Argentina, Brazil, and Mexico.

[5] Upon receiving notice of the initiation of the investigation, the Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the alleged dumping of the above-mentioned goods has caused injury or is threatening to cause injury to the Canadian industry producing the like goods.

[6] On November 29, 2019, pursuant to subsection 37.1(1) of SIMA, the CITT made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping of certain sucker rods from Argentina, Brazil, and Mexico has caused or is threatening to cause injury to the domestic industry.

[7] On December 30, 2019, as a result of the CBSA’s preliminary investigation and pursuant to subsection 38(1) of SIMA, the CBSA made a preliminary determination of dumping of certain sucker rods originating in or exported from Argentina, Brazil, and Mexico. On the same date, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped goods that are of the same description as any goods to which the preliminary determination applies, and that are released during the period commencing on the day the preliminary determination was made.

[8] On January 15, 2020, the CBSA received separate proposals for an undertaking from the three exporting parties from the named countries. In accordance with subsection 49(5) of SIMA, the undertaking proposals submitted by the exporters to the CBSA were made available to interested parties for a period of nine days for the purposes of any representations they wish to make.

[9] On February 28, 2020, the CBSA received price undertakings from the three exporting parties from the named countries which were intended to supersede and thereby revoke all previous price undertaking offers by the exporting parties. A nine day period was once again opened to all interested parties to make representations.

[10] On March 20, 2020, the CBSA accepted the price undertakings from the exporting parties from the named countries pursuant to subsection 49(1) of SIMA, and suspended the investigation in accordance with paragraph 50(a) of SIMA. The acceptance of the undertakings also suspended the collection of provisional duties pursuant to subparagraph 50(a)(ii).

[11] The undertakings accepted by the CBSA cover all of the dumped goods. The observance of the undertakings were intended to eliminate the injury being caused to the Canadian industry by the dumping of subject goods into Canada.

[12] Notice of acceptance of the undertakings was communicated to the CITT on the date of acceptance, in accordance with subparagraph 50(a)(iv) of SIMA. Consequently, on March 20, 2020 the CITT also suspended its investigation in accordance with paragraph 50(b) of SIMA.

[13] On October 30, 2024, pursuant to paragraph 53(1) of SIMA, initiated a review of the undertakings.

[14] Section 53(1) of SIMA requires undertakings to be reviewed by the CBSA at least every five years to determine if they still serve the purpose for which they were intended. The CBSA had to decide to renew the undertakings prior to March 20, 2025. The renewal will extend for a period of not more than five years, from the decision date, as per section 53(1) of SIMA.

[15] The three undertakings in effect were reviewed concurrently. As noted in the criteria for acceptance of undertakings, an acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods. As such, in this case, the three undertakings were reviewed in conjunction to satisfy this requirement.

PERIOD OF REVIEW

[16] The Period of Review (POR) for the undertaking review was January 1, 2022 to June 30, 2024.

INTERESTED PARTIES

Canadian Producer

[17] The name and address of the Canadian producer is as follows:

Apergy Canada ULC dba Alberta Oil Tool (“AOT”)
6939 68th Avenue NW
Edmonton, Alberta T6B 3E3

[18] The Canadian producer provided a response to the CBSA's Request for Information (RFI).¹ AOT also provided case briefs² and reply submissions.³

Importers

[19] There is one importer of subject goods, which is Tenaris Global Services (Canada) Inc. (TGS Canada). TGS Canada is a related party to each of the exporters/producers of subject goods from the named countries.

Exporters

[20] There is one exporter of subject goods in each of the three respective named countries, which are Argentina, Brazil and Mexico. At the CBSA's request, the three exporters/producers provided a consolidated response to the exporter RFI: Metalmecanica S.A. (MM), Tenaris Confab Hastes de Bombeio S.A. (TCHB) and Tubos de Acero de Mexico S.A. (TAMSA).⁴ Tenaris also provided consolidated case briefs⁵ and reply submissions.⁶

PRODUCT INFORMATION

[21] For purposes of these undertaking reviews, the subject goods are defined as follows:

Sucker rods, including pony rods, with or without couplings attached and with or without guides attached, manufactured to American Petroleum Institute (API) 11B specifications, equivalent standards or proprietary standards, including in a finished or semi-finished state, made of solid steel, including carbon, alloy and special grades of steel, of 2.5 inches (63.5 mm) or less in diameter of rod body, with stated measurements subject to permissible tolerances originating in or exported from the Argentine Republic, the Federative Republic of Brazil and the United Mexican States.

