



OTTAWA, November 2, 2018

STATEMENT OF REASONS

Concerning the preliminary determination with respect to the dumping of

**CARBON STEEL WELDED PIPE
FROM PAKISTAN, THE PHILIPPINES, TURKEY AND VIETNAM**

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act*, the Canada Border Services Agency made a preliminary determination on October 18, 2018 respecting the dumping of certain carbon steel welded pipe from Pakistan, the Philippines, Turkey and Vietnam.

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 INVESTIGATION	2
PROFITABILITY ANALYSIS PERIOD	2
INTERESTED PARTIES	2
COMPLAINANT.....	2
TRADE UNION.....	3
IMPORTERS.....	3
EXPORTERS.....	4
GOVERNMENTS.....	4
PRODUCT INFORMATION	5
DEFINITION.....	5
LIKE GOODS AND CLASS OF GOODS	7
THE CANADIAN INDUSTRY	8
IMPORTS INTO CANADA	8
REPRESENTATIONS	9
INVESTIGATION PROCESS	9
DUMPING INVESTIGATION	10
NORMAL VALUE.....	10
EXPORT PRICE.....	11
MARGIN OF DUMPING.....	11
PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION	11
PAKISTAN.....	12
THE PHILIPPINES.....	14
TURKEY.....	16
VIETNAM.....	21
SUMMARY OF PRELIMINARY RESULTS.....	41
DECISION	42
PROVISIONAL DUTY	42
FUTURE ACTION	43
THE CANADA BORDER SERVICES AGENCY.....	43
THE CANADIAN INTERNATIONAL TRADE TRIBUNAL.....	43
RETROACTIVE DUTY ON MASSIVE IMPORTATIONS	44
UNDERTAKINGS	44
PUBLICATION	45
INFORMATION	45
APPENDIX 1 – SUMMARY OF ESTIMATED MARGINS OF DUMPING AND PROVISIONAL DUTIES PAYABLE	46

SUMMARY OF EVENTS

[1] On May 31, 2018, the Canada Border Services Agency (CBSA) received a written complaint from Novamerican Steel Inc., on behalf of its subsidiaries Nova Tube Inc. and Nova Steel Inc. (collectively, “Nova”) (hereinafter, “the complainant”), alleging that imports of certain carbon steel welded pipe (CSWP) from the Islamic Republic of Pakistan (Pakistan), the Republic of the Philippines (the Philippines), the Republic of Turkey (Turkey) and the Socialist Republic of Vietnam (Vietnam) (hereafter “the named countries”) are being 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 June 21, 2018, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. The CBSA also notified the governments of Pakistan, the Philippines, Turkey and Vietnam that a properly documented complaint had been received.

[3] The complainant provided evidence to support the allegations that CSWP from the named countries has been dumped. The evidence also discloses a reasonable indication that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.

[4] On July 20, 2018, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of CSWP from Pakistan, the Philippines, Turkey and Vietnam.

[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 retardation or is threatening to cause injury to the Canadian industry producing the like goods.

[6] On September 18, 2018, 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 CSWP from the named countries has caused injury or is threatening to cause injury to the domestic industry.

[7] On October 18, 2018, 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 CSWP from Pakistan, the Philippines, Turkey and Vietnam.

[8] On October 18, 2018, 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 and ending on the earlier of the day on which the CBSA causes the investigation in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA.

PERIOD OF INVESTIGATION

[9] The Period of Investigation (POI) for this investigation is July 1, 2017, to June 30, 2018.

PROFITABILITY ANALYSIS PERIOD

[10] The Profitability Analysis Period (PAP) for this investigation is July 1, 2017, to June 30, 2018.

INTERESTED PARTIES

Complainant

[11] The complainant, Nova, was founded in 1979 in Montreal, Quebec as a single location steel processing company. Nova has since grown to include nine locations across North America.

[12] Nova operates CSWP manufacturing facilities in Montreal and Baie D'Urfé, Quebec. Nova is a producer of CSWP in Canada and accounts for a major proportion of the total domestic production of like goods.

[13] The contact information of the complainant is as follows:

Novamerican Steel Inc.
6001 rue Irwin
Montréal, Quebec
H8N 1A1

[14] The other manufacturers of like goods in Canada are: Atlas Tube Canada ULC (Atlas), Bolton Steel Tube Co., Ltd. (Bolton), DFI Corporation (DFI), Evraz Inc. NA Canada (Evraz), Quali-T-Tube Inc. (Quali-T), Tenaris Canada (Tenaris) and Welded Tube of Canada (Welded Tube).¹ Contact information for these manufacturers is as follows:

¹ Exhibit 2 (NC), Carbon Steel Welded Pipe Complaint – Pages 9 – 12; Attachment 4.

Company Name	Address
Atlas	200 Clark Street Harrow, Ontario N0R 1G0
Bolton	455A Piercey Road Bolton, Ontario L7E 5B8
DFI	2404 -51 Avenue Edmonton, Alberta T6P 0E4
Evraz (Headquarters)	200 East Randolph Drive, Suite 7800 Chicago, IL 60601
Quali-T	22, boul. De l'Aéroport Bromont, Quebec J2L 1S6
Tenaris	400, 530 – 8th Avenue SW Calgary, Alberta T2P 3S8
Welded Tube	111 Rayette Road Concord, Ontario L4K 2E9

Trade Union

[15] The complainant identified one trade union that represents persons employed in the production of CSWP in Canada:

United Steelworkers Canada
393 Portneuf
Longueuil, Quebec
J4L 1E5

Importers

[16] At the initiation of the investigation, the CBSA identified 26 potential importers of the subject goods based on both information provided by the complainant and CBSA import entry documentation. Following receipt of responses to the Dumping Requests for Information (RFI), the CBSA identified an additional four importers. The CBSA sent an Importer RFI to all potential importers of the goods. The CBSA received six responses to the Importer RFI.

Exporters

[17] At the initiation of the investigation, the CBSA identified 60 potential exporters/producers of the subject goods from information provided by the complainant and CBSA import entry documentation. All of the potential exporters were sent the CBSA's Dumping RFI.

[18] The CBSA included in its investigation a Section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the carbon steel welded pipe sector in Vietnam. Exporters located in Vietnam were therefore also sent a Section 20 RFI.

[19] Thirteen companies provided substantially complete responses to the CBSA's Dumping RFI. Of these companies, eight were considered to be exporters of subject goods for SIMA purposes. These submissions and results have been summarized in the *Preliminary Results of the Dumping Investigation* section, found below.

[20] Four companies in Vietnam provided a substantially complete response to the CBSA's Section 20 RFI.

Governments

[21] For the purposes of this investigation, Government of Turkey (GOT), and Government of Vietnam (GOV) refer to all levels of government, i.e., federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

[22] At the initiation of the investigation, the CBSA sent a Government Section 20 RFI to the GOV and the GOV provided a complete response to the RFI.

[23] On August 31, 2018, the CBSA sent an RFI to the GOT to request information with respect to the CBSA's examination of whether a particular market situation exists in the carbon steel welded pipe market in Turkey. The GOT provided a complete response to the RFI.

PRODUCT INFORMATION

Definition

[24] For the purpose of this investigation, the subject goods are defined as:
Carbon steel welded pipe, commonly identified as standard pipe, in the nominal size range from ½ inch up to and including 6 inches (12.7 mm to 168.3 mm in outside diameter) inclusive, in various forms and finishes, usually supplied to meet ASTM A53, ASTM A135, ASTM A252, ASTM A589, ASTM A795, ASTM F1083 or Commercial Quality, or AWWA C200-97 or equivalent specifications, including water well casing, piling pipe, sprinkler pipe and fencing pipe, but excluding oil and gas line pipe made to API specifications exclusively, originating in or exported from the Islamic Republic of Pakistan, the Republic of the Philippines, the Republic of Turkey and the Socialist Republic of Vietnam.

Additional Product Information²

[25] Steel pipe is generally classified into the following groups according to its end uses: CSWP (or standard pipe), pressure pipe, line pipe, structural pipe, mechanical pipe and oil country tubular goods (“OCTG”). The products within the scope of this definition are commonly referred to within the industry as “CSWP”.

[26] CSWP is generally produced to various industry standards such as American Society for Testing and Materials (ASTM) A53, ASTM A135, ASTM A252, ASTM A589, ASTM A795, ASTM F1083, Commercial Quality and American Water Works Association (AWWA) Standard C200-97. CSWP may also be produced to proprietary specifications rather than to an industry standard, as is often the case with fence tubing or to foreign specifications. For example, imported CSWP may be produced to British Standard (“BS”) 1387 or BS EN 10255.

Production Process³

[27] Production begins with steel sheet that is cast into a more workable starting form. The steel edges are then forced together and sealed by a weld to produce a CSWP. The following provides more detailed information on the production process of CSWP.

[28] Coils of flat hot-rolled steel sheet are uncoiled and slit. That slit steel is then passed through a series of rollers that form the shape of the pipe.

² Exhibit 2 (NC), Carbon Steel Welded Pipe Complaint – Page 5.

³ Exhibit 2 (NC), Carbon Steel Welded Pipe Complaint – Pages 6-7.

[29] CSWP is produced in mills using either the electric resistance weld (“ERW”) process or the continuous weld (“CW”) process. Both processes begin with strips of steel sheet that have been slit from coils of flat hot-rolled steel sheet. The width of the slit strips is equal to the circumference of the pipe to be produced.

[30] In the ERW process, cold strips of sheet are passed through a series of rollers to form a tubular shape, and the edges of the strip are heated electrically and welded together under heat and pressure. This welding process produces a bead of “flash” which is generally trimmed from both sides of the weld.

[31] In the CW process, the strips of sheet are heated in a gas-fired furnace. The hot strips are then passed through a series of rollers to form a tubular shape. The edges are then pressed together under pressure to form a weld.

[32] CSWP can also be produced using a hot-stretch reduction process. Pipe shells are first produced using the ERW process. The shells are then heated and are passed through a stretch reduction mill. The stretch reduction process reduces the outside diameter of the pipe and can be used to change the thickness of the pipe walls.

[33] Nova produces CSWP using the ERW process.

