



OTTAWA, August 25, 2023

## STATEMENT OF REASONS

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

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

## DECISION

On August 10, 2023 pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the Canadian International Trade Tribunal's order made on July 4, 2018, in Expiry Review No. RR-2017-003:

- is likely to result in the continuation or resumption of dumping of the goods from China; and
- is likely to result in the continuation or resumption of subsidizing of the goods from China.

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## EXECUTIVE SUMMARY

[1] On March 13, 2023, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(1) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its order made on July 4, 2018, in Expiry Review No. RR-2017-003, concerning the dumping and subsidizing of certain steel piling pipe (piling pile) originating in or exported from the People's Republic of China (China).

[2] As a result of the CITT's notice of expiry review, on March 14, 2023, the Canada Border Services Agency (CBSA) initiated an expiry review investigation to determine whether the expiry of the order is likely to result in the continuation or resumption of dumping and/or subsidizing of the piling pipe (subject goods) from China.

[3] The CBSA received a response to its Canadian Producer Expiry Review Questionnaire (ERQ) from Atlas Tube Canada ULC, a division of Zekelman Industries<sup>1</sup> (Atlas); DFI Corporation<sup>2</sup> (DFI); Evraz Inc. NA Canada<sup>3</sup> (Evraz); Nova Tube Inc. and Nova Steel Inc.<sup>4</sup> (Nova); and Welded Tube of Canada Corporation<sup>5</sup> (WTC). The submissions made by Atlas and DFI also included information supporting the position that the continued or resumed dumping and subsidizing of piling pipe from China is likely if the CITT's order expires. The CBSA also received information prior to the close of the record from DFI.<sup>6</sup>

[4] The CBSA received one response to its Importer ERQ from Bartin Pipe and Piling Supply Ltd. (Bartin).<sup>7</sup> Bartin did not express an opinion on the likelihood of continued or resumed dumping and/or subsidizing of the subject goods.

[5] The CBSA did not receive a response to its Exporter/Foreign Producer ERQ and to its Foreign Government ERQ from the Government of China (GOC).

[6] Case briefs were received on behalf of the following Canadian producers, Atlas<sup>8</sup> and DFI.<sup>9</sup> The case briefs submitted by the Canadian producers included information and arguments presenting their position that continued or resumed dumping and subsidizing of subject goods are likely if the CITT's order expires. No other parties filed case briefs or reply submissions.

[7] Analysis of information on the administrative record indicates a likelihood of continued or resumed dumping into Canada of piling pipe from China should the CITT's order expire. This analysis relied upon the following factors:

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<sup>1</sup> Exhibits 26 (PRO) & 27 (NC) – Response to Canadian Producer ERQ – Atlas

<sup>2</sup> Exhibits 28 (PRO) & 29 (NC) – Response to Canadian Producer ERQ – DFI

<sup>3</sup> Exhibits 24 (PRO) & 25 (NC) – Response to Canadian Producer ERQ – Evraz

<sup>4</sup> Exhibits 20 (PRO) & 21 (NC) – Response to Canadian Producer ERQ – Nova

<sup>5</sup> Exhibits 22 (PRO) & 23 (NC) – Response to Canadian Producer ERQ – WTC

<sup>6</sup> Exhibits 44 (PRO) & 45 (NC) – Additional Information – DFI and Exhibit 48 (NC) – Close of Record – Attachments – DFI

<sup>7</sup> Exhibits 42 (PRO) & 43 (NC) – Response to Importer ERQ – Bartin

<sup>8</sup> Exhibits 53 (PRO) & 54 (NC) – Case Brief – Atlas

<sup>9</sup> Exhibits 55 (PRO) & 56 (NC) – Case Brief – DFI

- Chinese exporters' inability to compete at non-dumped prices;
- China's production capacity and export dependency; and
- global overcapacity and the attraction of the Canadian market for Chinese exports.

[8] In addition, analysis of information on the administrative record indicates a likelihood of continued or resumed subsidizing of piling pipe from China should the CITT's order expire. This analysis relied upon the following factors:

- Imposition of countervailing measures on other pipe and tube products from China by authorities in other countries and in Canada;
- imposition of countervailing measures on similar piling pipe from China by the US; and
- continued availability of subsidy programs for piling pipe exporters/producers in China.