Additional Product Information

[22] Sucker rods are used in oil and gas extraction. In an oil or gas well, the rod string connects the above-ground drive to the down well pump(s). They are usually produced to 25 feet in length but can be longer.

¹ Exhibits 10 (PRO) and 11 (NC) – Response to RFI from Apergy Canada ULC dba Alberta Oil Tool (“AOT”).

² Exhibits 20 (PRO) and 21 (NC) – Case briefs from AOT.

³ Exhibits 24 (PRO) and 25 (NC) – Reply submissions from AOT.

⁴ Exhibits 12 (PRO) and 13 (NC) – Response to RFI from Tenaris Global Services (Canada) Inc., Tubos de Acero de Mexico S.A, Metalmecanica S.A, and Confab Industrial S.A Tenaris.

⁵ Exhibits 22 (PRO) and 23 (NC) – Case briefs from Tenaris.

⁶ Exhibits 26 (PRO) and 27 (NC) – Reply submissions from Tenaris.

[23] Pony rods are shorter lengths of sucker rods used to obtain the proper length of rod string when a full sucker rod would make the string too long. Pony rods are connected to each other, or to sucker rods, with couplings. They are usually produced in lengths of 1, 2, 4, 6, 8, 10 or 12 feet. Pony rods are usually made in the same diameters as sucker rods in the rod string.

[24] Sucker rods are “semi-finished” at any point following the forming of the ends of the material input (i.e. solid bar) into the essential sucker rod shape (e.g. forging) which typically creates the pin shoulder, wrench square and transition/upset of the sucker rod.

[25] The diameter of the sucker rod always refers to the outer diameter of the rod body, rather than any part of the forged end.

[26] Special grades of steel referred to in the product definition includes steel grades which may not meet standard industry specifications including proprietary grades.

[27] For greater clarify, the product definition does not cover:

- Polished rods, which are above ground connections to the rod strings;
- Sinker bars, which are used to add weight to the rod string;
- Fiberglass sucker rods (Fiber reinforced plastic);
- Hollow sucker rods; and
- Continuous sucker rods.⁷

Production Process⁸

[28] The subject goods are produced worldwide using materially similar production processes.

[29] Steel bars are the raw material for sucker rods. In North America, suitable steel bars are typically referred to as special bar quality (SBQ), however this is not a rigidly standardized term. In some cases, including in other countries, the input material could be referred to as engineered bar or merchant bar. Ultimately, any steel bar that meets the relevant requirements (chemical, mechanical, dimensional and so forth) can be used as input material.

[30] AOT’s sucker rods are manufactured from micro alloyed, modified SBQ hot rolled carbon or alloy steel bar. The raw material for sucker rods is generally of a significantly higher quality than most concrete reinforcing bar, for example, and with much lower chances of defects or flaws.

⁷ All references in this summary refer to conventional sucker rods and thus are not inclusive of any of the excluded products such as continuous sucker rods.

⁸ [Sucker Rods 2 2019 Investigation - Acceptance of Undertakings](#).

[31] SBQ is supplied as long steel bars and arrives at AOT's facility where it is inspected and received into inventory. The SBQ is cut to length for 25 foot sucker rods. The SBQ is transferred to a straightener, where it is straightened by being passed through straightener rollers. Bars then get passed through an eddy current tester to check for any surface quality defects. All acceptable bars are collected to form a bundle and rejected rods are kicked out in reject pockets.

[32] Usable bars are then transferred to forge machines. Each bar end (between 8 – 14 inches of material) is induction heated to 2300°F ±50°F and upset forged to dimensions specified by the drawing for one end. The bar end is measured and documented on AOT's quality plan. After one end is completed, the bar is rotated 180 degrees and the same processes are performed on the other end. During the forging process, the sucker rods are stamped with: AOT's name as the manufacturer, the size, pin type, grade, heat code and date of manufacturing.