[34] Once the basic pipe is formed using these processes, it is cut to length, straightened and tested. The ends of the pipe may be processed in a variety of ways, including cropping, facing and reaming, threading, coupling, rolling and/or cut grooving. Finishes may also be applied to the surface of the pipe such as lacquer (black) or zinc (galvanizing), depending on the intended application of the pipe. Other finishing operations include stencilling and bundling of the pipe.

[35] The size of a pipe is generally specified by two values: a nominal pipe size (“NPS”) and a schedule. For pipe in the range of diameters included in the subject goods, the NPS relates loosely to the inside diameter. The schedule relates to the wall thickness. For a given NPS, the wall thickness increases with larger schedules. For example, pipe in an NPS size of 1 inch (“NPS 1”) meeting the requirements of specification ASTM A53, Schedule 40, has an outside diameter of 1.315 inches (3.34 cm) and a wall thickness of 0.133 inches (0.338 cm). Pipe in an NPS size of 1 meeting the requirements of specification ASTM A53, Schedule 80, also has an outside diameter of 1.315 inches (3.34 cm), but has a wall thickness of 0.179 inch (0.455 cm). Common schedules for CSWP are 10, 40 and 80.

Product Use⁴

[36] CSWP applications include the low-pressure conveyance of water, steam, natural gas, air and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems and other related uses. CSWP may also be used for light load-bearing and mechanical applications such as for fence tubing, and as an intermediate product for protection of electrical wiring, such as conduit shells.

Classification of Imports

[37] Beginning January 1, 2017, under the revised customs tariff schedule, subject goods are normally classified under the following tariff classification numbers:

7306.30.00.10

7306.30.00.20

7306.30.00.30

[38] The listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers include 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.

LIKE GOODS AND CLASS OF GOODS

[39] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as goods that are identical in all respects to the other goods, or in the absence of any identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[40] In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics and whether the domestic goods fulfill the same customer needs as the subject goods.

[41] After considering questions of use, physical characteristics and all other relevant factors, the CBSA initiated its investigation under the premise that domestically produced CSWP are like goods to the subject goods. Further, the CBSA was of the opinion that subject goods and like goods constitute only one class of goods.

⁴ Exhibit 2 (NC), Carbon Steel Welded Pipe Complaint – Page 7.

[42] In its preliminary injury inquiry for this investigation, the CITT further reviewed the matter of like goods and classes of goods. On October 3, 2018, the CITT issued its preliminary inquiry *Statement of Reasons* for this investigation, indicating that "...the Tribunal finds that the domestically produced CSWP constitute like goods to the subject goods" and additionally, "...that domestically produced CSWP constitutes a single class of goods."⁵

THE CANADIAN INDUSTRY

[43] The complainant, combined with the other supporting producers, account for all known domestic production of like goods.

IMPORTS INTO CANADA

[44] During the preliminary phase of the investigation, the CBSA refined the estimated volume and value of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[45] The following table presents the CBSA's analysis of imports of CSWP for the purposes of the preliminary determination:

**Imports of CSWP
(% of Volume)**

Country of Origin/Export	POI (July 1, 2017 to June 30, 2018)
Pakistan	5.4%
The Philippines	12.9%
Turkey	15.9%
Vietnam	14.0%
All Other Countries	51.8%
Total Imports	100.0%

⁵ Canadian International Trade Tribunal; Carbon Steel Welded Pipe Dumping Determination and Reasons (October 3, 2018), PI-2018-004, paragraphs 30 and 37.

REPRESENTATIONS

[46] During the preliminary phase of the investigation, counsel for the complainant made representations concerning the complainant's allegations of a particular market situation in Turkey.⁶ Representations were also made with respect to various exhibits on the administrative record, including certain RFI responses.⁷ These representations concern the completeness of information provided, government involvement with certain companies and sectors, the relationships between certain parties, identity of the exporter, the classification of like goods, the alleged particular market situation in Turkey, and the Section 20 inquiry with respect to Vietnam. Counsel for the complainant also addressed the accuracy and completeness of the reported cost of production information, certain reported discounts, and other missing or unclear information provided in the RFI responses.

[47] The CBSA also received representations from Erbosan Erciya Boru Sanayli ve Ticaret A.S (Erbosan), an exporter of subject goods in Turkey.⁸ Erbosan submitted that the CBSA should determine that no "particular market situation" exists in respect of the goods produced and sold by Erbosan and provided arguments and information in support of this claim.

[48] The CBSA has noted the arguments and evidence submitted in the representations and will take them into consideration in the course of verifying and analyzing information for the purposes of a final decision.

INVESTIGATION PROCESS

[49] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of CSWP released into Canada during the POI.

[50] Regarding the Section 20 inquiry, information was requested from all known and potential exporters and producers of CSWP in Vietnam and from the GOV. As the investigation already included appropriate countries to serve as potential "surrogates", no additional producers in countries not named in this investigation were requested to provide information for purposes of determining normal values under paragraph 20(1)(c) of SIMA. Furthermore, importers were requested to provide information respecting re-sales in Canada of like goods imported from a third country in order to gather information to determine normal values under paragraph 20(1)(d) of SIMA.

⁶ Exhibits 29 (PRO), 30 (NC), 49 (PRO), 50 (NC) – Representations from counsel for the complainant.

⁷ Exhibits 135 (PRO), 136 (NC) – Representations from counsel for the complainant.

⁸ Exhibit 71 (PRO), 72 (NC) - Submission in response to Particular Market Situation – Erbosan Erciyas Boru Sanayli ve Ticaret A.S

[51] The governments and the exporters/producers were notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits may result in the margins of dumping and the assessment of anti-dumping duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favorable to them than if complete, verifiable information was made available.⁹

[52] Several parties requested an extension to respond to their respective RFIs. The CBSA considered each request but did not grant extensions as the reasons identified in the requests did not constitute unforeseen circumstances or unusual burdens that would justify granting an extension of time. Where an extension request was denied, the CBSA informed the parties that it could not guarantee that submissions received after the RFI response deadline would be taken into consideration for purposes of the preliminary phase of the investigation.

[53] After reviewing the RFI responses, supplemental RFIs (SRFIs) were sent to several responding parties to clarify information provided in the responses and request additional information, where necessary.

[54] The preliminary determination is based on the information available to the CBSA at the time of the preliminary determination. During the final phase of the investigation, additional information may be obtained and selected responding parties may be verified on-site, the results of which will be incorporated into the CBSA's final decision, which must be made by January 16, 2019.

DUMPING INVESTIGATION

[55] The following presents the preliminary results of the investigation into the dumping of CSWP originating in or exported from Pakistan, the Philippines, Turkey and Vietnam.

Normal value

[56] Normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with the methodology of paragraph 19(b) of SIMA.

⁹ Exhibits 10 (NC), 13 (NC), 20 (NC), 21 (NC) – Requests for Information and initiation letters.

[57] In the case of prescribed countries such as Vietnam, if, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market, the normal values are generally estimated on the basis of section 20 of SIMA using either the selling prices or costs of like goods in a “surrogate” country.

Export Price

[58] The export price of goods sold to importers in Canada is generally estimated in accordance with the methodology of section 24 of SIMA based on the lesser of the adjusted exporter’s sale price for the goods or the adjusted importer’s purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[59] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is estimated based on the importer’s resale price of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

Margin of Dumping

[60] The estimated margin of dumping by exporter is equal to the amount by which the total estimated normal value exceeds the total estimated export price of the goods, expressed as a percentage of the total estimated export price. All subject goods imported into Canada during the POI are included in the estimation of the margins of dumping of the goods. Where the total estimated normal value of the goods does not exceed the total estimated export price of the goods, the margin of dumping is zero.

PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION

[61] The CBSA received a substantially complete response to the Dumping RFI from one exporter in Pakistan.¹⁰

[62] The CBSA received a substantially complete response to the Dumping RFI from one exporter in the Philippines.¹¹

¹⁰ Exhibits 73 (PRO) and 74 (NC) – Response to Dumping RFI – International Industries Limited.

¹¹ Exhibits 67 (PRO) and 68 (NC) – Response to Dumping RFI – HLD Clark Steel Pipe Co., Ltd.

[63] The CBSA received substantially complete responses to the Dumping RFI from three exporters in Turkey.¹²

[64] The CBSA received substantially complete responses to the Dumping RFI from three exporters of subject goods originating in Vietnam.¹³ Two of these exporters are located in Vietnam and have also provided substantially complete responses to the Section 20 RFI.¹⁴ The CBSA did not require the exporter of subject goods located in the United States to complete the Section 20 RFI.

Pakistan

International Industries Limited

[65] International Industries Limited (IIL) is a manufacturer and exporter of subject goods located in Pakistan. IIL is a publicly traded company and produces a variety of steel pipe. All of the subject goods shipped to Canada were produced at its Factory 1, located in Karachi. The company headquarters is also located in Karachi.

[66] IIL provided a substantially complete response to the CBSA's Dumping RFI, including a database of domestic sales of CSWP during the PAP.¹⁵ However, there were insufficient sales of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA using domestic sales of like goods.

[67] Normal values were estimated based on the methodology of paragraph 19(b) of SIMA, as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the *Special Import Measures Regulations* (SIMR), based on IIL's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on IIL's sales of CSWP in their domestic market during the PAP of the same general category as the subject goods sold to importers in Canada.

¹² Exhibits 63 (PRO) and 64 (NC), 85 (PRO), 86 (NC), 99 (PRO), 100 (NC) - Responses to Dumping RFI – Erbosan Erciyas Boru Sanayli ve Ticaret A.S, Borusan Mannesmann Boru Sanayi ve Ticaret A.S , and IRIS Metalurji ve Muhendislik San ve Tic LTD STI.

¹³ Exhibits 61 (PRO), 62 (NC), 65 (PRO), 66 (NC), 83 (PRO), 84 (NC), 91 (PRO), 92 (NC), 95 (PRO), 96 (NC), 97 (PRO), 98 (NC) - Responses to Dumping RFI - SeAH Steel Vina Corporation; State Pipe & Supply Inc.; Hoa Phat Steel Pipe Company Ltd.

