



Canada Border  
Services Agency

Agence des services  
frontaliers du Canada

OTTAWA, July 29, 2019

SC-OCTG 1 2019 SP

# **STATEMENT OF ESSENTIAL FACTS**

## **SCOPE PROCEEDING – CERTAIN SEAMLESS CASING AND OIL COUNTRY TUBULAR GOODS**

**INSULATED TUBING AND VACUUM INSULATED TUBING  
Western Alliance Tubulars Ltd.**

*Cette Déclaration des faits essentiels est également disponible en français.  
This Statement of Essential Facts is also available in French.*

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## **BACKGROUND**

[1] On February 7, 2008, the Canada Border Services Agency (CBSA) made a final determination of dumping and subsidizing in respect of certain seamless casing originating in or exported from China. Subsequently, on March 10, 2008, in Inquiry No. NQ-2007-001, the Canadian International Trade Tribunal (CITT) found that the dumping and subsidizing of certain seamless casing originating in or exported from China were threatening to cause injury to the domestic industry. On March 11, 2013 in Expiry Review No. RR-2012-002 and again on November 28, 2018 in Expiry Review RR-2017-006 the CITT continued its finding in respect of these goods.

[2] Similarly, on February 22, 2010, the CBSA made a final determination in respect of dumping and subsidizing of certain oil country tubular goods (OCTG) originating in or exported from China. Subsequently, on March 23, 2010, in Inquiry No. NQ-2009-004 the CITT found that the dumping and subsidizing of OCTG originating in or exported from China caused injury to the Canadian domestic industry.<sup>1</sup> On March 2, 2015 in Expiry Review No. RR-2014-003, the CITT continued its finding in respect of these goods.

[3] On April 11, 2019, the CBSA received an Application for a scope ruling from Western Alliance Tubulars Ltd. (Western Alliance) as to whether insulated tubing (IT) and vacuum insulated tubing (VIT) originating in or exported from China are subject to the CITT orders noted above.<sup>2</sup>

[4] The Application for the scope ruling was complete and met all requirements under the *Special Import Measures Act* (SIMA) to warrant the initiation of a scope proceeding. The Applicant provided arguments and evidence in support of its position that IT/VIT from China are subject to the CITT's orders.

[5] On May 10, 2019, pursuant to subsection 63(8) of SIMA, the CBSA initiated a scope proceeding with respect to the goods that are the subject of the Application.

[6] The administrative record for this scope proceeding closed on July 4, 2019.

[7] On the basis of the information available on the record and the consideration of the relevant factors contained in section 54.6 of the SIMR, as well as other relevant factors, the CBSA's preliminary assessment is that the goods that are the subject of the Application, namely IT/VIT, are not subject to the CITT's order in respect of certain seamless casing and OCTG.

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<sup>1</sup> Excluding pup joints, seamless or welded, heat-treated or not heat-treated, (in lengths of up to 3.66 m) The CITT did not find injury, threat of injury or retardation of OCTG coupling stock originating in or exported from China.

<sup>2</sup> Exhibits 1 (PRO) and 2 (NC) – Application for Scope Ruling from Western Alliance Tubulars Ltd.

## **DESCRIPTION OF THE GOODS THAT ARE THE SUBJECT OF THE APPLICATION**

[8] The goods in question in this scope proceeding, IT and VIT, are known as insulated steam injected tubing and oil production tubing products, including double-walled tubing, with or without insulation, which are used for thermal-enhanced oil recovery of extremely viscous crude oils. IT/VIT are used in steam injection wells in Steam Assisted Gravity Drainage (SAGD) operations in the Oil Sands and also in Cyclic Steam Stimulation (CSS) in heavy oil fields.

[9] SAGD operations have a well pair consisting of steam injection and production wells. IT/VIT can be used in both the steam injection and production wells in place of American Petroleum Institute (API) 5CT casing and tubing.<sup>3</sup> In CSS operations, IT/VIT can be used both for steam injection and oil production in place of API 5CT casing and tubing. The use of IT/VIT can result in a significant reduction of water volume requirements when used in a steam injection applications.

[10] IT/VIT can also be used in conventional deep oil producing wells in place of API 5CT casing and tubing. The product assists the oil in maintaining temperatures above 80 degrees Fahrenheit to avoid paraffin and wax deposition which causes the production well to plug.<sup>4</sup>

[11] Western Alliance requested that the CBSA consider whether IT/VIT from China are subject to the CITT's orders concerning certain seamless casing and certain OCTG from China (OCTG 1).

## **DESCRIPTION OF THE SUBJECT GOODS**

[12] For the purpose of this scope proceeding, the goods that are subject to the CITT findings ("subject goods") are collectively defined as:

“Seamless carbon or alloy steel oil and gas well casing, whether plain end, beveled, threaded or threaded and coupled, heat-treated or non-heat-treated, meeting American Petroleum Institute (API) specification 5CT, with an outside diameter not exceeding 11.75 inches (298.5 mm), in all grades, including proprietary grades, originating in or exported from China;”<sup>5</sup> and

“Oil country tubular goods, made of carbon or alloy steel, welded or seamless, heat-treated or not heat-treated, regardless of end finish, having an outside diameter from 2 3/8 inches to 13 3/8 inches (60.3 mm to 339.7 mm), meeting or supplied to meet API specification 5CT or equivalent standard, in all grades, excluding drill pipe and excluding seamless casing up to 11 3/4 inches (298.5 mm) in outside diameter, originating in or exported from China.”<sup>6</sup>

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<sup>3</sup> API = American Petroleum Institute. This is the recognized industry specification for oil and gas well casing and tubing.

<sup>4</sup> Exhibit 2 (NC) – Application for Scope Ruling from Western Alliance Tubulars, page 4.

<sup>5</sup> This case is referred to as “Seamless Casing.”

<sup>6</sup> This case is referred to as “OCTG 1.” The definition also excludes: Pup-joints, welded or seamless, heat-treated or not heat-treated, in lengths of up to 3.66m (12 feet) and Coupling stock.

[13] For additional information on the subject goods, please refer to the CITT's *Order and Statement of Reasons* in expiry review No. RR-2017-006 and expiry review <sup>7</sup> No. RR-2014-003 <sup>8</sup> and the CBSA's *Statement of Reasons* respecting the seamless casing and OCTG 1 final determinations.

## **INTERESTED PARTIES**

### **Applicant**

[14] The name and address of the Applicant is as follows:

Western Alliance Tubulars Ltd.  
9510-56 Avenue NW,  
Edmonton, Alberta T6E 5W7

[15] Western Alliance, is a privately held Indigenous company, located in Edmonton, Alberta, Canada with the Moosomin First Nation being a major shareholder, which sells IT/VIT as a Canadian reseller. Western Alliance maintains an active operating interest and 49% unexercised equity option in Victoria International Tubular Corporation (Victoria)<sup>9</sup>. According to the administrative record and the CBSA's research, Victoria is the sole producer of IT/VIT that is marketed and sold by Western Alliance.