[9] For the forgoing reasons, the CBSA, having considered the relevant information on the administrative record, determined on August 10, 2023, pursuant to paragraph 76.03(7)(a) of SIMA, that the expiry of the order in respect of piling pipe:

- is likely to result in the continuation or resumption of dumping of the goods from China; and
- is likely to result in the continuation or resumption of subsidizing of the goods from China.

## **BACKGROUND**

[10] On May 4, 2012, following a complaint filed by Atlas, the CBSA initiated investigations pursuant to subsection 31(1) of SIMA regarding the dumping and subsidizing of piling pipe from China. Both DFI and Nova provided letters supporting the complaint.<sup>10</sup>

[11] On October 31, 2012, the CBSA made final determinations of dumping and subsidizing pursuant to paragraph 41(1)(a) of SIMA respecting piling pipe from China.<sup>11</sup>

[12] On November 30, 2012, the CITT found, pursuant to subsection 43(1) of SIMA, that the dumping and subsidizing of piling pipe from China had not cause injury but was threatening to cause injury to the domestic industry.<sup>12</sup>

[13] On July 4, 2018, the CITT issued an order in Expiry Review No. RR-2017-003 continuing its finding, without amendment, pursuant to paragraph 76.03(12)(b) of SIMA.<sup>13</sup>

<sup>10</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1393/ad1393-i12-de-eng.html>

<sup>11</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1393/ad1393-i12-fd-eng.html>

<sup>12</sup> See CITT website at <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/353552/index.do>

<sup>13</sup> See CITT website at <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354891/index.do>

[14] On June 8, 2022, the CBSA initiated a normal value review of piling pipe exported to Canada from China by Qingdao Wangbaoqiang Industry Co., Ltd. (WBQ) which concluded on March 1, 2023.<sup>14</sup>

[15] On November 29, 2022, the CBSA initiated a normal value review of piling pipe exported to Canada from China by Coronet Group Suzhou Co., Ltd. which concluded on July 25, 2023.<sup>15</sup>

[16] On March 13, 2023, pursuant to subsection 76.03(1) of SIMA, the CITT initiated an expiry review of its order made on July 4, 2018, in Expiry Review No. RR-2017-003.<sup>16</sup>

[17] On March 14, 2023, the CBSA initiated an expiry review investigation to determine whether the expiry of the order is likely to result in the continuation or resumption of dumping and/or subsidizing of the subject goods from China.<sup>17</sup>

## **PRODUCT DEFINITION**

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

“Carbon and alloy steel pipe piles, commonly identified as piling pipe, in outside diameter ranging from 3 1/2 inches up to and including 16 inches (8.9 cm to 40.6 cm) inclusive, in commercial quality and in various forms and finishes, usually supplied to meet ASTM A252, ASTM A500, CSA G.40.21 or comparable specifications or standards, whether single, dual or multiple certified, excluding carbon steel welded pipe, in the nominal size range of 3 1/2 inches up to and including 6 inches (89 mm to 168.3 mm) in outside diameter, in various forms and finishes, usually supplied to meet ASTM A252 or equivalent specifications, other than carbon steel welded pipe in the nominal size range of 3 1/2 inches up to and including 6 inches, dual-stencilled to meet the requirements of both specification ASTM A252, Grades 1 to 3, and specification API 5L, with bevelled ends and in random lengths, for use as foundation piles, originating in or exported from the People's Republic of China.”

[19] For purposes of this expiry review investigation, “piling pipe” also refers to goods produced in Canada that meet the above product definition.

## **Additional Product Information**

[20] The most common grades of piling pipe are made to ASTM A500, ASTM A252 (including “modified” ASTM A252 with increased yield strength) or comparable internationally-recognized specifications. The vast percentage of piling pipe is made from carbon

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<sup>14</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/up/pp2022/pp202201-nc-eng.html>

<sup>15</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/up/pp2022/pp202202-nc-eng.html>

<sup>16</sup> See CITT website at <https://decisions.citt-tcce.gc.ca/citt-tcce/ra/en/item/18493/index.do?q=RR-2022-005>

<sup>17</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/pp2023/pp2023-ni-eng.html>

steel, although small amounts of piling pipe may be made with high-strength low-alloy (HSLA) steel or of other steel grades depending on project requirements.