¹⁴ Exhibits 55 (PRO), 56 (NC), 57 (PRO), 58 (NC), 59 (PRO), 60 (NC), 69 (PRO), 70 (NC), - Section 20 RFI Responses - Hoa Phat Steel Pipe Company Ltd.; SeAH Steel Vina Corporation.

¹⁵ Exhibits 73 (PRO), 74 (NC) - Dumping RFI Response – International Industries Limited.

[68] For subject goods exported to Canada by IIL during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[69] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 10.1% for IIL, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from IIL during the final phase of the investigation.

All Other Exporters – Pakistan

[70] For exporters of subject goods originating in or exported from Pakistan that did not provide a response to the Dumping RFI or did not furnish sufficient information, the normal values and export prices were estimated on the basis of facts available.

[71] In establishing the methodology for estimating normal values and export prices, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by exporters of CSWP from the named countries and customs documentation.

[72] The CBSA decided that the normal values and export prices estimated for the exporters whose submissions were substantially complete for the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values since it reflects exporters' actual trading practices during the POI. The CBSA first considered whether the information from the exporter of CSWP in Pakistan, IIL, who provided substantially complete information, was appropriate to use as the basis for estimating the normal values for all other exporters in Pakistan.

[73] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of IIL, and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for estimating normal values. This methodology relies on information related to goods that originated in Pakistan and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[74] As a result, based on the facts available, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, normal values of subject goods originating in or exported from Pakistan were estimated based on the highest amount by which an estimated normal value exceeded the estimated export price (i.e., 58.0% of the export price), on an individual transaction for IIL during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[75] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to estimate the export price of the goods as it reflects actual import data.

[76] Based on the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters of subject goods from Pakistan is 58.0%, expressed as a percentage of the export price.

The Philippines

HLD Clark Steel Pipe Co., Inc.

[77] HLD Clark Steel Pipe Co., Inc. (HLD Clark) is a manufacturer and exporter of subject goods located in the Philippines. HLD Clark is a privately held manufacturer of various steel pipe. The company has one production facility in the Philippines located in the Clark Freeport Zone of Angeles city. All of the subject goods shipped to Canada were produced at this facility. The company headquarters is also located in the Clark Freeport Zone.

[78] HLD Clark provided a substantially complete response to the CBSA's Dumping RFI; however, the company did not have any domestic sales of CSWP during the PAP.¹⁶ As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[79] Normal values were estimated based on a methodology similar to the methodology described in paragraph 19(b) of SIMA, using the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on HLD Clark's unverified cost data associated with the subject goods shipped to Canada. Since the CBSA could not determine a profit under paragraph 11(1)(b) due to the absence of domestic sales or other information, the amount for profits was estimated based on sales of CSWP in Pakistan and Turkey that are of the same general category as the subject goods sold to importers in Canada, during the PAP.

¹⁶ Exhibits 67 (PRO), 68 (NC) - Dumping RFI Responses – HLD Clark Steel Pipe Co., Inc.

[80] For subject goods exported to Canada by HLD Clark during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[81] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 3.8% for HLD Clark, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from HLD Clark during the final phase of the investigation.

All Other Exporters – The Philippines

[82] For exporters of subject goods originating in or exported from the Philippines that did not provide a response to the Dumping RFI or did not furnish sufficient information, the normal values and export prices were estimated on the basis of facts available.

[83] In establishing the methodology for estimating normal values and export prices, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by exporters of CSWP from the named countries and customs documentation.

[84] The CBSA decided that the normal values and export prices estimated for the exporters whose submissions were substantially complete for the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values since it reflects exporters' actual trading practices during the POI. The CBSA first considered whether the information from the exporter of CSWP in the Philippines, HLD Clark, who provided substantially complete information was appropriate to use as the basis for estimating the normal values for all other exporters in the Philippines.

[85] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of HLD Clark, and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for estimating normal values. This methodology relies on information related to goods that originated in the Philippines and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[86] As a result, based on the facts available, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, normal values of subject goods originating in or exported from the Philippines were estimated based on the highest amount by which an estimated normal value exceeded the estimated export price (i.e., 30.1% of the export price), on an individual transaction for HLD Clark during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[87] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to estimate the export price of the goods as it reflects actual import data.

[88] Based on the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters of the subject goods from the Philippines is 30.1%, expressed as a percentage of the export price.

Turkey

Particular Market Situation

[89] Amendments to SIMA and the SIMR that came into force on April 26, 2018 included provisions to address particular market situations, which allows the CBSA to disregard certain sales when determining normal values in a dumping investigation.

[90] The complaint contained allegations that a “particular market situation” exists in the CSWP market in Turkey and that domestic sales in Turkey do not permit a proper comparison with the sales to the importers in Canada. Specifically, the complainant argued that Turkish producers are unable to price CSWP above their production costs and as such, normal values should not be estimated in accordance with section 15 of SIMA. Further to this, the complainant alleges that the difference in the Turkish pricing between hot rolled coil (HRC) and CSWP is not sufficient to cover the cost of converting HRC to CSWP and that this price difference constitutes a particular market situation in Turkey, as described in paragraph 16(2)(c) of SIMA. The complainant further alleges that the depreciation of the Turkish Lira by the GOT results in price distortions in the domestic CSWP market. The complainant suggests that a full investigation will determine whether the depreciation of Turkish Lira has had a significant impact on the Turkish producers’ production costs and selling prices.¹⁷

¹⁷ Exhibits 29 (PRO), 30 (NC) - Brief memorandum discussing the Particular Market Situation in Turkey – Nova Tube Inc. / Nova Steel Inc.

[91] Subsequent to the initiation of the investigation, the complainant made additional representations concerning the existence of a “particular market situation” in the CSWP market in Turkey. These representations reiterated some of the points included in the complaint and provided additional supporting documentation.¹⁸

[92] The CBSA has also received representations from Erbosan, an exporter of subject goods in Turkey.¹⁹ Erbosan submits that the CBSA should determine that no “particular market situation” exists in the CSWP market in Turkey and provided arguments and information in support of this claim.

[93] The CBSA sent supplemental RFI’s (SRFIs) to all exporters/producers of subject goods in Turkey that provided a response to the CBSA’s Dumping RFI. These SRFIs include questions intended to gather additional information pertaining to the involvement of the GOT in the CSWP market in Turkey, as well as other issues such as the purchase of raw materials from state owned enterprises. Responses to the SRFI were received from one producer, two producer/exporters and one vendor/exporter of subject goods. The CBSA is reviewing these responses and additional information may be requested during the final phase of the investigation.

[94] In addition, the CBSA also sent an RFI to the GOT to determine any possible impact that the GOT may have on the production and/or sale of CSWP in that country. The GOT provided a response to this RFI by the due date.

[95] The CBSA has considered the representations provided by the complainant and Erbosan, as well as all of the other information on the administrative record. For the purposes of the preliminary determination, the CBSA has not formed the opinion that a “particular market situation” exists in the CSWP market in Turkey that affects the domestic sales such that they do not permit a proper comparison with the sales to the importers in Canada.

[96] The CBSA will continue to gather information from interested parties and other relevant sources for the purposes of the final decision.

Borusan Mannesmann Boru Sanayi ve Ticaret A.S.

[97] Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (Borusan) was established in 1958 and is a publicly traded company. Borusan is a manufacturer of various steel pipe products, with production facilities located in Turkey, Italy and the United States. All of the subject goods shipped to Canada were produced at the Gemlik mill facility, located in Gemlik, Turkey. The company headquarters is located in Istanbul.

¹⁸ Exhibits 49 (PRO), 50 (NC) - Brief addendum to the memorandum discussing the Particular Market Situation in Turkey - Nova Tube Inc. / Nova Steel Inc.

¹⁹ Exhibits 71 (PRO), 72 (NC) - Submission in response to Particular Market Situation – Erbosan Erciyas Boru Sanayli ve Ticaret A.S.

[98] Borusan provided a substantially complete response to the Dumping RFI, including a database of domestic sales of CSWP.²⁰ However, there were insufficient sales of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[99] Normal values were estimated based on the methodology of paragraph 19(b) of SIMA, as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Borusan's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Borusan's sales of CSWP in their domestic market, during the PAP, of the same general category as the subject goods sold to importers in Canada.

[100] For subject goods exported to Canada by Borusan during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[101] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 4.9% for Borusan, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Borusan during the final phase of the investigation.

Erbosan

[102] Erbosan is a manufacturer and exporter of CSWP located in Turkey. Erbosan was established in 1974, as a joint stock company and has been publicly held on the Istanbul Stock Exchange since 1995.

[103] Erbosan is a manufacturer of various steel pipe, with two production facilities and one recycling plant in Kayseri, Turkey. One pipe production plant is located at Anbar Mahallesi, Kayseri and another pipe production plant is located in the free zone branch in Kayseri. The plant located in the free zone area produces cold rolled structural tubing (non-subject goods), exclusively.

[104] The recycling plant produces zinc oxide from the residue of steel production in electric arc furnaces. All of the subject goods shipped to Canada were produced at the facility located at Anbar Mahallesi in Kayseri. The company headquarters is also located at Anbar Mahallesi.

²⁰ Exhibits 85 (PRO), 86 (NC) - Dumping RFI Response - Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş.

[105] Erbosan provided a substantially complete response to the CBSA's Dumping RFI, including a database of domestic sales of CSWP during the PAP.²¹ However, there were insufficient sales of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[106] Normal values were estimated based on the methodology of paragraph 19(b) of SIMA, as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Erbosan's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Erbosan's sales of CSWP in their domestic market, during the PAP, of the same general category as the subject goods sold to importers in Canada.

[107] For subject goods exported to Canada by Erbosan during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[108] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 3.0% for Erbosan, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Erbosan during the final phase of the investigation.

IRIS Metalurji ve Muhendislik Pazarlama Sanayi ve Ticaret Limited Sirketi

[109] IRIS Metalurji ve Muhendislik Pazarlama Sanayi ve Ticaret Limited Sirketi (Iris) is a limited liability Company established in Turkey. Iris does not have any associated companies. The company also has one director and one sales representative in Canada. The registered address is located in the city of Bursa, 150 km south of Istanbul, Turkey. Iris does not have a production facility, rather Iris purchases steel pipes from producers in Turkey and sells them to overseas countries.