[16] A copy of the non-confidential version of the scope ruling Application filed by Western Alliance is available on the CBSA's Listings of Exhibits website at <https://www.cbsa-asfc.gc.ca/sima-lmsi/sp-pp/scoctg12019/scoctg12019-ex-eng.html>

[17] CBSA officers met company officials from both Western Alliance and Victoria and visited the production facilities of IT/VIT on June 13, 2019 in Edmonton, Alberta. Additional information relevant to this scope proceeding was provided by Western Alliance at the meeting<sup>10</sup> and before the closing of the record.<sup>11</sup> CBSA officers were also provided with a tour of the Western Alliance and Victoria production facility, where Victoria provided a demonstration of the manufacturing process of IT/VIT.

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<sup>7</sup> CITT Orders and Reasons – Seamless Casing Expiry Review.

<http://www.citt-tcce.gc.ca/en/node/8456>

<sup>8</sup> CITT Orders and Reasons – OCTG 1 Expiry Review.

<http://www.citt-tcce.gc.ca/en/node/7290>

<sup>9</sup> Exhibit 2 (NC) – Application for Scope Proceeding from Western Alliance Tubulars Ltd.; Page 3.

<sup>10</sup> Exhibits 35 (PRO) and 36 (NC) – Information provided by Western Alliance in response to CBSA's site visit; and Exhibits 37 (PRO) and 38 (NC) – Attachments to information provided by Western Alliance in response to CBSA's site visit.

<sup>11</sup> Exhibits 39 (PRO) and 40 (NC) – Further information relevant to the scope proceeding submitted by Western Alliance.

## **Canadian Industry**

[18] At the initiation of the scope proceeding, the CBSA identified Victoria as the only Canadian producer of IT/VIT, based on information contained in the Application and the CBSA's own research.

[19] In respect of seamless casing and OCTG, producers in Canada include Tenaris Canada (Tenaris), Evraz Inc. NA Canada (Evraz) and Welded Tube of Canada (Welded Tube).

[20] The CBSA sent a Producer Request for Information (RFI) to each of these parties and received a submission from Tenaris Canada.<sup>12</sup>

## **Importers**

[21] At the initiation of the scope proceeding, the CBSA identified 42 known importers of OCTG and seamless casing based on the CBSA's most recent expiry review investigations concerning these goods, and information available through the monitoring of import activity.

[22] The CBSA sent an Importer RFI to all known importers of OCTG and seamless casing. The CBSA received submissions from five importers, namely, ANDMIR Group Canada Inc. (ANDMIR),<sup>13</sup> Continental Steel Corporation (Continental Steel),<sup>14</sup> Exceed (Canada) Oilfield Equipment Inc. (Exceed),<sup>15</sup> Hallmark Tubulars Ltd. (Hallmark Tubulars)<sup>16</sup> and Imex Canada (Imex)<sup>17</sup>

[23] The CBSA also received a submission concerning the scope proceeding that was not a direct response to the importer RFI from Major Pipe & Supply Ltd.<sup>18</sup>

## **Exporters and/or Foreign Producers**

[24] At the initiation of the scope proceeding, the CBSA identified 27 known and potential exporters and/or producers of subject goods based on information from the most recent expiry reviews concerning the like goods and the CBSA's ongoing monitoring of export activity.

[25] The CBSA sent an Exporter RFI to all known exporters and/or producers. The CBSA received a submission from three exporter/producers of the goods subject to the Application, namely, Golden Ring Industrial Ltd. (Golden Ring),<sup>19</sup> Tianjin Pipe Corporation (TPCO)<sup>20</sup> and Zibo Freet Thermal Tech Co., Ltd. (Zibo).<sup>21</sup>

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<sup>12</sup> Exhibits 14 (PRO) and 15 (NC) – Response to Producer RFI from Tenaris Canada.

<sup>13</sup> Exhibit 26 (NC) – Response to Importer RFI from ANDMIR.

<sup>14</sup> Exhibits 31 (PRO) and 32 (NC) – Response Importer RFI from Continental Steel.

<sup>15</sup> Exhibits 27 (PRO) and 28 (NC) – Response to Importer RFI from Exceed.

<sup>16</sup> Exhibits 18 (NC) – Response to Importer RFI from Hallmark Tubulars.

<sup>17</sup> Exhibits 15 (PRO) and 16 (NC) – Response to Importer RFI from Imex Canada.

<sup>18</sup> Exhibits 20 (PRO) and 21 (NC) – Submission from Major Pipe and Supply.

<sup>19</sup> Exhibits 24 (PRO) and 25 (NC) – Response to Producer/Exporter RFI from Golden Ring.

<sup>20</sup> Exhibit 19 (NC) – Response to Producer/Exporter RFI from TPCO.

<sup>21</sup> Exhibits 29 (PRO) and 30 (NC) – Response to Producer/Exporter RFI from Zibo.

## **Requests for Extension**

[26] Several parties requested an extension to respond to their respective RFIs. The CBSA reviewed each request; however, extensions were not granted to any of the parties because the reasons for making the requests did not constitute unforeseen circumstances or unusual burdens. The CBSA typically informs parties that submissions received after the RFI response deadline will only be taken into consideration if time and resources allow. All responses received by the CBSA before the closing of the record were taken into consideration for purposes of making its preliminary assessment.

[27] Details pertaining to the arguments and information submitted by the Applicant and other parties are provided below.

## **POSITIONS OF THE PARTIES**

### **Parties Contending that the Goods in Question are Subject to the CITT Orders**

#### **Western Alliance Tubulars Ltd.**<sup>22</sup>

[28] Western Alliance, located in Edmonton, Alberta filed the Application for a scope ruling.

[29] Western Alliance contends that “[t]here are two very strong supporting arguments to accept IT/VIT under the current product definitions of OCTG 1 and seamless casing: 1) IT/VIT is generally considered as OCTG and used as OCTG in the field, and 2) IT/VIT can be easily, and at low cost, disassembled into its original basic API 5CT casing/tubing components.”<sup>23</sup>

[30] Western Alliance stated that IT/VIT has been utilized for years in the thermal-enhanced oil recovery of extremely viscous crude oils and that since the 1980’s millions of meters of IT/VIT have been sold within Canada and the United States (US).

[31] They explained that IT/VIT is used in steam injection wells in SAGD operations in the oil sands and also in CSS in heavy oil fields. IT/VIT can also be used in conventional deep oil producing wells in place of bare API 5CT casing and tubing. They also stated that industry has been using IT/VIT as casing and tubing in steam injection wells for SAGD projects in the oil sands for over a decade.