[21] Piling pipe is available in a variety of sizes, lengths, wall thicknesses and load tolerances. In addition, piling pipe can be drilled or driven into the ground on site, using a variety of techniques and specialized equipment.

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

[23] Piling pipe is commonly used as a permanent load-carrying member, or as a shell to form cast-in-place concrete piles, to form deep foundations in situations when soil and ground conditions are not suitable or strong enough to support the structure load. In such applications, the piling pipe is used to transfer the structure load to rock formations or to stronger soil conditions deep beneath the ground.<sup>18</sup>

[24] Piling pipe has been used in load-bearing applications, including structural supports, building columns, highway signs, road boring, oil field structures, communication towers, foundations for oil and gas platforms, power stations, high-rise buildings, bridges, marine structures, harbours, solar farms, transmission poles, wind farms, etc.<sup>19</sup>

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

## CLASSIFICATION OF IMPORTS

[26] Prior to January 1, 2022, the subject goods were usually classified under the following tariff classification numbers:

7306.30.00.10	7306.30.00.20	7306.30.00.30	7306.40.00.20
7306.40.00.30	7306.50.00.90		

[27] Beginning January 1, 2022, the subject goods are normally imported into Canada under the following tariff classification numbers:

7306.30.00.52	7306.30.00.54	7306.30.00.55	7306.30.00.56
7306.30.00.57	7306.30.00.59	7306.30.00.62	7306.30.00.64

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<sup>18</sup> See CITT website at <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/353552/index.do>

<sup>19</sup> See CITT website at <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/353552/index.do> and Exhibit 36 (NC) – Response to SRFI#1 – Atlas

7306.30.00.65	7306.30.00.66	7306.30.00.67	7306.30.00.69
7306.30.00.72	7306.30.00.74	7306.30.00.75	7306.30.00.76
7306.30.00.77	7306.30.00.79	7306.40.00.20	7306.40.00.30
7306.50.00.00			

[28] These tariff classification numbers may also include non-subject goods, and subject goods may also fall under additional tariff classification numbers.

## **PERIOD OF REVIEW**

[29] The period of review (POR) for the CBSA’s expiry review investigation is January 1, 2020 to December 31, 2022.

## **CANADIAN INDUSTRY**

[30] The Canadian industry for piling pipe is currently comprised of Atlas, DFI and WTC. Evraz is a Canadian producer of oil country tubular goods (OCTG) and line pipe. Evraz does not purposely produce piling pipe, and its piling pipe available for sale is as a result of downgrades from OCTG and line pipe that did not meet the specifications required for those purposes. Nova, a producer of other pipe products such as carbon steel welded pipe (CSWP) and hollow structural sections (HSS), did not produce piling pipe during the POR and is currently not producing piling pipe.<sup>20</sup>

### **Atlas Tube Canada ULC, a division of Zekelman Industries (Atlas)**

[31] Atlas operates three mills in Harlow, Ontario. It began producing piling pipe and HSS in the mid-1980. Atlas produces piling pipe that meets the following specifications: A500C, CSA G40.21 and A252, ranging from 3.5" in outside diameter (O.D.) up to and including 16" in O.D.<sup>21</sup>

### **DFI Corporation (DFI)**

[32] DFI is independently owned and only produces piling pipe since 1990, at its ERW pipe mill in Edmonton, Alberta. It produces piling pipe made to the ASTM A252 Grade 3 specification, ranging from 4 ½" to 16" in nominal size range. DFI also provides foundation construction services, including the installation of driven piles and screw/helical piles as well as other services such as pile design, surveying, dynamic and static load testing, pile welding, pre-drilling, capping, oilfield trucking, picker-crane and “hydrovac”.<sup>22</sup>

### **Evraz Inc. NA Canada (Evraz)**

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<sup>20</sup> Exhibit 21 (NC) – Response to Canadian Producer ERQ – Nova

<sup>21</sup> Exhibit 27 (NC) – Response to Canadian Producer ERQ – Atlas

<sup>22</sup> Exhibit 29 (NC) – Response to Canadian Producer ERQ – DFI

[33] Evraz has several production facilities in Western Canada, namely in Calgary, Camrose, and Red Deer, Alberta, and in Regina, Saskatchewan, which produce OCTG and line pipe (small and large). It began operations in Canada in 1956 as Prairie Pipe Manufacturing Co. Ltd. Evraz does not purposely produce piling pipe. Its production of piling pipe is as a result of the production of OCTG and line pipe that did not meet the specifications required for those products and are subsequently sold as piling pipe that meets the ASTM A252 specification.<sup>23</sup>