[110] Iris provided a substantially complete response to the CBSA's Dumping RFI; however, the company did not have any domestic sales of CSWP during the PAP.²² As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

²¹ Exhibits 63 (PRO), 64 (NC) - Dumping RFI Response – Erbosan Erciyas Boru Sanayii ve Ticaret A.S.

²² Exhibits 99 (PRO), 100 (NC) - Dumping RFI Response – IRIS Metalurji ve Muhendislik Pazarlama Sanayi ve Ticaret Limited Sirketi.

[111] Normal values were estimated based on the methodology of paragraph 19(b) of SIMA, as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on the unverified production costs of the producer of the goods (i.e., Iris' supplier) in Turkey. An amount for administrative, selling and all other costs was estimated for both the producer and exporter, based on financial information provided by each company. The amount for profits was estimated in accordance with paragraph 11(1)(b)(iv) of the SIMR, based on sales of goods of the same general category by producers in Turkey during the PAP.

[112] Export prices are normally estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods. For subject goods exported by Iris to Canada and released during the POI, however, export prices could not be estimated using this methodology as there were no actual sales when the goods were imported by Iris. Iris acted as an importer for sales of subject goods to Canada. Based on the information available at this time, the CBSA will estimate export prices based on Iris' purchase prices (from its supplier in Turkey).

[113] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 49.0% for Iris, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Iris and its supplier in Turkey during the final phase of the investigation.

All Other Exporters – Turkey

[114] For exporters of subject goods originating in or exported from Turkey that did not provide a response to the Dumping RFI or did not furnish sufficient information, the normal values and export prices were estimated on the basis of facts available.

[115] In establishing the methodology for estimating normal values and export prices, the CBSA analyzed all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by exporters of CSWP from the named countries and customs documentation.

[116] The CBSA decided that the normal values estimated for the exporters whose submissions were substantially complete for the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values since it reflects exporters' actual trading practices during the POI. The CBSA first considered whether the information from the exporters of CSWP in Turkey who provided substantially complete information was appropriate to use as the basis for estimating normal values for all other exporters in Turkey.

[117] The submissions of Borusan, Erbosan and Iris were substantially complete for purposes of the preliminary determination. The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of these exporters, and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for estimating normal values. This methodology relies on information related to goods that originated in Turkey and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[118] As a result, based on the facts available, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, normal values of subject goods originating in or exported from Turkey were estimated based on the highest amount by which an estimated normal value exceeded the estimated export price (i.e., 95.0% of the export price), on an individual transaction for an exporter, during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[119] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to estimate the export price of the goods as it reflects actual import data.

[120] Based on the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters of the subject goods from Turkey is 95.0%, expressed as a percentage of the export price.

Vietnam

Section 20 Inquiry

[121] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.²³

[122] The provisions of section 20 are applied on a sector basis rather than on the country as a whole. The CBSA proceeds on the presumption that section 20 of SIMA is not applicable to the sector under investigation absent sufficient information to the contrary. The CBSA may form an opinion where there is sufficient information that the conditions set forth in paragraph 20(1)(a) of SIMA exist in the sector under investigation.

²³ Vietnam is a prescribed country under section 17.1 of the *Special Import Measures Regulations*.

[123] The CBSA is required to examine whether the government of that country substantially determines domestic prices. The CBSA is also required to examine the price effect resulting from substantial government determination of domestic prices and whether there is sufficient information on the record for the CBSA to have reason to believe that the resulting domestic prices are not substantially the same as they would be in a competitive market.

[124] The complainant alleged that the conditions described in section 20 prevail in the carbon steel welded pipe sector, which includes CSWP, in Vietnam. That is, the complainant alleged that this industry sector in Vietnam does not operate under competitive market conditions and consequently, prices established in the Vietnamese domestic market for carbon steel welded pipe are not reliable for determining normal values.

[125] The complaint provided information to support these allegations concerning the carbon steel welded pipe sector. The complainant cited specific GOV policies such as the Steel Master Plan 2007-2015, the Steel Master Plan 2015-2025 and Industrial Development Strategy through 2025. The complaint included evidence of price stabilization and state-ownership in the steel industry and the carbon steel welded pipe sector. The complainant also provided information on subsidization in Vietnam's steel industry.

[126] At the initiation of the investigation, the CBSA had sufficient evidence, supplied in the complaint and from its own research and past investigation findings, to support the initiation of the section 20 inquiry to examine the extent of the GOV's involvement in pricing in their carbon steel welded pipe sector. The information indicated that prices in Vietnam in this sector have been influenced by various government macro-economic and industrial policies. Consequently, the CBSA sent section 20 Requests for Information (RFIs) to producers and exporters of CSWP in Vietnam, as well as to the GOV, to obtain information on the extent to which the government is involved with the determination of domestic price in the carbon steel welded pipe sector.

Responses to the Section 20 Inquiry

Exporter Responses

[127] Two substantially complete responses to the section 20 RFI were received from SeAH Steel Vina Corporation (SeAH Vina)²⁴ and Hoa Phat Steel Pipe Company Ltd. (Hoa Phat). Each of three branches of the Hoa Phat group²⁵ individually submitted a similar response to the section 20 RFI. Most responses to the questions in the RFI are similar or in line with the GOV's response.

²⁴ Exhibit 69 (PRO), 70 (NC) – Response to section 20 RFI - SeAH Steel Vina Corporation.

²⁵ Exhibits 55, 57, 59 (PRO) and 56, 58, 60 (NC) – Response to section 20 RFI – Hoa Phat Steel Pipe Ltd.

Government of Vietnam Response

[128] A substantially complete response²⁶ to the section 20 RFI was received from the GOV during the preliminary phase of the investigation.

[129] In the submission, the GOV states that it has not issued or implemented any laws or regulations that exclusively address the steel industry or the sector producing carbon steel welded pipe. The GOV responded to each question in the section 20 RFI and provided relevant government policies and documents with explanations and summaries.

Surrogate Country Responses

[130] Surrogate RFIs were not sent to producers of CSWP in countries not named in the investigation as the CBSA anticipated that surrogate information could be obtained from other subject countries as part of the dumping investigation.

[131] Producers International Industries Ltd.²⁷ in Pakistan, HLD Clark Steel Pipe Co. Inc. (HLD)²⁸ in the Philippines and three producers in Turkey: Erbosan Erciyas Boru Sanayli ve Ticaret A.S (Erbosan)²⁹, Borusan Mannesmann Boru Sanayi ve Ticaret A.S. (Borusan)³⁰, and Cayirova Boru ve Sanayi Ticaret A.S (Cayirova)³¹ provided complete responses to the Dumping RFI, which include domestic price information of the CSWP sold in the exporting countries.

Responses from Importers with Sales in Canada of CSWP from Other Countries

[132] As part of the section 20 inquiry, an importer RFI was sent to all known importers of subject goods requesting information regarding re-sales in Canada of CSWP imported from countries other than the four subject countries. The CBSA received responses to the RFI from six importers. However, no importers provided information on re-sales in Canada of like goods from non-subject countries.

Preliminary Results of the Section 20 Inquiry

[133] The following is the CBSA's analysis of the relevant factors that are present in the carbon steel welded pipe sector, which includes CSWP, in Vietnam.

²⁶ Exhibit 77 (PRO) and 78 (NC) – Response to government section 20 RFI – Government of Vietnam.

²⁷ Exhibit 73 (PRO) and 74 (NC) – Response to Dumping RFI - International Industries Ltd.

²⁸ Exhibit 67 (PRO) and 68 (NC) – Response to Dumping RFI - HLD Clark Steel Pipe Co. Inc.

²⁹ Exhibit 63 (PRO) and 64 (NC) – Response to Dumping RFI - Erbosan Erciyas Boru Sanayli ve Ticaret A.S.

³⁰ Exhibit 85 (PRO) and 86 (NC) – Response to Dumping RFI - Borusan Mannesmann Boru Sanayi ve Ticaret A.S.

³¹ Exhibit 87 (PRO) and 88 (NC) – Response to Dumping RFI - Cayirova Boru ve Sanayi Ticaret A.S.

GOV Industrial Policies

- The Master Plan for the Development of Steel Manufacturing and Distribution System (2015-2025);
- The Master Plan on the Development of Vietnam's Steel Industry (2007-2015);
- Industrial Development Strategy.

The Master Plan for the Development of Steel Manufacturing and Distribution System (2015-2025)

[134] This section presents the CBSA's analysis of how the GOV exerts control over the carbon steel welded pipe sector, including CSWP, by examining the Master Plan for the Development of Steel Manufacturing and Distribution System 2015-2025 (Steel Master Plan 2015-2025) (Decision No. 694/QD-BCT dated 2013-01-31). The plan provides a development direction and national framework for the Vietnamese steel industry during the period from 2015 through 2020, with a vision to 2025.³²

[135] The Steel Master Plan 2015-2025 presents substantial revisions to a previous version of the Master Plan 2007-2015 that set out the direction for the steel industry until 2015. The principal objective of the Steel Master Plan 2015-2025, as set out in Article 1 of the plan, is as follows:

Developing Vietnamese steel industry to meet demand of steel products for national economy and ensure stability for domestic consumption market and export. Developing the steel industry which is sustainable and environmentally-friendly.

³² Exhibit 193 (NC) - Attachment I NC – Master Plan 2015-2025 - Decision 694QD-BCT.

[136] In addition to the broader goals outlined above, the Steel Master Plan 2015-2025 also sets out specific development objectives with respect to the manufacture of pig iron, sponge steel (raw steel), finished steel products, and the export of steel products. With respect to the manufacture of finished steel products, the Steel Master Plan 2015-2025 provides targeted production levels for specified time periods. This macro-economic policy aims to increase production volume and export growth rate of the steel industry and decrease dependence on imported steel products.