[33] After forging, the rod is transferred to the normalizing furnace. Forged bars are put on conveyor chains which take them through the furnace at a preset speed and furnace temperatures above the critical transformational temperature (1550F – 1675F, depending on the desired finished grade) where it undergoes beneficial microstructure changes. Essentially, this heat treatment or normalizing allows for the re crystallization of steel to offset any defects arising from the working of the metal (particularly the prior forging).

[34] Upon exiting the normalizing furnace, the rods will be brittle and have poor ductility, so the rods are then tempered. When the rods come out of the normalizing furnace, they are then slowly moved (to allow air cooling for a certain time) to the tempering furnace at preset speed and temperature. Again the speed and temperatures are governed by the finished grades, but are approximately 500°F lower than normalizing temperatures. Tempering improves the ductility and toughness of the steel.

[35] The rods are then transferred to another conveyor which takes them through the shot peener. In this process, the rods are blasted with tiny metal balls which produce compressive residual stresses on the rod surface, which improves the fatigue life of the rod making them a superior quality product over non peened rods.

[36] Rods are then settled in output table pockets to allow for cooling to room temperatures. Once cooled, rod bundles are moved to computer numerical control ("CNC") machines where they are machined and threaded on the ends. AOT uses cold-formed rolled threads on its sucker rods. The cold formed process displaces, rather than removes metal, to maintain consistent steel grain follow. This strengthens the shear, yield, and fatigue resistance of the threads. As necessary, couplings are attached on one end and pin protector plastic caps are added to the others.

[37] Machined rods are then sent to paint tables where they are inspected for straightness. Rods that are out of straightness are straightened. The rods are then dipped into a paint vat. Painted rods are then arranged in a stack for bundling and strapping. Rods are covered in an oil soluble coating to reduce atmospheric corrosion in storage. Rods are bundled to prevent handling damages during transportation. Bundled rods are then moved to the storage area from where they get loaded onto trucks for shipping out to distributors.

Product Use ⁹

[38] Sucker rods are used in oil and gas extraction by forming a rod string that connects the above-ground drive to the down well pump(s). In extracting oil and gas from a well, some form of drive is required to provide the motive force and power to extract the oil and gas. Although drives may be located above ground or down well, sucker rods are only used with drives that are located above ground.

[39] An above ground drive is physically connected to the down well pump(s) by a rod string. The rod string is primarily composed of a series of interconnected sucker rods. The number and length of sucker rods may vary widely from well to well, depending on the various requirements established by engineers of the purchasing end-users. A string of sucker rods could consist of dozens or even hundreds of sucker rods and have a total length of thousands of feet. Rod strings in Canada are typically in the range of 2,500 to 7,500 feet, which is roughly 100 to 300 sucker rods of 25 feet in length.

[40] A down well pump will either be a reciprocating pump or a progressive cavity pump, and suckers rods are used in both types of pumps. Reciprocating pumps which are the more traditional type of pump require the rod string to move up and down to extract oil and gas out. For these kinds of pumps, the drive will connect to a “walking beam” and “horse head,” which will then reciprocate by pulling the rod string up and then pushing it down.

Classification of Imports

[41] The subject goods are normally classified under the following tariff classification number:

- 8413.91.00.11
- 8413.91.00.12
- 8413.91.00.19

[42] This tariff classification number is for convenience of reference only. This tariff classification number includes non-subject goods. Also, subject goods may fall under tariff classification numbers that are not listed. Refer to the product definition for authoritative details regarding the subject goods.

⁹ [Sucker Rods 2 2019 Investigation - Acceptance of Undertakings](#), paragraphs 41-43.

IMPORTS INTO CANADA

[43] The following table presents the CBSA’s summary of imports of sucker rods for purposes of the undertaking review:

**Share of Imports of Sucker Rods By Value (CAD)¹⁰
(January 1, 2022 to June 30, 2024)**

Country	% Share of Imports
Named Countries	51.70%
USA	41.58%
China	2.08%
Other	4.64%
Total Imports	100.00%

[44] Sucker rods from China are subject to anti-dumping and countervailing measures.¹¹

INVESTIGATION PROCESS

[45] As previously noted, both the Canadian producer and the exporters (with related importer) provided responses to the CBSA request for information (RFI). These were received on November 29, 2024.¹²

[46] Additional information was submitted by each party to the proceeding at the closing of the CBSA record, which was December 13, 2024.¹³

[47] The CBSA also added close of record exhibits, which were relevant documents from the 2019 investigation listing of exhibits.¹⁴

[48] Case briefs¹⁵ and reply submissions¹⁶ were received from both parties.