### Welded Tube of Canada Corporation (WTC)

[34] WTC's head office is located in Concord, Ontario, as are its main Canadian production facilities for OCTG, HSS, mechanical pipe and piling pipe. It was founded in 1970 and has been a family-owned Canadian business since its inception. WTC operates two mills involved in the production of piling pipe (Concord Plants), ranging in sizes from 3 ½" to 10 ¾" in O.D., and to ASTM A500 and CSA G.40.21 specifications.<sup>24</sup>

### CANADIAN MARKET

[35] The imports of piling pipe during the POR are presented in **Table 1** and **Table 2** below. The CBSA cannot release specific quantitative data respecting the volume and value of Canadian production of piling pipe sold for domestic consumption as it would lead to the disclosure of confidential information. In the CBSA's analysis of the Canadian market, the CBSA did not include piling pipe produced by Evraz, which are downgraded pipes that do not meet the specification for OCTG and line pipe. As a result, due to the confidential information, the CBSA can only discuss the Canadian market for piling pipe over the POR in non-specific terms.

**Table 1**  
**Imports of Piling Pipe during the POR<sup>25</sup>**  
Volume in Metric Tonnes (MT) and Value in \$

	2020		2021		2022	
	Volume	Value	Volume	Value	Volume	Value
China*	5,962	6,363,256	265	422,267	0.118	1,773
Other Countries*	26,329	22,350,498	25,487	28,194,085	41,711	56,817,237
<b>Total-Imports</b>	<b>32,291</b>	<b>28,713,754</b>	<b>25,751</b>	<b>28,616,352</b>	<b>41,711</b>	<b>56,819,010</b>

\* The value is the value for duty.

Note: Totals may vary due to rounding.

[36] Based on information on the administrative record, the Canadian producers'<sup>26</sup> volumes decreased from 2020 to 2021 and increased from 2021 to 2022 to volumes similar to those

<sup>23</sup> Exhibit 25 (NC) – Response to Canadian Producer ERQ – Evraz

<sup>24</sup> Exhibit 23 (NC) – Response to Canadian Producer ERQ – WTC

<sup>25</sup> Exhibits 49 (PRO) & 50 (NC) – Compliance Statistics – Day 51 and Exhibit 52 (NC) – CBSA Import Statistics – Day 51

<sup>26</sup> Includes Atlas, DFI and WTC



experienced in 2020. The Canadian producers' share of the Canadian market, in terms of volume, decreased each year of the POR, with the most notable decrease from 2020 to 2021. As for the total Canadian market, the volume decreased from 2020 to 2021 and increased from 2021 to 2022 to volumes greater than those experienced in 2020. The total imports' share of the Canadian market, in terms of volume, increased each year of the POR, with the most notable increase from 2020 to 2021.

[37] Based on information on the administrative record, imports from China, in terms of volume, decreased each year of the POR with minimal volumes in 2021 and 2022. The imports from China in terms of value followed a similar trend as its volume.

**Table 2**  
**Imports of Piling Pipe during the POR<sup>27</sup>**  
Volume in MT and Unit Value in \$

	2020		2021		2022	
	Volume	Unit Value	Volume	Unit Value	Volume	Unit Value
China*	5,962	1,067	265	1,596	0.118	15,027
Other Countries	26,329	849	25,487	1,106	41,711	1,362
<b>Total-Imports</b>	<b>32,291</b>	<b>889</b>	<b>25,751</b>	<b>1,111</b>	<b>41,711</b>	<b>1,362</b>

The value is the value for duty.

\* It should be noted that the high unit value for China in 2022 is a result of the low volume.

## ENFORCEMENT DATA

[38] In the enforcement of the CITT's order during the POR, as detailed in **Table 3** below, the total amount of anti-dumping and countervailing duties assessed on subject imports from China was just over \$6.8 million. As a percentage of the total value for duty, the total anti-dumping and countervailing duties assessed during the POR were equal to 100.2%.