[137] Target capacities for various steel products are specified in the Steel Master Plan 2015-2025. The production of hot-rolled steel, a major material to produce the subject good CSWP, is scheduled to increase to 23,850 metric tonnes annually by 2025, which is 5.3 times as high as the capacity level in 2015.³³

[138] To achieve the target production growth specified in the Steel Master Plan 2015-2025, the plan includes, among other things, implementation policies to direct investments to manufacturing facilities, as well as direction to diversify domestic steel manufacturing in order to produce hot-rolled steel, cold-rolled steel, and galvanized steel. One of the investment implementation policies for various steel products directly specifies the GOV's intention to encourage investing in projects of manufacturing hot-rolled sheet, the main input material of CSWP:

*Having incentive policies for combined steel plant projects. Prioritizing the investment in projects of manufacturing pig iron, steel billets, hot rolled steel sheet, alloy steel, steel of high quality, large shaped steel and stainless steel...*³⁴

[139] As discussed above, the Steel Master Plan 2015-2025 established control of construction and investment projects in the steel industry. Although the GOV's management of the steel industry and its planning of steel projects may not be systematic or in sync with real economic demands, by managing and controlling the production levels of steel, the GOV is influencing the prices of various steel goods in the industry.³⁵

[140] It is also worth noting that the Steel Master Plan 2015-2025 states that various levels of Vietnamese governments or government bodies have direct influence and control over the prices of steel products, which likely include hot-rolled steel and carbon steel welded pipe:

*People's Committee of centrally-affiliated cities and provinces shall: Direct the market management force in the area to coordinate with the authorities to strengthen the inspection and control prices of steel products; prevent speculation, fake and ensure price stability steel in the area.*³⁶

³³ Exhibit 193 (NC) - Attachment 1 NC – Master Plan 2015-2025 - Decision 694QD-BCT.

³⁴ Ibid.

³⁵ Exhibit 2 (NC) - CSWP3 Complaint– Attachment 101: *Foreign consultancy to evaluate steel sector master plan.*

³⁶ Exhibit 193 (NC) - Attachment 1 NC – Master Plan 2015-2025 - Decision 694QD-BCT.

[141] As set out in the document, the GOV not only intervenes to manage the supply of steel products, which in turn influences domestic prices, but also directly controls prices of various products in the steel sector, which would have a direct impact on the domestic price of carbon steel welded pipe.

[142] The CBSA finds that the existence of the Steel Master Plan 2015-2025 demonstrates the GOV's intention to remain active in managing the domestic steel sector. Further, the directives contained in the plan demonstrate the GOV's intention and ability to control prices of various upstream and downstream steel products and therefore, alter the composition and competitiveness of the carbon steel welded pipe sector. Such influence would alter the natural forces of supply and demand and would substantially influence the price of goods in this sector, which includes carbon steel welded pipe.

The Master Plan on the Development of Vietnam's Steel Industry (2007-2015)

[143] The Master Plan on the Development of Vietnam's Steel Industry (Steel Master Plan 2007-2015) (Decision No. 145/2007/QD-TTG)³⁷ served as the guiding document for the development of the Vietnamese steel industry for the 2007-2015 period and was replaced by the Steel Master Plan 2015-2025, which was discussed in detail in the previous section. Although the Steel Master Plan 2007-2015 has expired, the objectives, policies, and implementation directives detailed in the two consecutive plans consistently indicate that the GOV's continuous involvement in the administration and control of the steel industry.

[144] The complainant pointed to other relevant parts of this plan regarding the massive development targets presented in the Steel Master Plan 2007-2015. Along with estimates for steel demand, the document provides a list of major projects where investment will be made, both from 2007-2015 and in the longer term (2016-2025). Attached to the decision document is a detailed listing of 26 major investment projects of Vietnam's steel industry for the period 2007-2025, showing a total capital investment of approximately USD 10 billion for the projects listed.³⁸

[145] In order to attain the desired production levels set out in the GOV's Steel Master Plan 2007-2015, a number of major solutions and policies are provided. For instance, to meet the capital demand for the various steel projects discussed above, the Steel Master Plan 2007-2015 states that various investment capital solutions will be implemented.³⁹

³⁷ Exhibit 2 (NC) - CSWP3 Complaint – Attachment 100 – 100_LB13 - Decree for the Steel Master Plan 2007-2015.

³⁸ *Ibid.*

³⁹ Exhibit 2 (NC) - CSWP3 Complaint – Attachment 100 – 100_LB13 - Decree for the Steel Master Plan 2007-2015.

[146] The complaint argues that based on the solutions revealed in the plan, the GOV is imposing technical barriers that may have the effect of distorting market prices. For example, the GOV issued the following direction: “To protect the domestic market through lawful technical barriers and quality environmental standard [...]”.⁴⁰

[147] The Steel Master Plan 2007-2015 includes specific tasks for the Ministry of Finance and Ministry of Natural Resources and Environment. These tasks include proposing mechanisms to impact the development of the steel industry and managing resources used in the production of steel products. For example, the Ministry of Natural Resources and Environment is tasked to “closely [manage] iron ore resources and flushing minerals; to direct and increase investment in survey, assessment and exploration of iron ores and fluxing minerals according to the approved master plan”.⁴¹

[148] The presence of these directives suggest that the GOV has the power to impose mechanisms that control or impact the prices in the steel industry, which would encompass the carbon steel welded pipe sector and CSWP market.⁴² Further, the measures included in the Steel Master Plan 2007-2015 indicate direct government involvement in the steel industry.

[149] The Steel Master Plan 2007-2015 explicitly directs and tasks the Ministry of Industry and Trade to implement the plan by stating “[...] management of the steel industry, shall monitor and inspect the steel industry’s investment, production and business situation according to the approved master plan.”⁴³ This statement supports the assertion that the Steel Master Plan 2007-2015 is not a symbolic document but instead a government directive.

[150] The CBSA finds that the presence of the various GOV policies discussed above demonstrate that the GOV has an active role in managing the development of the steel industry in Vietnam. As pig iron, spongy iron, steel billet products are the main raw material inputs in the production of hot-rolled steel sheet and strip, increasing the production of those inputs provides an advantage to hot-rolled steel producers which may lead to distorted prices of CSWP in the carbon steel welded pipe sector. The CBSA also finds that these actions influence the domestic steel market, and disrupt competitive market conditions in the carbon steel welded pipe sector.

⁴⁰ *Ibid.*, Article 1(3)(c).

⁴¹ *Ibid.*, Article 2(6).

⁴² Exhibit 2 (NC) - CSWP3 Complaint –page 104, para. 347.

⁴³ Exhibit 2 (NC) - CSWP3 Complaint –Attachment 100, Article 2(1) – 100_LB13 - Decree for the Steel Master Plan 2007-2015.

Industrial Development Strategy

[151] The Industrial Development Strategy through 2025, vision toward 2035 (Industrial Development Strategy) (Decision No. 879/QĐ-TTg) approved by the Prime Minister on June 09, 2014, aims to raise the average annual growth rate of industrial added value from 6.5% in 2015 to 7.0% by 2020, raise the rate of industrial exports to the total exports from 85% to 88% by 2025 and over 90% after 2025, and raise the industrial sector's ICOR (Incremental Capital Output Ratio) from 3.5% to 4.0% by 2025.⁴⁴

[152] Based on the direction of the Industrial Development Strategy, Vietnam will prioritize the development of its various industrial sectors including the steel processing and manufacturing sector and invest in the development of steel manufacturing for mechanical engineering such as steel sheets, shaped steel, and alloy steel.⁴⁵

[153] Not only does the GOV have the ability to promote and direct investment in certain steel sectors, but also has the authority to approve or cancel steel projects. Based on news reports of Viet Nam News, the Ministry of Industry and Trade (MoIT) was planning to abandon 12 ineffective projects from its latest steel master plan.⁴⁶ These 12 projects have been removed as they have been deemed inefficient and lack investors. Prior to the issuance of this plan, during the 14th National Assembly, in May 2016, the minister of MoIT noted that the “Government had directed relevant ministries to inspect these projects and suggest solution, including revoking the state's capital and reclaiming assets [...]”.⁴⁷

[154] With regards to existing practices, a steel project cannot be ratified absent inclusion in the Steel Master Plan.⁴⁸ The Vietnamese Steel Association (VSA) has recently declared to the MoIT “that the State would no longer manage the steel industry with any master plan” in the event that a certain “planning law” is put in place in 2018.⁴⁹ This assertion from the VSA shows that the GOV currently manages the steel industry, and that the master plan is the mechanism employed to do so. Moreover, in a recent article, they indicate that the GOV will enhance disbursement for many projects with public investment to finish the projects, leading to higher demand for steel products.⁵⁰

[155] Again, information in relation to exerting controls on construction and investment projects in the steel industry leads to the belief that the GOV has a substantial leverage on steel production.

⁴⁴ Exhibit 2 (NC) - CSWP3 Complaint –Attachment 105: *Industrial Development Strategy through 2025- Vision toward 2035*.

⁴⁵ *Ibid*.

⁴⁶ Exhibit 2 (NC) - CSWP3 Complaint –Attachment 103: *Steel master plan Drops 12 projects*.

⁴⁷ *Ibid*.

⁴⁸ Exhibit 193 (NC) - Attachment 2 NC – *Steel industry no longer governed by master plan, says VSA*.

⁴⁹ *Ibid*.

⁵⁰ Exhibit 193 (NC) - Attachment 3 NC – *Vietnam to Produce Hot Rolled Steel this Year*.

The GOV's Ownership and Control of Steel Enterprises

[156] The document *Vietnamese SOE under International Economic Integrations* indicates that the GOV maintains responsibilities for protecting State Owned Enterprises (SOE) via tariff, preferential capital and tax preferences.⁵¹

[157] The document *Vietnam 2035- Toward Prosperity, Creativity, Equity, and Democracy*⁵², jointly written by the World Bank Group and the Ministry of Planning and Investment of Vietnam, provides extensive research and economic data evidencing that Vietnam has maintained a virtual monopoly in several major segments of the economy.

[158] It is evidenced in the document that the “[...] public sector’s presence in production and its control over factor markets remain pervasive. The state still retains a majority stake in more than 3,000 SOEs, which account for about a third of GDP and close to 40 percent of total investment. The state sector also remains a virtual monopoly (or oligopoly) in critical sectors [...]”⁵³

[159] State-ownership in the steel sector almost reaches 20%. This is a considerable portion of the steel industry and its related sectors and, therefore, the GOV maintains substantial control of production in the steel industry.⁵⁴

[160] By holding such control in key sectors, for instance, gas, electricity, coal, water, and mining and quarrying, the GOV has a control over costs of major inputs involved in the production of carbon steel welded pipe. In other words, the GOV could indirectly distort domestic prices through a variety of mechanisms which involve the supply and price of inputs (goods and services) used in the production of the subject goods.