¹⁰ As volumes can be difficult to ascertain in pieces for the United States and “Other Countries”, this table was expressed in relation to value. Data was sourced through the CBSA’s ACROSS database.

¹¹ [Sucker rods: Measures in force](#)

¹² Exhibits 10 (PRO), 11 (NC); 12 (PRO), 13 (NC).

¹³ Exhibit 15 (PRO), 16 (NC) – Close of record submission from Tenaris Group; Exhibit 17 (PRO), 18 (NC) – Close of record submission from AOT;

¹⁴ Exhibit 14 (PRO) – Close of Record CBSA Exhibits.

¹⁵ Exhibits 20 (PRO), 21 (NC) – Case briefs from AOT; Exhibits 22 (PRO), 23 (NC) – Case Brief submitted on behalf of the Tenaris Group.

¹⁶ Exhibits 24 (PRO), 25 (NC) – Reply submissions from AOT; Exhibits 26(PRO), 27(NC) – Reply submissions on behalf of Tenaris Group.

[49] Each party provided information which they believe supports the renewal of the undertakings.

[50] The obligation for the CBSA to review undertakings stems from section 53(1) of SIMA:

“53 (1) Unless the Tribunal has made an order or finding under subsection 43(1) that the dumping or subsidizing of the goods to which the preliminary determination applies has caused injury or retardation or is threatening to cause injury and that order or finding has not been rescinded under paragraph 76.01(5)(a), subsection 76.02(4), paragraph 76.03(12)(a) or subsection 76.04(1) or 76.1(2) or has not been deemed to be rescinded under subsection 76.03(1), the President shall review the undertaking before the expiry of five years after the date on which it was accepted and before the expiry of each subsequent period, if any, for which it is renewed under this section and if, on the review, the President is satisfied:

(a) that the undertaking continues to serve the purpose for which it was intended, an

(b) that the President is not required to terminate it under section 52, the President shall renew the undertaking for a further period of not more than five years.

(2) An undertaking expires immediately after the President decides under subsection (1) not to renew it.

(3) Where an undertaking expires by reason of subsection (2), the expiration terminates all proceedings under this Act respecting the dumping or subsidizing of the goods to which the undertaking relates, unless, in any case where the President has accepted two or more undertakings, the President, for good reason, otherwise directs.”¹⁷

[51] Under subsection 52(1.2) of SIMA, the CBSA may also terminate the undertakings where “the President is satisfied that, notwithstanding the termination of the undertaking or undertakings, the condition in paragraph 49(1)(a) or (b), as the case may be, would no longer exist.”

[52] Guidelines respecting the CBSA’s role in the administration of undertaking reviews is also summarized in paragraph 27 of D-Memorandum 14-1-9.¹⁸

¹⁷ [Special Import Measures Act](#), s.53(1).

¹⁸ [Memorandum D14-1-9: Information Pertaining to the Acceptance, Enforcement and Renewal of Undertakings in Dumping and Subsidy Investigations](#)

Position of the Canadian Producer

[53] In their case brief, the Canada producer, AOT, affirmed their position that “the undertakings continue to serve the purpose for which they were intended, and as such should be renewed for a period of no more than five years.” AOT stated their position on the foundation that the renewal would involve no amendments to the undertakings.¹⁹

[54] In respect of the information they submitted for the record, AOT asserted that “the evidence provided by AOT is directly relevant to the CBSA’s review, in that it demonstrates that the undertakings have indeed served their purpose of eliminating injury caused by Tenaris imports and will continue to serve their purpose of eliminating that material injury to the domestic industry if the undertakings are terminated.”²⁰

[55] AOT acknowledged that the price undertakings have had a positive effect on its sucker rods business, summarizing their position that:

“Without the undertaking, imports from Sucker Rods 2 countries would resume at injurious prices as they would enter a race to the bottom to secure any tonne of sales in the Canadian market...Indeed, the undertaking has allowed AOT to compete on a more level playing field.”²¹