**Table 3**  
**Enforcement Data for the POR<sup>28</sup>**  
**Importations of Subject Goods from China**  
Volume in MT, Value for Duty in \$ and SIMA Duties in \$

Country Name	Volume			Value for Duty			SIMA Duties*		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
China	5,962	265	0.118	6,363,256	422,267	1,773	6,368,357	430,552	1,723

\* Includes both anti-dumping and countervailing duties.

<sup>27</sup> Exhibits 50 (NC) – Compliance Statistics – Day 51 and Exhibit 52 (NC) – CBSA Import Statistics – Day 51

<sup>28</sup> Exhibits 49 (PRO) & 50 (NC) – Compliance Statistics – Day 51

## **PARTIES TO THE PROCEEDINGS**

[39] On March 14, 2023, the CBSA sent notices concerning the initiation of the expiry review investigation and ERQs to the known and potential Canadian producers, importers and exporters/foreign producers of subject goods. The GOC was also sent a Foreign Government ERQ relating to the subsidizing of the subject goods.

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

[41] The CBSA received a response to its Canadian Producer ERQ from Atlas, DFI, Evraz, Nova and WTC while Bartin responded to the Importer ERQ.

[42] No exporter/foreign producer provided a response to the Exporter/Foreign Producer ERQ. The GOC did not respond to the Foreign Government ERQ.

[43] The Canadian producers, Atlas and DFI, provided case briefs in support of their position that continued or resumed dumping and subsidizing of subject goods are likely if the CITT's order expire.

[44] No other parties provided case briefs or reply submissions.

## **INFORMATION CONSIDERED BY THE CBSA**

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

[46] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA's expiry review investigation. This is referred to as the "closing of the record date" and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this expiry review investigation, the administrative record closed on May 3, 2023.

## **POSITION OF THE PARTIES – DUMPING**

## **Parties Contending that Continued or Resumed Dumping is Likely – Atlas**

[47] Atlas made representations through its Canadian Producer ERQ response<sup>29</sup> and in its case brief<sup>30</sup> in support of its position that the dumping of piling pipe from China is likely to continue or resume should the CITT's order expire. Consequently, Atlas argued that the anti-dumping measure should remain in place.

[48] The main factors identified by Atlas can be summarized as follows:

- Dumping and/or subsidizing of the subject goods while the CITT's order was in place demonstrates that Chinese producers remain interested in the Canadian market;
- current and future production of Chinese producers and exporters is likely to result in the continuation or resumption of dumping;
- measures imposed on similar piling pipe and other pipe and tube products by authorities of other countries are likely to cause a diversion of dumped and/or subsidized subject goods into Canada;
- changes in the market conditions in the energy and construction sectors incentivize sales of piling pipe at dumped and subsidized prices; and;
- the CBSA and CITT have imposed anti-dumping and countervailing measures against similar goods from China.

### **Dumping and/or subsidizing of the subject goods while the CITT's order was in place demonstrates that Chinese producers remain interested in the Canadian market**

[49] Atlas submitted that the import data demonstrates that piling pipe from China continued to be sold in Canada during the POR and that Canada remains an attractive market for Chinese exporters. Further, it submitted that the SIMA duties assessed (approximately \$6.8 million) illustrate that the subject goods continued to be dumped and/or subsidized during the POR and that Chinese producers are unable to sell their products competitively in Canada at non-dumped or non-subsidized prices.<sup>31</sup>

[50] Atlas concluded that if the CITT's order is terminated, and trade remedy duty protection was eliminated, volumes from China will increase at dumped/subsidized prices.<sup>32</sup>

### **Current and future production of Chinese producers and exporters is likely to result in the continuation or resumption of dumping**

[51] Atlas submitted that the capacity of Chinese piling pipe producers surpasses the size of the Canadian market. In support of its submission, Atlas provided the annual production capacity

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<sup>29</sup> Exhibit 27 (NC) – Response to Canadian Producer ERQ – Atlas

<sup>30</sup> Exhibit 54 (NC) – Case Brief – Atlas

<sup>31</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 6-8

<sup>32</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 2

of several large piling pipe producers in China. It concluded that the Canadian market size of piling pipe is therefore miniscule in comparison to China's production capacity.<sup>33</sup>