[161] As such, state-owned or controlled upstream and downstream steel producers are driven by GOV mandates and do not necessarily operate under market forces. Vietnamese steel producers can potentially supply raw material inputs to CSWP producers at distorted market prices. There is a strong likelihood that CSWP is sold also at prices different than it would be in a competitive market as a result of distorted raw material input prices.

⁵¹ *Ibid.*, page 21.

⁵² Exhibit 193 (NC) - Attachment 5 NC – *Vietnam 2035: Towards prosperity, Creativity, Equity and Democracy*.

⁵³ *Ibid.*, page 20.

⁵⁴ *Ibid.*, page 120.

[162] More recently, the GOV adopted an SOE restructuring scheme aligned with the equitization (i.e. partial privatization) of SOEs. Even though the number of SOEs has decreased from 12,000 in 1990 to 3,048 in 2014, this number is substantial and SOEs accounted for large shares in the fixed assets and profits in the national economy.⁵⁵ That demonstrates that the SOEs continue to play key roles in capital-intensive industries and the GOV still has a considerable influence on the investment activities and the control of companies in their country.

[163] In a discussion paper⁵⁶ prepared by the Research Institute of Economy, Trade & industry, it is noted that there are worrying signs about the quality of equitization in Vietnam:

*The state continues to hold very high proportions of capital in equitized enterprises, which casts doubts on the effectiveness of equitization in transforming SOEs. While the state held 46.1% of the total shares of equitized enterprises as of the end of 2004, this share is reported to have increased to 92% by 2017. This has happened as the state continues to hold large stakes, particularly in large SOEs in strategic sectors, even after equitization.*⁵⁷

[164] Based on the news report by the Saigon Times on September 20, 2018, the Steering Committee for Enterprise Reform and Development reported to the government that the equitization process of SOEs is much slower than the plan approved by the Prime Minister as many new regulations on equitization and capital divestment are stricter and aimed to maximize the benefits of the State.⁵⁸

[165] Viet Nam Steel Corporation (VNSteel) is a large-scale state-owned steel producer in Vietnam with a rolled steel production capacity over 2.5million tons per year and a workforce of over 17,000 people.⁵⁹ VNSteel is described as having a dominant 50% market share and a nationwide distribution network, and being associated with most of the largest steel players in the Vietnamese market. VNSteel owns a fully integrated and complex production chain using both iron ores and scrap for the production of billet and then finished steel products⁶⁰. As reported in 2017, the state-ownership of the GOV accounts for 93.9% of the total ownership at VNSteel⁶¹ and all board members of management are appointed, dismissed, rewarded and punished by the Prime Minister.⁶²

⁵⁵ Exhibit 193 (NC) - Attachment 4 NC – *Vietnamese SOE under International Economic Integration*, pages 7-8.

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*, page 8.

⁵⁸ Exhibit 193 (NC) - Attachment 6 NC – *Why is Equitization Slow?*

⁵⁹ Exhibit 193 (NC) - Attachment 7 NC – *VNSteel profile*.

⁶⁰ Exhibit 193 (NC) - Attachment 8 NC – *Financial Report VNSteel*, pages 1 and 4.

⁶¹ Exhibit 193 (NC) - Attachment 9 NC – *Vietnam Macro- SOE Reform*, page 9.

⁶² Exhibit 193 (NC) - Attachment 7 NC – *VNSteel profile*.

[166] Evidence of the GOV's potential influence on steel prices through VNSteel was reported by a Vietnamese securities brokerage firm in June 2011.⁶³

[167] In addition, the GOV may indirectly control many of the economy's most productive assets, creating market imbalances from state interference. Specifically, information contained in an Organisation for Economic Co-operation and Development (OECD) Steel Committee report from 2012, points to possible government intervention and control over either upstream steel materials or downstream steel finished products through SOEs or government bodies.⁶⁴ As some information regarding the GOV's direct involvement in the carbon steel welded pipe sector may be dated, the CBSA will endeavour to obtain more current information during the final phase of the investigation.

Price Stabilization

[168] In the response to the section 20 RFI, the GOV states that there are certain goods/services, whose prices may be controlled by the State by means of four pricing control methods: (1) price stabilization, (2) price determination, (3) price negotiation (4) price analysis.⁶⁵

[169] The Ministry of Finance adopted Law No. 11/2012/QH13 Law on Prices on June 20, 2012⁶⁶. In General, the Law on Prices prescribes rights and obligations of organizations and individuals in the price domain, and the price management and regulation by the GOV.

[170] The Law on Prices contains several vague terms to describe when price stabilization measures could be applied. Under chapter III *Operation on Regulating Prices of the State*, the law prescribes that raw materials, fuel, materials and main service for production and circulation are subject to price stabilization. Although the terms raw materials and other materials are not clearly defined in the document, it could be reasonably assumed that raw materials used for steel production could be subject to price control if the GOV exerts complete discretionary authority.

[171] The GOV also issued a decree No. 177/2013/ND-CP⁶⁷ on November 14, 2013, guiding the implementation of the Law on Prices. The document indicates that construction steel is subject to price declaration although it is unclear which steel products fall into this category and what kind of mechanism the GOV uses to manage the price declaration.

[172] The complainant also alleged that the GOV may apply price controls when prices fluctuate on specific goods including steel.⁶⁸

⁶³ Exhibit 193 (NC) - - Attachment 8 NC – *Financial Report VNSteel*, pages 3-5.

⁶⁴ Exhibit 193 (NC) - - Attachment 10 NC – *A NAFTA Industry Perspective on the Impact of SOEs on Global Steel Market*, pages 1, 3 and 7.

⁶⁵ Exhibit 78 (NC) – Response to the Government Section 20 RFI, Question B5.

⁶⁶ Exhibit 193 (NC) - Attachment 11 NC – *Law on Prices 11/2012/QH13*.

⁶⁷ Exhibit 193 (NC) - Attachment 12 NC – *Implementation of Law on Prices 177/2013/ND-CP*.

⁶⁸ Exhibit 2 (NC) - CSWP3 Complaint – page 109, para. 364, Attachment 111 and Attachment 112.

[173] Although this information is somewhat dated, the information above points to possible government intervention and its ability to control price on various steel products, which may include CSWP or raw materials for the production of the subject goods. The CBSA acknowledges that there is limited information concerning actual instances of GOV's direct price control in the carbon steel welded pipe sector and will endeavour to obtain information concerning the GOV's role in price setting and control during the final phase of the investigation.

Import Controls

[174] In a presentation to the OECD Steel Committee in July 2013, the Vietnamese government openly shared strategies to foster the growth of its steel industry and trade expansion. Among these strategies, the GOV outlined its plan to reduce the importation of different steel products, and provided specific targets for future reductions.⁶⁹

[175] Similarly, the GOV approved in December 2011, Strategy on Exports and Imports for 2011-2020, with visions to 2030 (Decision 2471/QD-TTg). The decision states the GOV's target to "gradually reduce the trade deficit by keeping the excess of import over export below 10% of the export turnover in 2015 so as to guarantee the trade balance by 2020".⁷⁰ The complainant stated that the GOV's efforts to reduce or maintain the volume of import below a certain threshold necessarily impacts the supply force and therefore prices.⁷¹

[176] A research paper published by Tohoku University in May 2016 shows, the volume of imported welded steel pipe remained flat at a low level while the domestic consumption and exports of the products rose significantly through the last few years.⁷²

[177] On March 14, 2016, the MoIT made a temporary decision to impose a tariff of 23.3% and 14.2 % on imported steel billet and coated steel to protect Vietnamese steel companies from the harm caused by low priced imports.⁷³ In July 2016, the MoIT formally confirmed the measures to support the steel industry by maintaining 23.3% tariff duty on steel billet while increasing the tariff to 15.4% on long steel products from a number of countries including China, the U.S., Canada, Germany, France, Japan and South Korea. The decision took effect from August 2, 2016, and would last for four years.⁷⁴

⁶⁹ Exhibit 2 (NC) - CSWP3 Complaint – Attachment 99.

⁷⁰ Exhibit 2 (NC) - CSWP3 Complaint – Attachment 104.

⁷¹ Exhibit 2 (NC) - CSWP3 Complaint – page 106, para. 356.

⁷² Exhibit 193 (NC) - Attachment 13 NC – *The Vietnamese Iron and Steel Industry in Transition to a Market Economy*, Figure 9.

⁷³ Exhibit 193 (NC) - Attachment 14 NC – *Vietnam to Tighten Control Steel Import since March 21*.

⁷⁴ Exhibit 193 (NC) - Attachment 15 NC – *Vietnam Sets New Tariffs on Imported Steel*.

[178] In the response to the section 20 RFI, the GOV confirms that the Circular 12/2015/TT-BCT⁷⁵ issued by MoIT on 2015-06-12 regulated the issuance of licenses for automatic import of steel products, including CSWP. The circular was annulled on September 1, 2017. It was reported that the import certification and licensing rules “*set strict technical standards and procedures for both producing and importing several types of steel ranging from flat and long carbon steel products to alloy and stainless steel goods*”.⁷⁶

[179] As a result of the GOV’s steel import controls by imposing higher tariffs and requiring import licenses, the GOV limited the availability and attractiveness of imported steel products. The CBSA finds that it is reasonable to assume that these measures directly impact the domestic prices of these steel products including CSWP.

Subsidization of the Steel Industry

[180] The complaint alleges that subsidies granted by the GOV distort domestic selling prices of CSWP in Vietnam.

[181] According to the complaint, the GOV maintains extensive ownership and controls on one of the largest Vietnamese steel producers, its subsidiaries as well as other critical sectors (gas, electricity, coal, water, etc.) which are major inputs segments involved in the production of carbon steel welded pipe.

[182] The complainant claims that this allows the GOV to set prices of raw materials and inputs to CSWP producers at non-market prices.⁷⁷ Moreover, companies can potentially produce and market steel according to GOV objectives and policies instead of market conditions. Similarly with the presence of state-owned steel groups and SOEs that produce material inputs for CSWP, the complainant states that there is a strong likelihood that prices of CSWP are also distorted in the carbon steel welded pipe sector as a result of distorted raw material input prices.