[56] AOT also affirmed that the price undertakings have created discipline in the Canadian market and that this has allowed for the fact that “sucker rod prices on the Canadian market have increased since 2021.”²²

[57] AOT cited information on the record including a table of pre and post undertaking exports of subject goods from the named countries in support of their view that the undertakings have been effective. In particular, AOT cited Statistics Canada import data, which they said demonstrated that “the value of subject imports dropped by a remarkable 93 percent between 2019 and 2020, as soon as the price undertakings were accepted, and remained below 2019 levels over each year of the POR.”²³

¹⁹ Exhibit 21 (NC) – Case briefs submitted on behalf of AOT, paragraph 2.

²⁰ Exhibit 25 (NC) – Reply submissions submitted on behalf of AOT, paragraph 5.

²¹ Exhibit 11 (NC) – Questionnaire response from AOT, Q11, page 9 of 23.

²² Exhibit 11 (NC) – Questionnaire response from AOT, Q8, page 5 of 23; Attachment Q11-F1: CITT Sucker Rods Expiry Review *Statement of Reasons* (August 21, 2024), RR-2023-005, paragraph 84.

²³ Exhibit 21 (NC) – Case briefs from AOT, paragraph 11; Table 2; Exhibit 18 (NC) – Close of Record Submission from AOT: Exhibit 7 – Statistics Canada Import Data, “Sucker Rods Imports (through October 2024), page 306 of 465.

[58] AOT summarized the positive impact that the price undertakings have had on their business in stating:

“As such, it is AOT’s view that but for the presence of the measures, there was no reason for customers of sucker rods to shy away from low-priced imports had they been available. As such, the undertakings against Tenaris imports and the trade measures in force against Chinese imports deterred exporters from offering subject goods at aggressively low prices, which directly translated into gains at many accounts for AOT.”²⁴

[59] AOT emphasized the commodity nature of sucker rods and as such “price becomes the determining factor in purchasing decisions.”²⁵ They argued that the price undertakings have helped ensure that AOT can compete in the market without being undercut by dumped subject goods.

[60] AOT also cited historical evidence from the original investigation, contrasted with present day circumstances, to demonstrate the price undercutting they would likely face but for the price undertakings.²⁶

[61] AOT summarized the importance of the price undertakings moving forward due to the “smaller Canadian market than the period before the undertakings came into effect,” the increased cost of manufacturing over the POR as compared to the time of the original investigation and the vulnerability AOT faces from imports of sucker rods from non-subject countries.²⁷

Position of the Exporters

[62] The exporters are all related entities under the Tenaris umbrella of companies and consequently, their response in this undertaking review was made collectively. As such, they are referred to throughout this part as “Tenaris” or “the exporters.”

[63] The position of the exporters was summarized by stating “Tenaris does not oppose the renewal of the undertakings, in their current format, provided that no amendment is made to their terms.”²⁸

²⁴ Exhibit 21 (NC) – Case briefs from AOT, paragraph 15.

²⁵ Exhibit 21 (NC) – Case briefs from AOT, paragraph 81.

²⁶ Exhibit 20 (PRO) – Case briefs from AOT, paragraph 86-88; Table 7.

²⁷ Exhibit 21 (NC) – Case briefs from AOT, paragraphs 108-110.

²⁸ Exhibit 23 (NC) – Case briefs from Tenaris, paragraph 3.

[64] With regards to the nature of an undertaking review, Tenaris argued that comments from AOT regarding the likely impact of any termination of the undertakings in regards to potential injury that may ensue is irrelevant to the undertaking review process:

“However, in an undertaking review, unlike in an expiry review, there is no requirement for the CBSA to make a determination that termination is likely to result in material injury to the domestic industry in order to renew the undertakings. These arguments are therefore irrelevant.”²⁹

[65] Tenaris further argued that the undertaking review is actually a mirror opposite legal test of that in an expiry review, stating that: “while an expiry review requires a *positive* finding of likelihood of resumed injury, termination under subsection 52(1.2) requires a finding that termination will *not* result in injury to the domestic industry caused by the dumping of subject goods.”³⁰