[32] Western Alliance noted that there is currently no standard in the manufacturing of IT/VIT and that production processes are proprietary and the composition is all dependant on what insulation value one wishes to achieve. They also provided a list of the inputs that may form part of IT/VIT, which included a coupling, seal ring, insulator, insulation sleeve, outer tube, vacuum annulus, getter material, refractory insulation wrap and inner tube.

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<sup>22</sup> Exhibit 1 (PRO) and 2 (NC) – Applicant for Scope Proceeding Western Alliance Tubulars Ltd.

<sup>23</sup> Exhibit 2 (NC) – Application for Scope Ruling from Western Alliance Tubulars Ltd.

[33] Western Alliance explained that during the time of the dumping cases of OCTG 1 and seamless casing in 2010 and 2008 respectively, there were no manufacturers of IT/VIT in Canada. At that time, only the US, China, Russia, and France had operating manufacturers of IT/VIT. Victoria was only established as the first manufacturer of IT/VIT in Canada in 2017. For this reason, Western Alliance claims that the product definition under these measures did not identify IT/VIT as it did with green tube and other proprietary products that may not fall under the API 5CT specification, but are considered to be OCTG. They stated that the Chinese manufacturers have taken advantage of IT/VIT not being included in the product definition of these dumping cases.

[34] Western Alliance stated that both industry and IT/VIT manufacturers consider IT/VIT to be classified as OCTG because it substitutes for casing and tubing. They added that both the inner and outer tube of the IT/VIT used in SAGD and production wells are made to API 5CT specifications, which includes diameters, wall thickness dimensions, and grades (J55, L80, P110), as well as all other governing specifications. They also provided letters from Hunting Energy Services Ltd. and Hallmark Tubulars Ltd. supporting the classification of IT/VIT as OCTG.<sup>24</sup>

[35] To add to their position that IT/VIT would be considered OCTG, Western Alliance included two links to the Canadian Oil Sands Innovation Alliance (COSIA). The first link shows COSIA's Greenhouse Gas projects and the second link shows IT/VIT as one of COSIA's GHG projects.<sup>25</sup>

[36] Lastly, Western Alliance explained that as a pipe processor, they are very concerned that IT/VIT imported from China can be easily disassembled to its original casing/tubing components and distributed into the market as API 5CT casing or tubing. They stated that if this were to occur, their domestic tubing plant would be competing with goods that have circumvented anti-dumping and countervailing duties. This coupled with the fact that IT/VIT does not have its own tariff classification number means there is no way of determining the amount of IT/VIT being imported into Canada that could be transformed into basic API 5CT casing and tubing.

[37] Following the CBSA's visit to Western Alliance and Victoria on June 13, 2019, Western Alliance provided supplemental information. Notable information submitted has been summarized below to the extent possible given the designation of certain information as confidential.

[38] The Applicant provided a list of the IT/VIT products they sell from Canada, a list of the products they import into Canada, a list of their domestic customers of IT/VIT, their IT/VIT price list and outlined the cost of disassembling IT/VIT, which entailed both the cost of cutting and separating the input tubing as well as the cost of material disposal. All of the aforementioned information was designated as confidential.

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<sup>24</sup> Exhibit 2 (NC) – Application for Scope Ruling from Western Alliance Tubulars Ltd.; Attachments 7 and 8.

<sup>25</sup> <https://www.cosia.ca/initiatives/greenhouse-gases#projects> and <https://www.cosia.ca/initiatives/greenhouse-gases/projects/vacuum-insulated-tubing>

[39] They also submitted confidential manufacturing costs of IT/VIT in China, which breakdown costing for all inputs and processes required in the manufacturing process.

[40] Western Alliance submitted a production process flow chart and a production process description, which they undertake when manufacturing IT/VIT. These two items were designated as confidential.

[41] Western Alliance explained IT/VIT's role within the drilling string by stating that in SAGD steam injection IT/VIT is used to the heel of the well up to the 7" slotted liner just as the bare casing/tubing would be. The SAGD oil producing well is the whole string after the slotted liner. In general, in CSS and other oil producing strings, the entire string would be comprised of IT/VIT.

[42] In response to a question regarding whether the inner and outer input tubes in IT/VIT can be of different API 5CT grades Western Alliance stated that all API 5CT steel grades can be used in any combination as an inner tube and outer tube for IT/VIT.

[43] In regards to the existence of a Chinese standard for IT/VIT, the Applicant responded that they are aware of the Chinese standard "SY/T 5324-2013" indicating that the Chinese manufacture the product differently than other manufacturers such as TMK, Vallourec, Majus, and Western Alliance. Inputs such as insulation, getter, foil, and welding procedures may be different as they are proprietary in nature.

[44] Western Alliance expanded on its previously submitted information to the CBSA in an effort to address that IT/VIT, given its required use and API 5CT components, must be manufactured to perform the same as bare API 5CT casing and tubing where both are considered OCTG. In order to justify their claim, Western Alliance stated that IT/VIT must meet the same tensile properties along with the same API 5CT finishing requirements. All finishing requirements for API 5CT casing and tubing are identical to IT/VIT.

[45] Lastly, Western Alliance summarized that their initial Application, supplemental information, CBSA facility tour and documents provided exhibiting further information citing API 5CT and supporting notes from professional engineers from industry, consulting firms, and oil field services, overwhelmingly point to the fact the IT/VIT can be used and is used in the place of bare API 5CT casing and tubing.

Hallmark Tubulars (Hallmark) <sup>26</sup>

[46] Hallmark, located in Calgary, Alberta, is an importer of IT/VIT from the US.<sup>27</sup>

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<sup>26</sup> Exhibit 18 (NC) – Response to RFI from Hallmark Tubulars Ltd.

<sup>27</sup> Exhibit 18 (NC) – Response to Importer RFI from Hallmark Tubulars; Question SP3.

[47] Hallmark agreed with the Applicant's position. Hallmark stated that all applications for which they have imported IT/VIT have been for OCTG. Hallmark stated that they have worked on an exercise with one of their customers to evaluate the feasibility of disassembling used VIT for re-use or disposal, and determined that the costs were not excessive compared to the cost of the used IT/VIT or standard OCTG.<sup>28</sup>

[48] Hallmark also stated that IT/VIT can be imported without a connection on either end. To convert material into standard OCTG, Hallmark stated that only a simple saw cut on both ends is required to release the vacuum. The inner tube can then slide out from within the outer tube. Hallmark stated that this process would result in two pieces of tubular goods manufactured to API 5CT specification.

[49] One would then need to thread an OCTG connection on each pipe end and install couplings.<sup>29</sup>

Tenaris Canada (Tenaris)<sup>30</sup>

[50] Tenaris Canada is the collective name for two OCTG production facilities in Canada, owned by Tenaris, namely, Prudential Steel and Algoma Tubes.