[52] Atlas also indicated that China has an enormous production capacity for other steel products (i.e., ERW steel pipes, oil casing pipes, spiral steel pipes, rectangular steel pipes, etc.), for which equipment and plant facilities can be converted with relative ease to manufacture additional piling pipe. It concluded that the expiration of the CITT's order would incentivize Chinese steel pipe producers to increase piling pipe capacity by diverting capacity otherwise available to produce steel products that have anti-dumping duties in place (e.g., OCTG, line pipe, seamless casing or CSWP).<sup>34</sup>

[53] Atlas submitted that China's inability to address its steel overcapacity has been well documented in economic reports and recent trade remedy cases. In support of its submission, Atlas noted that the CITT's order, issued in the OCTG1 Expiry Review in December 2020, recognized that ... "Excess capacity creates significant incentive for Chinese producers to pursue export sales, at low prices, in order to maintain high capacity utilization" and indicated that according to the World Steel Association, China remains the world's largest crude steel producer in 2021 with production of 1,032.8 million MT.<sup>35</sup>

[54] Atlas underlined that in March 2023, GlobalData projected China's construction industry to grow at an average annual growth rate of 4% during the period of 2024 – 2027. It argued that the slow growth in the building and construction industry in China and other Asian markets, will likely reduce demand for piling pipe in China and proximate markets, forcing Chinese piling pipe producers to turn to other international markets, including Canada, as homes for their products and as outlets for their overcapacity.<sup>36</sup>

[55] Atlas argued that as a result of the very low prices of piling pipe that have been offered in the Canadian market in 2022 from two non-subject countries, as per the import data of Statistics Canada, in order to regain market share in Canada, such would have to be done by way of dumping and benefiting from countervailable subsidies. It concluded that Chinese producers of piling pipe collectively have available massive unused production capacity and are experiencing reduced domestic demand. As a result, Chinese producers are likely to resume exporting dumped and subsidized piling pipe to Canada should the present CITT order expire.<sup>37</sup>

[56] Atlas argued that the incentive to export is made stronger by poor demand conditions in China. It submitted that exports are of critical importance to Chinese economic growth. In support of its submission, Atlas noted that in a recent speech during the annual central economic work conference in Beijing in December 2022, President Xi Jinping stated that "[w]e need to stabilize exports to developed countries and expand exports to emerging markets". Atlas concluded that this statement underscores China's focus on exports being a key driver to China's

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<sup>33</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 16 and 20

<sup>34</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 17-19

<sup>35</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 21-22

<sup>36</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 24 and 26

<sup>37</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 2, 59 and 61

economic growth and that China remains export-oriented. Further, it noted that the GOC is targeting an economic growth rate of 5% in 2023, which is one of its lowest targets in decades.<sup>38</sup>

[57] Atlas submitted that China's steel overcapacity and weak domestic market are two factors causing Chinese piling pipe producers to seek export markets for their excess capacity. It argued that Chinese exporters and producers continue to offer a wide range of dumped and subsidized piling pipe on various websites which are easily accessible by Canadian customers. Further, Atlas underlined that the number of Chinese suppliers greatly outnumber the Canadian producers of piling pipe and this Chinese production can easily overwhelm the Canadian industry should the existing CITT order expire.<sup>39</sup>

[58] Additionally, Atlas submitted that multiple Chinese piling pipe producers have stated on company websites that a large portion of their products have been exported to foreign markets. In support of its submission, Atlas provided the names of various producers who also named Canada as a destination for their piling pipe products and who stated that their piling pipe is of the standards, “ASTM A500 or ASTM A252”, the common North America specification for piling pipe. In support of its argument, Atlas also noted that it received price quotes from Chinese producers which it argued were at prices that would attract anti-dumping and countervailing duties. Atlas concluded that Chinese producers have a strong export orientation, and are willing and able to produce piling pipe and sell at dumped prices in order to compete in the Canadian market.<sup>40</sup>

### **Measures imposed on similar piling pipe and other pipe and tube products by authorities of other countries are likely to cause a diversion of dumped and/or subsidized subject goods into Canada**

[59] Atlas noted that the US Department of Commerce (USDOC) determined that the revocation of the circular welded carbon quality steel pipe (CWP) order would lead to a continuation or recurrence of dumping and subsidization of CWP, which includes similar piling pipe to the subject goods from China.<sup>41</sup> Atlas concluded that should the CITT order expiry, Canada would be at risk of diversion for piling pipe volumes originally destined for the US.