[183] The complaint provides information on the subsidization of the Vietnamese steel industry and argues that this subsidization influences the price of steel products, including CSWP.⁷⁸ In making this allegation, the complainant relied on information published in a previous CBSA subsidy investigation.⁷⁹

[184] The CBSA acknowledges that subsidies may reduce the price of steel inputs in the domestic CSWP industry. Further, subsidies may allow CSWP producers to pass these subsidies through to customers by offering reduced prices.

⁷⁵ Exhibit 193 (NC) - Attachment 16 NC – *Circular on Issuance of Licenses 12/2015/TT-BCT*.

⁷⁶ Exhibit 193 (NC) - Attachment 17 NC – *Vietnam’s Buyers Rush to Import Steel Ahead of New Regulation*.

⁷⁷ Exhibit 2 (NC) - CSWP3 Complaint – Attachment 111.

⁷⁸ Exhibit 2 (NC) - CSWP3 Complaint – page 111, para. 371.

⁷⁹ Exhibit 2 (NC) - CSWP3 Complaint – *Ibid*.

[185] In summary, while the CBSA is not conducting a subsidy investigation, the CBSA does find that the alleged subsidies may allow Vietnamese steel enterprises, including CSWP producers, to market steel and CSWP products at prices determined by factors other than the market conditions, resulting in prices lower than they would be without government subsidization. During the final phase of the investigation, the CBSA will endeavour to collect subsidy information from producers and the GOV with respect to the carbon steel welded pipe and steel sector.

Summary of Government Control Analysis

[186] Based on the information on the record to date, including the scope of the GOV's macro-economic policies and measures detailed above, there is a compelling factual basis that the GOV is influencing the Vietnamese steel industry, which encompasses the carbon steel welded pipe sector, including CSWP, the goods under investigation. The use of such policies and measures can dramatically change the demand and supply balance in the domestic market and could materially alter the domestic prices of steel products such as steel slab, plate, hot-rolled steel as well as carbon steel welded pipe.

[187] The major macro-economic policies and measures of the GOV include the *Steel Master Plan 2015-2025*, the *Steel Master Plan 2007-2015* and the *Industrial Development Strategy*. These have resulted in an environment where steel enterprises could face conflicts between the GOV objectives and commercial objectives of steel enterprises, including CSWP producers. More specifically, the policies are affecting the type of products to be produced, production volumes and ultimately prices.

[188] In addition to the objectives and plans set out by the Master plans, the GOV also influences the carbon steel welded pipe sector through state-ownership in steel production. The GOV may also influence this sector through state-control of upstream enterprises involved in the supply of CSWP inputs. Further, evidence of price stabilization and imports controls imposed by the GOV, combined with the alleged subsidization of the steel industry and the carbon steel welded pipe sector, further demonstrate the GOV's intent and ability to exert control over the carbon steel welded pipe sector.

[189] The CBSA has previously issued opinions respecting the issue of whether domestic prices in a segment of the steel sector are substantially determined by the GOV.

[190] The CBSA has formed the opinion that Section 20 conditions exist within the flat-rolled steel sector in Vietnam as part of the preliminary determination respecting the dumping of cold-rolled steel from Vietnam. The flat-rolled steel sector includes hot-rolled steel coil, the primary input for CSWP.

[191] In conclusion, the cumulative impact of these GOV actions, measures and control clearly indicate that prices of carbon steel welded pipe in Vietnam are being influenced by the GOV. In this regard, there is sufficient evidence on the record indicating that the domestic prices in the carbon steel welded pipe sector are substantially affected by the GOV.

Domestic Price Analysis

[192] The complainant stated that they were unable to locate domestic selling prices for CSWP in Vietnam.⁸⁰ The CBSA conducted its own research and experienced the same difficulties obtaining information in the public domain regarding CSWP pricing in Vietnam.

[193] As previously mentioned, the CBSA received substantially complete submissions to the Dumping RFI. The CBSA used the information collected to analyze the domestic prices of CSWP in Vietnam as compared to the domestic prices in other countries, which the CBSA considered to have competitive domestic markets for CSWP.

[194] The results of the comparison described above indicate that the prices of black and galvanized CSWP in Vietnam were 14.2% and 14.4% lower than the weighted average selling prices of black and galvanized CSWP sold domestically by other respondents.

[195] In this regard, the domestic price analysis of CSWP suggests that there is sufficient reason to believe that the prices in the carbon steel welded pipe sector in Vietnam are not substantially the same as they would be if they were determined in a competitive market.

Summary of the Preliminary Results of the Section 20 Inquiry

[196] The CBSA considered the information submitted and the arguments made by the exporters/producers and GOV in their submissions. Although limited information is available to indicate that the GOV directly controls prices of CSWP in its domestic market, the CBSA finds that there is evidence to support the fact that the GOV is heavily invested in the steel sector. Furthermore, the involvement and measures adopted by the GOV in respect of various steel products provides cost advantages to the exporter/producers of CSWP in both the Vietnamese and international markets.

⁸⁰ Exhibit 2 (NC) - CSWP3 Complaint – page 35, para. 123.

[197] The wide range and material nature of the GOV measures in the steel industry have resulted in significant influence on the carbon steel welded pipe sector in Vietnam, which includes CSWP. Based on the preceding, the CBSA is of the opinion that:

- domestic prices are substantially determined by the GOV; and
- there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.

[198] During the final stage of the dumping investigation, the CBSA will continue the section 20 inquiry and further verify and analyze relevant information. The CBSA may reaffirm its opinion that the conditions of section 20 of SIMA exist in the carbon steel welded pipe sector, which includes CSWP, as part of the final phase of the investigation, or conclude that the determination of normal values may be made using domestic selling prices and costs in Vietnam.

Normal Values – Section 20

[199] For purposes of the preliminary determination, normal values could not be estimated on the basis of domestic selling prices in Vietnam or on the full cost of goods plus profit, because the CBSA formed the opinion that the conditions of paragraph 20(1)(a) of SIMA exist in the carbon steel welded pipe sector in Vietnam.

[200] Where section 20 conditions exist, the CBSA may estimate normal values using the selling prices, or the total costs and profit, of like goods sold by producers in a surrogate country designated by the President in accordance with the provisions of paragraph 20(1)(c) of SIMA.

[201] The CBSA received responses from one cooperative producer in Pakistan, one producer in the Philippines and three producers located in Turkey. However, producers located in these countries did not have domestic pricing or costing information respecting like goods in relation to the CSWP exported from Vietnam to importers in Canada.

[202] Where normal values cannot be determined under paragraph 20(1)(c), SIMA provides an alternative methodology to calculate normal values under paragraph 20(1)(d), using re-sales in Canada of like goods imported from a third country. This provision could also not be used given that the importers did not provide sufficient re-sale information of like goods from a third country.

[203] Accordingly, after having considered all information on the record, including information provided by the complainant, information provided by exporters/producers and publically available information, normal values were estimated using a cost-based methodology using information relating to goods produced in Turkey and sold to Canada provided by the three Turkish producers of CSWP that provided substantially complete information to the CBSA. The estimated normal values are equal to the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits respecting CSWP produced by the producers located in Turkey. This methodology was used to estimate normal values for the exporters in Vietnam that provided substantially complete information to the CBSA.

Hoa Phat Steel Pipe Company

[204] Hoa Phat Steel Pipe Co., Ltd (Hoa Phat) is a privately held company located in Ha Noi, Vietnam. Hoa Phat has a number of subsidiaries that produce steel pipes and other products, three of which produced and exported subject goods during the POI. All three companies provided substantially complete responses to the CBSA's Dumping RFI⁸¹. A fourth subsidiary provided cost information since they produced and sold similar goods for domestic sale⁸².

[205] Hoa Phat produced and exported subject goods through the three subsidiaries during the POI located in Hung Yen, Binh Duong, and Long An, Vietnam.

[206] For subject goods exported to Canada by Hoa Phat during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[207] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 10.6% for Hoa Phat, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Hoa Phat during the final phase of the investigation.

⁸¹ Exhibits 83 (PRO) & 84 (NC), Exporter Dumping RFI Response – Hoa Phat Long An Steel Pipe Company Limited; Exhibits 95 (PRO) & 96 (NC), Exporter Dumping RFI Response – Binh Duong Hoa Phat Steel Pipe Company Limited; Exhibits 97 (PRO) & 98 (NC), Exporter Dumping RFI Response – Hoa Phat Steel Pipe Company Limited – Hung yen Branch.

⁸² Exhibits 91 (PRO) & 92 (NC), Exporter Dumping RFI Response – Hoa Phat Da Nang Steel Pipe Co. Ltd.

SeAH Steel Group

[208] SeAH Steel Vina Corporation (SeAH Vina), is a manufacturer of various steel pipes and tubes, with a production facility in Dong Nai industrial Zone, Vietnam. Two affiliated companies SeAH Steel America Inc. (SeAH America) and State Pipe and Supply Inc. (State Pipe) in the USA were also involved in the sales of the subject goods to importers in Canada during the POI.

[209] SeAH Vina provided a substantially complete response to the CBSA's Dumping RFI⁸³ and Section 20 RFI⁸⁴. Both SeAH America and State Pipe also provided substantially complete responses to Dumping RFI⁸⁵ and Importer RFI⁸⁶.

SeAH Vina

[210] Due to the relationship between the exporter SeAH Vina and its importer SeAH America, a reliability test was performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the estimated section 24 export prices with the estimated section 25 export prices. The amount for profit used for the section 25 calculations was estimated in accordance with paragraph 22(a) of the SIMR, based on the profit information relating to vendors that had profits on Canadian sales of like goods during the POI. The test revealed that the estimated export prices in accordance with section 24 of SIMA were reliable and, therefore, export prices for sales to SeAH America were estimated in accordance with section 24 of SIMA.

[211] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 12.4% for SeAH Vina, expressed as a percentage of the export price.

State Pipe

[212] State Pipe, located in California, United States, is a wholesale distributor of steel pipes and provides specialized cement-coating of pipes and lining services.