[51] In addressing the question posed by the scope proceeding, Tenaris identified key elements of the product definitions for seamless casing and OCTG 1 to be considered in arguing that IT/VIT does fall under those descriptions. Those elements were:

- the goods must be OCTG (either casing or tubing, but not drill pipe);
- the goods must meet or be supplied to meet API 5CT or equivalent standards; and
- outer diameter size requirements.

[52] In addressing these elements, Tenaris proceeded to explain how IT/VIT met each of the seamless casing and OCTG 1 product definitions.

[53] Tenaris stated that IT/VIT is a tubular steel product used downhole in oil and gas wells to facilitate the extraction of oil and is generally used in a well-completion application, like tubing, rather than to reinforce a well-bore, like casing. Tenaris stated that this demonstrates that IT/VIT should be classified as OCTG.

[54] Tenaris also stated that IT/VIT is made to API 5CT or equivalent specifications due to the fact that it is essentially a piece of API 5CT or equivalent piece of casing or tubing, enclosed in an outer layer of insulation, including an outer layer of pipe.

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<sup>28</sup> Exhibit 18 (NC) – Response to Importer RFI from Hallmark Tubulars; Question SP4.

<sup>29</sup> Exhibit 18 (NC) – Response to Importer RFI from Hallmark Tubulars; Question SP5.

<sup>30</sup> Exhibit 15 (NC) – Response to Importer RFI from Tenaris Canada.

[55] They clarified that the insulation and outer layer of pipe does not detract from the API 5CT characteristics (e.g. mechanical, dimensional, or chemical) of the inner casing or tubing. Tenaris stated that the existence of API 5CT casing or tubing at the core of IT/VIT is consistent with the Applicant's second argument that IT/VIT can easily, and at low cost, be disassembled into its original basic API 5CT casing and tubing components.

[56] Tenaris stated that IT/VIT is generally functionally interchangeable with conventional non-insulated OCTG tubing because it can be used in place of non-insulated tubing to carry fluids or gases through the well the same way that non-insulated tubing would. Tenaris clarified that non-insulated tubing can be used instead of IT/VIT in certain applications (e.g. SAGD), although it may not perform as well.

[57] Tenaris added that in deciding between IT/VIT and non-insulated tubing, oil and gas producers will simply make an economic decision by weighing the potential benefits of IT/VIT (e.g. faster oil production) against the potential detriments (e.g. increased cost of IT/VIT).

[58] Regarding insulation, Tenaris added that there is no qualifier in either product definition that restricts the coverage to non-insulated OCTG.

[59] Tenaris explained that the faster oil production which may be enabled by IT/VIT is not necessarily better. The revenue derived from a well is determined by the price at which the oil is sold at the time it is produced. A given well will produce the same volume of oil during its lifespan, regardless of whether IT/VIT or non-insulated tubing is used.

[60] Tenaris stated that if dumped/subsidized IT/VIT is excluded from the measures, there is a risk that unfairly traded IT/VIT could be used in place of domestically produced tubing, resulting in injury to the domestic market.

[61] Tenaris also claimed that the Applicant was not the only company negatively affected by unfairly traded IT/VIT from China. Tenaris explained that the unfair advantage is derived from the fact that heavily dumped and subsidized non-insulated casing/tubing from China is a major input to the IT/VIT exported to Canada, and therefore this input would continue to come to Canada undisciplined if IT/VIT were excluded from the scope of the measures.

[62] Tenaris alleged that because IT/VIT and other OCTG are sold through the same distributors to the same customers, distributors are offering bundled packages of OCTG, consisting of both low-priced unfairly traded IT/VIT along with other high-priced OCTG. Tenaris concluded that this results in a loss of sales on the basis of the lower total price of the combined OCTG bundle.

[63] Tenaris further emphasized that IT/VIT falls within the dimensional (i.e. outside diameters) requirements of the product definitions for seamless casing and OCTG 1.

## Parties Contending that the Goods in Question are Not Subject to the CITT Orders

### ANDMIR Group (ANDMIR)<sup>31</sup>

[64] ANDMIR is a value added reseller of VIT and identified itself as an importer in the RFI. ANDMIR has been providing Canadian customers with VIT since 2013 and has been working with a VIT manufacturer named Bohai Equipment Liaohe Thermal Recovery Machinery in China.

[65] ANDMIR stated that IT/VIT is different in form and function than traditional OCTG products and that IT/VIT is not supplied to meet equivalent API 5CT specifications and/or enhanced proprietary standards. In terms of form, IT/VIT is two joints of casing and/or tubing welded together with varying products inside the annulus which is used to increase or maintain insulation. Conversely, OCTG is a single threaded tube. In terms of function, IT/VIT contrasts with OCTG in that OCTG is used to convey fluids or gas in an oil well, whereas IT/VIT's principal function is to insulate the medium fluid in an effort to save energy.

[66] ANDMIR states that the possibility of disassembly alleged in the Application is not as easy as stated. First of all, the IT/VIT they sell in Canada is approximately four or five times more expensive than similarly sized bare tubing or casing. Based on all the costs involved in the manufacturing of IT/VIT, there would be a larger financial deficit from disassembling the IT/VIT to make API 5CT product.

[67] Furthermore, ANDMIR stated that once the material is cut and separated, one would need to dispose of the insulation wrapping material and before this product could be re-deployed as OCTG, a surface treatment of outer and/or inner tube would be required as the product would have been sandblasted. Also, during the pre-stressing process, the IT/VIT is elongated and welded under specifically controlled procedures, which in some cases causes the steel to bow. This bowing can push the straightness of the product outside API criteria, or can limit the ability for easy threading. This post IT/VIT product would require testing by an API certified shop (i.e. drift test) in order to be re-sold.

### Continental Steel Corporation (Continental Steel)<sup>32</sup>

[68] Continental Steel is an importer and vendor of subject goods, located in Calgary, Alberta.

Continental Steel summarized its position by stating that:

“VIT technology was developed for very specific applications and not to be used as general casing and tubing downhole. In Canada VIT is primarily used in SAGD operations to make wells more efficient and reduce the amount of steam required to produce bitumen.”<sup>33</sup>

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<sup>31</sup> Exhibit 26 (NC) – Response to Importer RFI from ANDMIR.

<sup>32</sup> Exhibit 32 (NC) – Response to Importer RFI from Continental Steel.

<sup>33</sup> Exhibit 32 (NC) – Response to Importer RFI from Continental Steel; Question SP4.

[69] Continental Steel further stated that if VIT is OCTG, then we might consider slotted liners, coiled tubing, and other tubular goods used in the oil and gas industry as OCTG since it falls under the broad scope of a tubular good for the oil country.