[66] The exporters cited the absence of low-priced Chinese sucker rods as also facilitating their ability to “compete in Canada on equal footing.”³¹

[67] The exporters indicated that while the price undertakings establish a floor price, there was still room to negotiate within a range of prices during the POR.³²

[68] Tenaris affirmed that it complied with the terms of the undertakings throughout the POR and that “Tenaris prices sucker rods in the Canadian market according to market trends and follows market prices.”³³

[69] While Tenaris does not object to the renewal of the undertakings on the basis that the CBSA determines they continue to serve their intended purpose, they also identified evidence which suggest that certain positive results for the Canadian producer may not be attributable to the price undertakings themselves.³⁴

[70] A substantial amount of additional analysis conducted by Tenaris in evaluating any improvement in AOT’s financial position which may be tied to the undertakings could not be disclosed in this summary as it relates to information submitted as protected documents.

CBSA’s Analysis

[71] The CBSA’s directive under section 53 of SIMA in respect of undertakings is that they shall be renewed for not more than five years, provided the President is (a) satisfied that the undertaking continues to service the purpose for which it was intended and that (b) the President is not required to terminate them under section 52.

²⁹ Exhibit 23 (NC) – Case briefs from Tenaris, paragraph 4.

³⁰ Exhibit 27 (NC) – Reply submissions from Tenaris, paragraph 12.

³¹ Exhibit 23 (NC) – Case briefs from Tenaris, paragraph 27.

³² Exhibit 13 (NC) – Questionnaire response from Tenaris, Q9, page 5 of 12.

³³ Exhibit 23 (NC) – Case briefs from Tenaris, paragraph 28.

³⁴ Exhibit 22 (PRO) – Case briefs from Tenaris, paragraph 48.

[72] It was stated in reply submissions that:

“Contrary to the data gathering process before the CITT in an expiry review, the CBSA’s undertaking review is not intended to gather information and data for an assessment of the factors under section 37.2 of the SIMR...As such, in the absence of a record of evidence that is neither intended nor capable of supporting such an analysis, it is not possible for the CBSA to conduct a proper assessment of the section 37.2 factors. Therefore, the CBSA’s assessment and gathering of relevant evidence is limited in this review to whether the undertakings continue to serve their intended purpose pursuant to paragraph 53(1)(a).”³⁵

[73] As a matter of clarity, while the CBSA agrees with not making an assessment of the factors in section 37.2 of the SIMR which are relegated to expiry reviews, the CBSA has examined the evidence pertaining to all of section 53(1) of SIMA, which includes both paragraphs (a) and (b). Paragraph 53(1)(b) permits the CBSA to renew the undertakings only if “the President is not required to terminate it under section 52.” As such, that consideration must be satisfied prior to renewing the undertakings.

[74] No party to the undertakings argued any merit to termination of the undertakings under section 52 and the CBSA did not find any supportive rationale for termination. Section 52(1) states:

“Where, at any time after accepting an undertaking or undertakings with respect to any dumped or subsidized goods that were the subject of an investigation, the President:

- (a) is satisfied that the undertaking or any of the undertakings has been or is being violated,
- (b) is satisfied that the undertaking or undertakings would not have been accepted if the information available at that time had been available when the undertaking was accepted, or
- (c) is satisfied that the undertaking or undertakings would not have been accepted if the circumstances prevailing at that time had prevailed when the undertaking was accepted.”

[75] There was no evidence presented during the course of this proceeding that supported any violation of the undertakings, nor was there evidence that there was any new information or change in circumstance that would have altered the decision to accept the undertakings in the first place.

[76] As such, pursuant to section 53(1)(b) of SIMA, the President was not required to terminate the undertakings under section 52.

³⁵ Exhibit 27 (NC) – Reply submissions from Tenaris, paragraph 22.

[77] Consequently, the remaining question for the CBSA to address is whether the undertakings continue to serve the purpose for which they were intended under section 53(1)(a) of SIMA. This is largely measured on the basis of the performance of the Canadian producer following the acceptance of the undertakings and the input from the respective parties to the undertakings.