[213] In situations where goods are shipped indirectly to Canada from the country of origin through one or more other countries, other than goods that pass in transit through another country, subsection 30(2) of SIMA applies and stipulates that the normal value is to be the higher of the normal value in the country of export or in the country of origin.

⁸³ Exhibits 61 (PRO) & 62 (NC), Exporter Dumping RFI Response – SeAH Steel Vina Corporation.

⁸⁴ Exhibits 69 (PRO) & 62 (NC), Exporter Section 20 RFI Response – SeAH Steel Vina Corporation.

⁸⁵ Exhibits 65 (PRO) & 66 (NC), Exporter Dumping RFI Response – State Pipe & Supply Inc.; Exhibits 76 (PRO) & 77 (NC), Exporter Dumping RFI Response – SeAH Steel America Inc.

⁸⁶ Exhibits 45 (PRO) & 46 (NC), Importer RFI Responses – State Pipe & Supply Inc.; Exhibits 47 (PRO) & 48 (NC), Importer RFI Responses – SeAH Steel America Inc.

[214] With respect to normal values in the country of export, all of State Pipe's domestic sales of the like goods originated in Vietnam. The costs of the Vietnamese goods couldn't be based on cost information in Vietnam since the CBSA formed the opinion that section 20 conditions exist in the carbon steel welded pipe sector in Vietnam. Therefore, normal values of subject goods were estimated based on the cost plus approach using cost of production information respecting CSWP produced in Turkey plus a reasonable amount for administrative, selling and all other costs from State Pipe and a reasonable amount for profits from Turkish producers.

[215] Based on the analysis, the normal values in the country of export were higher than the normal values in the country of origin. As a result, the normal values for the subject goods exported by State Pipe were estimated based on the normal values in the country of export.

[216] Export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[217] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 10.0% for State Pipe, expressed as a percentage of the export price.

All Other Exporters – Vietnam

[218] For exporters of subject goods originating in or exported from Vietnam that did not provide a response to the Dumping RFI or did not furnish sufficient information, the normal values and export prices were estimated on the basis of facts available.

[219] In establishing the methodology for estimating the normal values and export prices, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by exporters of CSWP from the named countries and customs import documentation.

[220] The CBSA decided that the normal values and export prices estimated for the exporters whose submissions were substantially complete for purposes of the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values since it reflects the trading practices of CSWP exporters during the POI.

[221] The submissions of Hoa Phat and the SeAH Group were substantially complete for purposes of the preliminary determination. The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of these exporters, and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for estimating normal values. This methodology limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[222] As a result, based on the facts available, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, normal values of subject goods originating in or exported from Vietnam were estimated based on the highest amount by which an estimated normal value exceeded the estimated export price (i.e., 47.7 % of the export price), on an individual transaction for an exporter during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[223] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to estimate the export price of the goods as it reflects actual import data.

[224] Based on the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters of the subject goods from Vietnam is 47.7%, expressed as a percentage of the export price.

Summary of Preliminary Results

[225] A summary of the preliminary results of the dumping investigation respecting all subject goods released into Canada during the POI are as follows:

Summary of Preliminary Results Period of Investigation (July 1, 2017 – June 30, 2018)

Country of origin or export	Estimated Margin of Dumping (as % of Export Price)	Estimated Volume of Subject Goods as a Percentage of Total Imports*
Pakistan		5.4%
International Industries	10.1%	
All Other Exporters	58.0%	
The Philippines		12.9%
HLD Clark	3.8%	
All Other Exporters	30.1%	
Turkey		15.9%
Borusan	4.9%	
Erbosan	3.0%	
Iris	49.0%	
All Other Exporters	95.0%	
Vietnam		14.0%
Hoa Phat	10.6%	
SeAH Vina	12.4%	
State Pipe	10.0%	
All Other Exporters	47.7%	

*volumes reported in metric tonnes

[226] Under section 35 of SIMA, if at any time before making a preliminary determination the CBSA is satisfied that the actual and potential volume of goods of a country is negligible, the CBSA is required to terminate the investigation with respect to goods of that country.

[227] Pursuant to subsection 2(1) of SIMA, the volume of goods of a country is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the goods.

[228] The volumes of subject goods from Pakistan, the Philippines, Turkey and Vietnam are each above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volumes of subject goods from these countries are therefore not negligible.

[229] If, in making a preliminary determination, the CBSA determines that the margin of dumping of the goods of a particular exporter is insignificant pursuant to section 38 of SIMA, the investigation will continue in respect of those goods but provisional duties will not be imposed on goods of the same description imported during the provisional period.

[230] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant. The margins of dumping, estimated for exporters in Pakistan, the Philippines, Turkey and Vietnam, are greater than the threshold of 2% and are therefore not considered insignificant.

[231] A summary of the estimated margins of dumping and provisional duties by exporter are presented in **Appendix 1**.

DECISION

[232] On October 18, 2018, pursuant to subsection 38(1) of SIMA, the CBSA made a preliminary determination of dumping respecting CSWP originating in or exported from Pakistan, the Philippines, Turkey and Vietnam.

PROVISIONAL DUTY

[233] Subsection 8(1) of SIMA provides that where a preliminary determination has been made and where the CBSA considers that the imposition of provisional duty is necessary to prevent injury, retardation or threat of injury, the importer in Canada of dumped goods shall pay, or post security for, provisional duty. If, in making the preliminary determination, a determination is made that the estimated margin of dumping on the goods of an exporter is insignificant, subsection 8(1.3) provides that provisional anti-dumping duties will not be imposed on importations of the goods from that particular exporter.

[234] Pursuant to subsection 8(1) of SIMA, provisional duty payable by the importer in Canada will be applied to dumped imports of CSWP that are released from the CBSA during the period commencing on the day the preliminary determination is made and ending on the earlier of the day on which the CBSA causes the investigation in respect of any goods to be terminated, in accordance with subsection 41(1), or the day on which the CITT makes an order or finding. The CBSA considers that the imposition of provisional duty is needed to prevent injury. As noted in the CITT's preliminary determination, there is evidence that discloses a reasonable indication that the dumping of CSWP has caused injury or is threatening to cause injury to the domestic industry.

[235] Imports of CSWP from Pakistan, the Philippines, Turkey and Vietnam released by the CBSA on or after October 18, 2018, will be subject to provisional duties equal to the estimated margin of dumping, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping and the rates of provisional duty.

[236] Importers are required to pay provisional duty in cash or by certified cheque. Alternatively, they may post security equal to the amount payable. Importers should contact their CBSA regional office if they require further information on the payment of provisional duty or the posting of security. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the import documents, an administrative monetary penalty could be imposed. The imported goods are also subject to the *Customs Act*. As a result, failure to pay duties within the specified time will result in the application of the provisions of the *Customs Act* regarding interest.

FUTURE ACTION

The Canada Border Services Agency

[237] The CBSA will continue its investigation and will make a final decision by January 16, 2019.

[238] If the margins of dumping are found to be insignificant, the CBSA will terminate the investigation in respect of those goods and any provisional duty paid or security posted will be refunded to importers, as appropriate. If the CBSA is satisfied that the goods were dumped, a final determination will be made.

The Canadian International Trade Tribunal

[239] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by February 15, 2019.

[240] If the CITT finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional anti-dumping duty collected or security posted will be refunded.

[241] If the CITT makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of CSWP that are of the same description as goods described in the CITT's finding.

[242] For purposes of the preliminary determination of dumping, the CBSA has responsibility for determining whether the actual and potential volume of goods is negligible. After a preliminary determination of dumping, the CITT assumes this responsibility. In accordance with subsection 42(4.1) of SIMA, the CITT is required to terminate its inquiry in respect of any goods if the CITT determines that the volume of dumped goods from a country is negligible.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[243] Under certain circumstances, anti-dumping duty can be imposed retroactively on subject goods imported into Canada. When the CITT conducts its inquiry on material injury to the Canadian industry, it may consider if dumped goods that were imported close to or after the initiation of the investigation constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the CITT issue a finding that there were recent massive importations of dumped goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determination could be subject to anti-dumping duty.

UNDERTAKINGS

[244] After a preliminary determination of dumping by the CBSA, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods.

[245] In view of the time needed for consideration of undertakings, written undertaking proposals should be made as early as possible, and no later than 60 days after the preliminary determination of dumping. Further details regarding undertakings can be found in the CBSA's Memorandum D14-1-9, available online at:
www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-9-eng.html.

[246] Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone and fax numbers, mailing address and e-mail address to one of the officers identified in the "Information" section of this document.

[247] If undertakings were to be accepted, the investigation and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA's investigation be completed and that the CITT complete its injury inquiry.

PUBLICATION

[248] A notice of this preliminary determination of dumping will be published in the *Canada Gazette* pursuant to paragraph 38(3)(a) of SIMA.

INFORMATION

[249] 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:

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

Telephone: Shawn Ryan 902-407-8142
Johnny Tong 613-954-7350
Laura Fast 613-954-1641

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

Web site: www.cbsa-asfc.gc.ca/sima-lmsi



Doug Band
Director General
Trade and Anti-dumping Programs Directorate

ATTACHMENTS

Appendix 1: Summary of Estimated Margins of Dumping and Provisional Duties Payable

APPENDIX 1 – SUMMARY OF ESTIMATED MARGINS OF DUMPING AND PROVISIONAL DUTIES PAYABLE

The following table lists the estimated margins of dumping and the provisional duty by exporter as a result of the decision mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after October 18, 2018, will be subject to provisional duties at the rates specified below.

Country of Origin or Export	Estimated Margin of Dumping*	Total Provisional Duty Payable*
Pakistan		
International Industries	10.1%	10.1%
All Other Exporters	58.0%	58.0%
The Philippines		
HLD Clark	3.8%	3.8%
All Other Exporters	30.1%	30.1%
Turkey		
Borusan	4.9%	4.9%
Erbosan	3.0%	3.0%
Iris	49.0%	49.0%
All Other Exporters	95.0%	95.0%
Vietnam		
Hoa Phat	10.6%	10.6%
SeAH Vina	12.4%	12.4%
State Pipe	10.0%	10.0%
All Other Exporters	47.7%	47.7%

* As a percentage of export price.