[70] Continental Steel explained that the VIT produced by their company could not be feasibly disassembled, stating that “it is inconceivable to cut and rethread the VIT we supply to use as OCTG because the cost of the pipe is significantly greater than the cost of two pipes due to the cost for the vacuum and insulation technology in our VIT.”<sup>34</sup> Furthermore, the insulation must be disposed of, and each pipe must be refaced, and rethreaded. This complete process is costly.

[71] Continental steel estimated the cost to rethread alone is between 15-20% of the cost of the pipe.

[72] The company also provided invoices on the confidential record which demonstrate the amount by which their VIT sells at a premium over regular OCTG.

Exceed (Canada) Oilfield Equipment Inc. (Exceed) and Golden Ring Industrial Ltd. (Golden Ring)<sup>35</sup>

[73] Exceed is an importer and a vendor of the subject goods in Canada. The company imports the product from Golden Ring in China. The companies submitted separate RFI responses which contained essentially the same response in relation to all questions on IT/VIT.

[74] Exceed and Golden Ring asserted that VIT is not generally regarded or used in the same way as OCTG, and therefore should not be included in the product definition of regular OCTG. Exceed stated that they are unaware of any firm that would consider VIT as OCTG and that it would not be practical to use VIT in place of regular OCTG where there is no steam injection.

[75] Exceed stated that regular OCTG does not perform in the same way as VIT. For example, OCTG:

- are simple, passive steel cylinders that allow liquids and gases to pass through;
- does not contain any multilayered insulating materials and does not contain any radiation barriers which prevent heat transfer;
- does not reduce steam costs, solve wellbore issues, or improve steam oil ratios (SOR); and
- does not deliver more Enthalpy (BTU's) to the reservoir or improve the thermodynamic potential of a well.

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<sup>34</sup> Exhibit 32 (NC) – Response to Importer RFI from Continental Steel; SP5.

<sup>35</sup> Exhibits 27 (PRO) and 28 (NC) – Response to Importer RFI from Exceed.

[76] Conversely, VIT is a high vacuum multilayer insulation system of which two of its parts (the outer tube and the inner tube) are made under the API 5CT standards, but with other key components not related or required under API 5CT. These two tubes are then welded together with a vacuum created between them, with fiberglass, aluminium foil, centralizers and getter material placed in the annular space to provide superior insulating properties.

[77] VIT is specifically used to improve the thermodynamic potential of a well by delivering higher quality steam and optimizing the thermal performance of the steam process and is used to deliver the following benefits:

- reduce the wellbore heat exchange between the injected and returning fluid streams;
- reduce the mass flow of steam delivering the specified enthalpy (BTU's) to the reservoir using less steam volume;
- improve the initial steam oil ratio (SOR) due to the reduced mass steam flow needed for the process;
- reduce demands on surface facilities allowing for either smaller plant sizes or giving the existing plant spare capacity to circulate additional well pairs;
- delivers the highest rate of enthalpy to the oil-bearing zone;
- reduce the rate and magnitude of thermal expansion and heat transfer occurring in the production casing and cement, relieving concerns for thermal induced damage to the well and cement integrity; and
- maximize injected enthalpy, delivered to the reservoir optimizing viscosity reduction, gas thermal expansion, and the potential for in-situ reservoir distillation.<sup>36</sup>

[78] Exceed cited the cost prohibitive nature of using VIT in place of OCTG in a conventional well. The company stated VIT is twice as expensive.

[79] Exceed stated that VIT is really only used in special wells, which require a high quality and reliable insulation pipe acting as tubing to transfer fluid between the wellhead and downhole. These wells are mainly SAGD injectors.

[80] Producers have realized regular OCTG tubing is not a best fit technically for SAGD wells, as the majority of heat is lost into the surface formations and cap rocks before even reaching the targeted oil reservoirs during the fluid transportation in wellbores.

[81] Therefore, in the past five years, VIT gradually became an innovative solution to deliver the heat through the wellbore much more efficiently. It has been successfully proven that VIT can significantly improve the economics of SAGD wells, as it is more energy efficient and significantly reduces carbon emissions, especially in low rate steam injection and deep thermal wells.

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<sup>36</sup> Exhibit 28 (NC) – Response to Importer RFI from Exceed, Question SP4.

[82] Exceed stated that although there is no standard under API for VIT, there is standard SY/T5324-2013 which is associated with the VIT manufacturing process. Exceed stated that their Canadian customers require suppliers to follow this standard in their request for proposals or quotes, and that customers will not accept VIT unless it is manufactured using the processes defined under this standard.

[83] Exceed provided a detailed account of the production steps on the confidential record, to demonstrate the complexity of VIT in relation to regular OCTG.<sup>37</sup>

[84] Exceed also stated that contrary to the Applicant's premise that imported VIT could be disassembled at low cost into its OCTG components, and thus potentially be used to circumvent anti-dumping duties on regular OCTG, the cost per meter of OCTG goods imported from China using the CBSA assigned "normal value" is still considerably lower than the cost of imported VIT from China. Exceed provided financial data on the protected record in support of this position.

General Energy Recovery Inc. (GERI)<sup>38</sup>

[85] GERI is an end-user of VIT which provided a brief submission in opposition to the position taken by Western Alliance in the scope application.

[86] GERI provided a financial analysis which contrasted the position that dismantling IT/VIT into its input casing and OCTG tubes was not costly, stating that such dismantling to recover individual pipes would result in a net loss, when compared to the market price for the input OCTG.

Imex Canada (Imex)<sup>39</sup>

[87] Imex is an importer of the subject goods in Canada, who summarized its position by stating that:

"The bottom line is that VIT is a tool designed to reduce heat loss, reducing water/steam consumption in the production of oil. It contributes to the sustainability of the heavy oil industry and the reduction of the industry's carbon footprint. OCTG has no such properties."<sup>40</sup>

[88] Imex stated that OCTG, in contrast, is used to provide structure and/or simple flow conduit.<sup>41</sup>

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<sup>37</sup> Exhibit 27 (PRO) – Response to Importer RFI from Exceed.

<sup>38</sup> Exhibits 33 (PRO) and 34 (NC) – Submission from Canadian end-user General Energy Recovery Inc.

<sup>39</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex.

<sup>40</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP5.

<sup>41</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP4.