[78] The CBSA's analysis of the information on the record indicates that the price undertakings do continue to serve the purpose for which they were intended, which was to ensure that dumped subject goods are not causing injury to the domestic industry.³⁶

[79] Moreover, the evidence indicates that the price undertakings have not resulted in material restrictions in competition, as evidenced by the continued presence of imports from both named and unnamed countries. Significant competitive restrictions would negatively impact the overall evaluation as to whether the undertakings continue to serve the purpose for which they were intended.

[80] With this said, as noted at the time of the acceptance of the undertakings in March 2020, drawing a connection between price increases brought upon by the price undertakings and the elimination of injury remains a subjective exercise, requiring certain assumptions in respect of cause and effect.³⁷

[81] In terms of evidence of improvement for the domestic industry, an examination of the Canadian producer's profit and loss results during the POR³⁸ in comparison to what it experienced in the period leading up to the acceptance of the price undertakings demonstrates an improved financial performance.³⁹ Certain details cannot be revealed in this summary due to issues of confidentiality.

[82] According to information submitted on the record, the estimated Canadian market for like goods was nearly 450,000 pieces in 2023,⁴⁰ a market which AOT characterized moving into 2024 as being "stable."

³⁶ [Sucker Rods 2 2019 Investigation - Acceptance of Undertakings](#), paragraph 11.

³⁷ [Sucker Rods 2 2019 Investigation - Acceptance of Undertakings](#), paragraph 68.

³⁸ Exhibit 10 (PRO) – Questionnaire response from AOT, Q11, page 11 of 23; Appendix 1.

³⁹ Exhibit 14 (PRO) – CBSA Close of Record Exhibits from 2019 Investigation: Exhibit 144 (PRO) – Response to Revised Undertaking Proposal from AOT, Attachment 1: AOT Income Statement for Sucker Rods (PRO).

⁴⁰ Exhibit 11 (NC) – Questionnaire response from AOT, Q8, page 5 of 23.

[83] During the period leading up to the original investigation, AOT sold a similar amount of goods in a much larger, albeit steadily declining Canadian market. That Canadian market is depicted in the table below:⁴¹

Canadian Market for Sucker Rods (Pieces) ⁴²						
2017	2018	2019	2020	2021	2022	2023
907,652	805,744	600,490	N/A	443,091	533,136	447,281

[84] A significant amount of additional information was submitted on the record in relation to the domestic market conditions in the named countries, the export orientation of the producers in those countries, the likelihood of diversion of subject goods to Canada in absence of the price undertakings, the impact of oil demand and drilling in other major world markets, etc.⁴³

[85] Much of the analysis surrounding this information exceeded the scope of this process, which merely requires the CBSA to be satisfied that “the undertaking continues to serve the purpose for which it was intended,” in accordance with paragraph 53(1)(a) of SIMA. The fundamental improvement in the financial position of the company, in spite of a declining Canadian market and rising steel costs,⁴⁴ and the import presence of sucker rods from non-subject sources such as the USA more than adequately addressed this.

DECISION

[86] On January 27, 2025, pursuant to paragraph 53(1) of SIMA, the CBSA renewed the price undertakings in relation to certain sucker rods from exporting parties Metalmeccanica S.A. from Argentina, Confab Industrial S.A. from Brazil, and Tubos de Acero de Mexico S.A. from Mexico.

PUBLICATION

[87] A notice of the renewal of the undertakings will be published in the *Canada Gazette* pursuant to paragraph 51(4) of SIMA.

⁴¹ Exhibit 14 (PRO) – CBSA Close of Record Exhibits from 2019 Investigation: Exhibit 132 (PRO) – Revised Attachment 3 from AOT: AOT Income Statement for Sucker Rods 2016-2019 (domestic sales from domestic production).

⁴² Exhibit 11 (NC) – Questionnaire response from AOT, Q8, page 5 of 23; Attachments Q8-1, Q8-2 (NC) – Tribunal Investigation Reports NQ-2019-001 and RR-2023-005, respectively.

⁴³ Exhibit 11 (NC) – Questionnaire response from AOT, pages 13 – 19.

⁴⁴ Exhibit 21 (NC) – Case briefs from AOT, paragraph 103.

INFORMATION

[88] This *Statement of Reasons* is posted on the CBSA's website at the address below. For further information, please contact the officers identified as follows:

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