[60] Further, Atlas noted that the US also implemented anti-dumping and countervailing measures on other various pipe and tube products from China and continues to maintain additional duties (i.e., the Section 232 and 301 tariffs) on a wide range of steel pipe products from China.<sup>42</sup> It concluded that these US trade measures against China is evidence that Chinese steel producers continue to exhibit a propensity to sell dumped and subsidized goods in North American markets.

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<sup>38</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 27

<sup>39</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 28

<sup>40</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 29-35

<sup>41</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 2, 12 and 37

<sup>42</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 38-39 and 44

[61] Atlas also submitted that in addition to the US, several other countries have imposed anti-dumping and/or countervailing measures on steel pipe products from China. It concluded that these trade measures against China further show that Chinese steel producers continue to sell dumped and subsidized goods in other export markets.<sup>43</sup>

### **Changes in market conditions in the energy and construction sectors incentivize sales of piling pipe at dumped and subsidized prices**

[62] Atlas underlined that the oil and gas sector is important to the demand for piling pipe in Canada. It further underlined that the market for piling pipe is driven largely by pile installations and by the level of production and exploratory drilling activity. Atlas submitted that as the price of oil fell to record lows in 2020, many Canadian oil and gas companies reduced their capital spending and made additional cost cutting in that year which continued into 2022. Although the Canadian oil and gas pricing recovered somewhat in 2022, Atlas argued that oil and gas companies will remain disciplined with their capital spending in 2023 and will be inclined to prefer low-priced commodity materials, such as piling pipe, for their projects.<sup>44</sup>

[63] Atlas also underlined that demand from the construction industry is an important contributor to the overall demand for piling pipe in Canada. It further underlined that the end-user market segment for piling pipe consists of industrial and commercial applications, including large-scale construction projects. Atlas submitted that numerous projects were delayed due to COVID-19 which impacted the construction industry's growth during the POR. Further, it submitted that the Canadian non-residential construction industry is projected to rebound and achieve an average annual growth rate of more than 2% during 2024-2027. Atlas argued that as costs of construction continue to increase, end-users of piling pipe will continue to seek out low-priced imports in order to mitigate rising costs. As such, it submitted that the foregoing illustrates an environment in which Chinese exporters must dump and benefit from subsidization in order to regain Canadian market share in the event that the CITT order expires.<sup>45</sup>

[64] Atlas submitted that the use of helical piles in infrastructure development and construction activities continue to increase in Canada and globally. It argued that while there are several Canadian solar projects that are currently under construction with a target to be on the grid by 2023 and 2024, the domestic industry is unable to take advantage of the growing demand for helical piles because of low-priced (dumped/subsidized) competition from China.<sup>46</sup>

[65] Atlas presented the prevailing average unit import prices in 2022 and in Q1 2023 for non-subject countries, obtained from Statistics Canada and Global Affairs Canada respectively. It argued that as piling pipe is a commodity-like product for which price is usually the primary factor influencing purchasing decisions, these low-priced piling pipe from non-subject countries will pressure Chinese producers to offer even lower prices to compete with other foreign producers. It concluded that if the CITT's order against China was allowed to expire, Chinese

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<sup>43</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 40-41

<sup>44</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 48-49

<sup>45</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 50-52

<sup>46</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 53

producers would need to, and would, undercut or match these low prices in order to regain sales and market share in Canada, and to do so they would have to dump and/or benefit from subsidization.<sup>47</sup>

### **The CBSA and CITT have imposed anti-dumping and countervailing measures against similar goods from China**

[66] Atlas submitted that Chinese producers have a propensity to export dumped or subsidized manufactured steel goods to Canada, which have necessitated trade remedies to prevent injury to domestic producers. In support of its submission, Atlas provided new findings made, since the last expiry review of piling pipe, by the CBSA and CITT involving manufactured steel products from China. Further, it provided a chart containing other expiry reviews which have been initiated since the last order for various steel products from China in which the CBSA determined that the expiry of the orders is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods. Atlas argued that these examples demonstrate that the Canadian market remains an attractive market for dumped and/or subsidized steel products and are further evidence that Chinese producers and exporters will continue to resort to dumping to capture market share despite various trade remedy orders.<sup>48</sup>

### **Parties Contending that Continued or Resumed Dumping is Likely – DFI**

[67] DFI made representations through its Canadian Producer ERQ response,<sup>49</sup> additional submitted exhibits<sup>50</sup> and in its case brief<sup>51</sup> in support of its position that the dumping of piling pipe from China is likely to continue or resume should the CITT's order expire. Consequently, DFI argued that the anti-dumping measure should remain in place.