[89] In taking this position, Imex made numerous representations concerning substitutability and took the position that IT/VIT is not substitutable with API tubing/casing and that “VIT technology evolved in the face of challenges posed in the thermal recovery of oil from heavy oil and oil sand.”<sup>42</sup>

[90] Imex further clarified that IT/VIT:

“is used as a tool to reduce heat losses to the oil reservoir and to guarantee the structural integrity of the cased and cemented wells. Both functions are essential to ensure an environmentally sustainable production of oil from these oil reservoirs. The use of IT/VIT reduces the steam needed per barrel of oil produced, reduces the CO<sub>2</sub> production and protects the cemented well casing from catastrophic structural failures. Therefore, to equate typical OCTG to VIT would be an unjustifiable, unproductive measure.”<sup>43</sup>

[91] Imex also alleged that Western Alliance’s claim that VIT can be used in place of bare casing and tubing is incorrect as the VIT tool is inserted into the well bore through existing cemented casing. VIT is not cemented in place as it must be free to move in the well bore. Imex explained that VIT has “to deliver the 350-degree steam to the well via the slotted liner attached to the end of the cemented casing, the cemented casing connections are thus not subjected to the high temperatures which otherwise would cause casing failures.”<sup>44</sup>

[92] Imex also asserted that the claim in the Application that there is no standard in the manufacturing of IT/VIT is incorrect. As noted by Exceed earlier, Imex stated that VIT manufactured in China is made in accordance with the specification SY/T5324-2013 (Pre-stressed Vacuum Insulated Tubing standard) and provided reference material to support it.<sup>45</sup>

[93] Imex disagreed with the position in the application which suggested IT/VIT could easily, and at low cost, be disassembled into its original API 5CT casing/tubing components. Imex summarized its position by stating:

“The idea of importing joints of VIT and then cutting off the ends, pulling out the inner pipe, disposing of all chemicals and insulation materials, which are contained in the space between inner and outer pipe, re-thread, acquire and buck on couplings with the purpose to sell such “cannibalized” VIT joints as two joints of OCTG is not viable, neither technically nor commercially.”<sup>46</sup>

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<sup>42</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP4.

<sup>43</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP4.

<sup>44</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP4.

<sup>45</sup> Exhibit 16 (PRO) – Response to Importer RFI from Imex; Exhibit 1.

<sup>46</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP4.

[94] With respect to the technical issue cited by Imex with this scenario, Imex stated that all VIT in tubing sizes in Canada made to API 5CT specifications are sold as API EUE (External Upset End). As such, each tubing pipe-end, of the separated VIT would have to be forged (“upset”). Imex stated that currently, only one company, Victoria International Tubing Corporation, has this capability, on a modestly commercial scale. The tubing would then have to be “full-body normalized,” in a heat treatment furnace to meet more demanding end-user requirements, have all upsets threaded and inspected, then have tubing couplings manufactured and coat them in phosphate, have pipe dope applied and attached to the tubing, and finally have the exposed tubing varnished for corrosion protection.

[95] Imex added that the traceability of such reconditioned pipe would be challenging and end-users would not want to run this risk.

[96] With respect to VIT in casing sizes, Imex stated the process is the same as for tubing except for the upsetting. Consequently, Imex notes that claims in the application that it would be very easy to dismantle IT/VIT by simply cutting off the welded ends and separating the inner and outer tubes fail to take into consideration the factors noted above.

[97] With respect to the commercial issue cited by Imex in this scenario, Imex provided financial figures on the confidential record which supported their position that the conversion costs of re-conditioned tubing and casing joints would be very labor intensive, require specialized facilities and ultimately be more expensive than simply buying casing and tubing from China at normal values.<sup>47</sup>

#### Tianjin Pipe Corporation (TPCO) <sup>48</sup>

[98] TPCO is a Chinese producer and exporter of OCTG. TPCO stated it has no record of supplying VIT to Canada; however, the company is developing a VIT product and may ship VIT to Canada in the future.

[99] TPCO identified IT/VIT as a tool for oil production, with the items defined in seamless casing and OCTG 1 as the material for processing IT/VIT. Consequently, TPCO stated that IT/VIT should not be included into the existing cases.

[100] TPCO cited the different manufacturing processes and technology in making IT/VIT in support of this position. For example, the welding, insulating and vacuuming is quite different from the typical manufacturing process of OCTG products. TPCO also noted that the API 5CT specification makes no reference to VIT processing.

[101] In terms of usage, TPCO stated that OCTG generally includes casing and tubing. Casing is cemented downhole, while the tubing is used to bring the oil from downhole to the surface. The purpose of VIT is to provide temperature protection to reduce heat loss and improve production efficiency when steam is injected downhole.

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<sup>47</sup> Exhibit 17 (NC) – Response to Importer RFI from Imex; Question SP4.

<sup>48</sup> Exhibit 19 (NC) – Response to RFI from Tianjin Pipe Corporation.

[102] TPCO used the example of an FCD (Flow Control Device) as something made from OCTG to enhance/benefit the oil production but does not mean it is OCTG. They asserted this is analogous to the case of VIT.

[103] TPCO also stated that the ease of disassembly alleged in the application is not something they have ever seen in practice as it would be neither cost effective nor practical from a sales perspective to disassemble these parts. First of all, cutting the thread and welded part from the body would make the body too short for typical OCTG requirements. Secondly, there is no warranty for cut parts. As such, to make the cut body sellable, inspections and tests would be required before a shop could issue a mill test certificate (MTC). TPCO stated that this would require at least \$500 CAN/Metric Tonne extra compared to OCTG prices, which is prohibitively expensive for a secondary material in the market.<sup>49</sup>

[104] TPCO also provided a series of attachments to demonstrate that VIT is recognized separately from OCTG within the pipe industry.<sup>50</sup>

Zibo FREET Thermal Tech Co., Ltd (Zibo)<sup>51</sup>

[105] Zibo is an exporter and producer of IT/VIT in China. The company is an active exporter of the goods to Canada.<sup>52</sup>

[106] Zibo disagrees with the Applicant's arguments for the reasons that:

- IT/VIT and OCTG are totally different products, so IT/VIT cannot be considered as OCTG or used as OCTG; and
- Since the product costs and sales price of IT/VIT is much higher than that of OCTG, IT/VIT cannot easily, and at low cost, be disassembled into its original basic API 5CT casing/tubing components.

[107] Zibo identified 14 differences between OCTG and IT/VIT, which included the physical characteristics, technical specifications, uses of the goods, marking; packaging, distribution channels, mother pipes, applicable standards, product structure, manufacturing process, product control, repair and maintenance, production costs, and sales prices.<sup>53</sup> Zibo provided supporting explanations for how each of these factors differed between the two product segments.

[108] The company emphasized the use of the products as a key distinction. Zibo stated that IT/VIT is "used as a heat insulation and steam injection tool for heavy oil and super heavy oil and Asphaltene heavy oil thermal recovery production such as CSS and Steam flooding and SAGD." Zibo explained that VIT/IT are used as a string to deliver a high temperature and high pressure stream from the surface steam generator into the reservoir to reduce heat loss on the well bore and to protect the cemented casing and the under service environment.

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<sup>49</sup> Exhibit 19 (NC) – Response to Producer/Exporter RFI from TPCO; Question SP4.

<sup>50</sup> Exhibit 19 (NC) – Response to Producer/Exporter RFI from TPCO; Exhibits 2 – 4.

<sup>51</sup> Exhibit 30 (NC) – Response to Exporter RFI from Zibo FREET Thermal Tech Co., Ltd.

<sup>52</sup> Exhibit 30 (NC) – Response to Exporter RFI from Zibo; Question SP3.

<sup>53</sup> Exhibit 30 (NC) – Response to Exporter RFI from Zibo; Question SP4.

[109] Zibo characterized OCTG as “merely parts of components in IT/VIT” and that “the manufacturing process of IT/VIT is much more complex than that of OCTG, so [the] production cost of IT/VIT is much higher than that of OCTG.”<sup>54</sup>

[110] As noted by other interested parties producing and selling these goods, Zibo stated that there is no mention of IT/VIT in the API 5CT specification and that other countries have adopted their own standard for these goods, including China under specification SY/T5324.<sup>55</sup>

[111] In addition to other grievances which are not relevant to the question posed by the scope proceeding, Zibo alleged that the Application in this proceeding was “frivolous, vexatious or made in bad faith” citing their position that the Applicant has failed to demonstrate that it conducts production or sales in Canada of the goods.<sup>56</sup>

### **Other Submissions from Parties**

#### Husky Energy Inc. (Husky)<sup>57</sup>

[112] A brief submission was received from Husky, a Canadian-based integrated energy company located in Calgary, Alberta. In their submission, the company stated that “Husky takes no position on this matter, and has no additional information to provide to the CBSA to assist it in making its determination.”<sup>58</sup>

#### Major Pipe and Supply<sup>59</sup>

[113] A submission was received from Canadian importer and distributor Major Pipe and Supply, which did not include a response to the RFI. The submission did not expressly state a position on the application but did provide actual tubing “processing” (API cutting, threading, upsetting, etc.) costs based on specifically quoted and supplied material by the Applicant, Western Alliance in the past.<sup>60</sup> As this information was confidential, it cannot be disclosed in this document.

#### Global Steel Ltd. (Global Steel)<sup>61</sup>

[114] A submission was received from Global Steel, a company located in Calgary, Alberta, which trades in OCTG products. Global Steel stated in its submission that it does not import or sell IT/VIT and as such the company is not familiar enough with the specifications of this product to venture an opinion on its subjectivity.<sup>62</sup>

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<sup>54</sup> Exhibit 30 (NC) – Response to Exporter RFI from Zibo; Question SP4, Pages 5 and 6.

<sup>55</sup> Exhibit 30 (NC) – Response to Exporter RFI from Zibo; Question SP4, Exhibit 1.

<sup>56</sup> Exhibit 30 (NC) – Response to Exporter RFI from Zibo; Question SP5.

<sup>57</sup> Exhibit 13 (NC) – Submission from Husky Energy.

<sup>58</sup> Exhibit 13 (NC) – Submission from Husky Energy.

<sup>59</sup> Exhibit 21 (NC) – Response to Importer RFI from Major Pipe and Supply.

<sup>60</sup> Exhibit 20 (PRO) – Submission from Major Pipe and Supply.

<sup>61</sup> Exhibit 33 (NC) – Response to RFI from Global Steel Ltd.

<sup>62</sup> Exhibit 33 (NC) – Submission from Global Steel Ltd.

## **CBSA’S PRELIMINARY ASSESSMENT**

[115] In making a scope ruling under subsection 66(1) of SIMA, subsection 66(6) provides that the CBSA shall take into account any prescribed factors as well as any other factor that is considered relevant in the circumstances. A copy of the factors prescribed in section 54.6 of the *Special Import Measures Regulations* (SIMR) is found in the **Appendix**.

[116] Accordingly, the CBSA considered the following factors in making its preliminary assessment:

- The physical characteristics of the goods, including their composition;
- The technical specifications of the goods;
- The uses of the goods; and
- The original intent of CBSA’s product definitions.

[117] The information submitted to the CBSA as part of this scope proceeding reveals that while the general physical characteristics of IT/VIT are that of downhole oil pipe, the manufacturing of IT/VIT is complex, costly, made to its own technical specifications, and is for use in specialized environments. As such, the product is quite distinct from the OCTG envisioned in the products definitions for both seamless casing and OCTG 1.

[118] The CBSA’s preliminary assessment may be summarized as follows:

### ***Physical Characteristics of the Goods, Including Composition***

[119] Given that IT/VIT consists of one tube inserted into another which are then welded together, with the finished product composed of other affixed inputs such as stabilizer/seal rings, insulation liners, vacuum valves, bowl protectors etc.,<sup>63</sup> the resulting product holds different physical properties. This goes together with the composition of the product which incorporates elements such as seal rings and insulation that are significantly different from standard API casing and tubing.

[120] The respective product definitions for this scope proceeding use the terms “seamless casing” and “oil country tubular goods” (OCTG). Seamless casing, is a subset of OCTG. The terms have inherent meaning and are recognized in the industry to refer to oil and gas well casing and tubing, the properties of which are described in the API 5CT specification. As noted by numerous respondents to this scope proceeding, the API 5CT specification makes no mention of IT/VIT.

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<sup>63</sup> Exhibit 2 (NC) – Application for Scope Ruling from Western Alliance Tubulars, Attachments 1, 2 and 4; and Exhibit 26 (NC) – Response to Importer RFI from ANDMIR, page 3.

### *Technical Specifications of the Goods*

[121] IT/VIT is not made to nor supplied to meet API 5CT. Although the two pipes which comprise IT/VIT may be produced to meet this standard (or equivalent) as required by the seamless casing and OCTG 1 product definitions, information provided on the record demonstrates that finished IT/VIT neither meets nor is it supplied to meet API 5CT. That specification also makes no reference to IT/VIT and information submitted from multiple parties demonstrates that IT/VIT has its own specification in China, namely, SY/T5324-2013.

### *Uses of the Goods*

[122] IT/VIT has no feasible use in standard drilling operations. In Canada, IT/VIT is only used in specialized drilling operations, such as SAGD wells. IT/VIT must also be used in an existing bored well that has been cemented with casing. That is, the IT/VIT is not a replacement for the casing component of a drilling operation. Therefore, while the dimensions (i.e. outside diameter) of the input tube to an IT/VIT product may fit seamless casing sizes, functionally, it is not seamless casing as it is combined with multiple other components to create a different product, with a particular and distinct use, beyond API 5CT OCTG.

[123] The ability of certain goods to compete with or substitute for other like goods is a key consideration of the CITT when examining whether certain goods should be excluded from a product definition. This in large part led to the exclusion of coupling stock from the OCTG 1 product definition.<sup>64</sup> A similar conceptual consideration applies here, as cost considerations make it unlikely that there would be substitutability between IT/VIT and standard OCTG.

[124] The intended use of a product is also a key consideration of the CITT when examining product exclusions, notwithstanding similarities in product. Although distinctions between coupling stock and standard seamless casing is largely an issue of wall thickness, the CITT determined in OCTG 1 that:

“Coupling stock, in itself, is not intended for direct use downhole; rather, it requires further processing to respond to the needs of industry. In addition, the extra thickness of coupling stock means that it is more expensive. As a consequence, the Tribunal is of the view that coupling stock is generally not substitutable for and, thus, does not compete with casing and tubing.”<sup>65</sup>

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<sup>64</sup> Canadian International Trade Tribunal (CITT) Findings and Reasons OIL COUNTRY TUBULAR GOODS, Inquiry No. NQ-2009-004, April 7, 2010, paragraph 240.

[http://www.citt-tcce.gc.ca/en/dumping/inquiry/findings/archive\\_nq2j004\\_e#P588\\_111056](http://www.citt-tcce.gc.ca/en/dumping/inquiry/findings/archive_nq2j004_e#P588_111056)

<sup>65</sup> Canadian International Trade Tribunal (CITT) Findings and Reasons OIL COUNTRY TUBULAR GOODS, Inquiry No. NQ-2009-004, April 7, 2010, paragraph 77.

[http://www.citt-tcce.gc.ca/en/dumping/inquiry/findings/archive\\_nq2j004\\_e#P588\\_111056](http://www.citt-tcce.gc.ca/en/dumping/inquiry/findings/archive_nq2j004_e#P588_111056)

[125] While considerations for product exclusion versus subjectivity of goods under a scope proceeding are different exercises, there are similarities when contemplating the use of the good at issue as it relates to how realistic or feasible it is to substitute that good for the scope of goods commonly understood to be covered by the product definition, which in this case are OCTG casing and tubing covered by the API 5CT specification.

[126] Given the specialized use of IT/VIT, the CBSA is of the view that it is not substitutable with standard OCTG as found in each of the respective product definitions from both practical and economic feasibility standpoints, nor does IT/VIT directly compete with standard OCTG given its specialized use.

### ***Original Intent of CBSA's Product Definitions***

[127] At the time that the product definitions for seamless casing and OCTG 1 were crafted by the CBSA in 2007 and 2009 respectively, IT/VIT's physical differences would have mandated that the CBSA make clear any intention to include these goods, within the scope of the OCTG definitions. Since there was no awareness of these goods at that time and no Canadian complainant, with regards to either the seamless casing or OCTG 1 cases, manufactured these goods, no such contemplation and further clarification was necessary.

[128] The Application under this scope proceeding also makes it clear that IT/VIT from China had no market presence at the time that the CBSA crafted its seamless casing product definition for the 2007 investigation and the OCTG 1 definition two years later. The Application stated that:

“Vallourec was predominantly the initial supplier of IT/VIT to Industry in Western Canada, to ConocoPhillips (“Conoco”). Conoco, from 2008 - 2011, was proving up the use of IT/VIT in place of OCTG casing and tubing in their Surmont 1 project. Given IT/VIT showed some success during the Surmont 1 project, the IT/VIT OCTG product became more popular for SAGD producers. In 2011, Chinese IT/VIT manufacturers began to export into the market and currently completely dominate the IT/VIT market in Canada.”<sup>66</sup>

[129] On the basis of the information on the administrative record and the consideration of the relevant factors contained in section 54.6 of the SIMR, the CBSA's preliminary assessment in this scope proceeding is that the IT/VIT described in the Application are not subject to the CITT's orders issued on November 28, 2018 in RR-2017-006 and March 2, 2015 in RR-2014-003 concerning the dumping and subsidizing of certain seamless casing and OCTG respectively from China.

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<sup>66</sup> Exhibit 2 (NC) – Application for Scope Ruling from Western Alliance, page 9.

## **FUTURE ACTION**

[130] Comments on the *Statement of Essential Facts* (SEF) and responses to the comments on the SEF may be submitted by interested parties. Please note that the CBSA will not accept new factual information.

[131] Interested persons may submit comments on the SEF by noon, August 6, 2019, and responses to the comments on the SEF by noon, August 13, 2019.

[132] It is expected that the scope proceeding will be concluded by September 6, 2019.

## **INFORMATION**

[133] This SEF is available through the CBSA's website at the address below. For further information, please contact the officers identified as follows:

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

**Telephone:** Jason Huang: 613-954-7388  
Ben Crossan: 613-954-7410

**E-mail:** [simaregistry@cbsa-asfc.gc.ca](mailto:simaregistry@cbsa-asfc.gc.ca)

**Website:** [www.cbsa-asfc.gc.ca/sima-lmsi/](http://www.cbsa-asfc.gc.ca/sima-lmsi/)

Darryl Larson  
Director  
Anti-dumping and Countervailing Investigations  
Trade and Anti-dumping Programs Directorate

## APPENDIX – PRESCRIBED FACTORS IN SIMR

The SIMR section 54.6 provides the following:

**54.6** For the purpose of subsection 66(6) of the Act, the President may take the following factors into account in making a scope ruling:

- (a) in all cases,
  - (i) the physical characteristics of the goods in respect of which the scope proceeding has been initiated, including their composition,
  - (ii) their technical specifications,
  - (iii) their uses,
  - (iv) their packaging, including any other goods contained in the packaging, along with the promotional material and documentation concerning the goods in respect of which the scope proceeding has been initiated, and
  - (v) their channels of distribution;
- (b) for a ruling as to whether goods in respect of which the scope proceeding has been initiated are of the same description as goods to which an order of the Governor in Council or an order or finding of the Tribunal applies,
  - (i) the description of the goods referred to in that order or that order or finding,
  - (ii) in the case of an order or finding of the Tribunal, the reasons for the order or finding, and
  - (iii) any relevant decision by the Tribunal, the Federal Court of Appeal, the Supreme Court of Canada, or a panel under Part I.1 or II of the Act;
- (c) for a ruling as to whether goods in respect of which the scope proceeding has been initiated are of the same description as goods to which an undertaking applies,
  - (i) the description of the goods referred to in the preliminary determination of dumping or subsidizing and in the undertaking, and
  - (ii) the reasons for the preliminary determination; and
- (d) if the basis for a ruling referred to in paragraph (b) or (c) is whether goods in respect of which the scope proceeding has been initiated originate in a country that is subject to the applicable order, finding or undertaking or originate in a third country,
  - (i) the production activities undertaken in the third country in respect of the goods and undertaken in the subject country in respect of goods from which the goods are produced,
  - (ii) the nature of the goods when they were exported from the third country and of goods from which the goods are produced when they were exported from the subject country, and
  - (iii) the costs of production of the goods incurred in the third country.