[68] The main factors identified by DFI can be summarized as follows:

- Commodity nature of the subject goods leads to dumping;
- China's production dominance and weak domestic market;
- China's propensity to dump steel products; and
- availability of dumped and subsidized subject goods and the interest in the Canadian market.

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<sup>47</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 59-62

<sup>48</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 64-65

<sup>49</sup> Exhibit 29 (NC) – Response to Canadian Producer ERQ – DFI

<sup>50</sup> Exhibit 45 (NC) – Additional Information – DFI and Exhibit 48 (NC) – Close of Record – Attachments – DFI

<sup>51</sup> Exhibit 56 (NC) – Case Brief – DFI

## **Commodity nature of the subject goods leads to dumping**

[69] DFI submitted that piling pipe is a commodity product that trades primarily on price and is interchangeable with domestic like goods. In support of its submission, DFI quoted the CITT's Reasons for Decision in NQ-2012-002, "... in terms of pricing and substitutability, the market, on the whole, tends to treat steel piling pipe, a product produced to recognized specifications, as a commodity-like product that is fully interchangeable regardless of source." and "... steel piling pipe is a commodity-like product which is sensitive to price. In this regard, price is a key criterion used in purchasing decisions, although product quality, reliability of supply and technical specifications are also important factors considered by purchasers." Further, it submitted that Canadian importers and distributors maintain established connections with producers in China, which results in fertile ground for Chinese producers to resume exporting unfairly traded, low-priced subject goods into Canada, which would be immediate and material if the CITT's order was allowed to expire. DFI concluded that the commodity nature of piling pipe puts the Canadian market at constant risk of economic downturn and an inability to compete with low-priced dumped and subsidized imports from Chinese producers.<sup>52</sup>

## **China's production dominance and weak domestic market**

[70] DFI underlined that, in 2022, China remained the world's largest crude steel producer at 1,032.8 million MT which accounted for 64% of the world crude steel production. Further, it underlined the existence of a gap between production and demand in China of approximately 80 million MT in 2022. DFI noted that the steel industry continues to struggle from a sustained state of global overcapacity. In support of its submission, DFI quoted the Organisation for Economic Co-operation and Development (OECD), "Excess capacity continues to be a significant challenge facing the global steel industry ... the market situation is now weakening and excess capacity pressures are building..." It further noted that the OECD stated the following with respect to China, "...steelmaking capacity has not changed much over the last few years possibly reflecting the country's strict capacity replacement policy... However, several replacement projects are expected to start operations in the second half of 2022."<sup>53</sup>

[71] Further, DFI underlined that China's steel demand recovery is expected to remain weak throughout 2023 and to stay flat in 2024. It also noted that the weak Chinese domestic demand has led to the highest level of exports since June 2022.<sup>54</sup> It concluded that if the CITT's order is allowed to expire, producers in China with available excess capacity may be dependent on export markets such as Canada for sales of piling pipe.

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<sup>52</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 3 and 8-13

<sup>53</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 20-23

<sup>54</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 34-36



## **China's propensity to dump steel products**

[72] DFI noted that Chinese crude steel production, in 2022, was still well over one billion MT, while in comparison, Canada's crude steel production was only 13 million MT. Further, it also noted that China has lots of excess capacity and is a net steel exporter. DFI submitted that as a result of this push to export at any price, numerous nations have restricted Chinese exporters to fairly traded prices as a result of their propensity to dump steel pipe products. In support of its submission, DFI provided a chart which indicated that there are at least 24 measures currently in force in eight jurisdictions, other than Canada, on steel pipe products from China (e.g., line pipe, CSWP, seamless tubes pipes, welded tubes and pipes, etc.). It further noted that Canada had anti-dumping and countervailing measures in force for various pipe products from China such as CSWP, large line pipe, OCTG, seamless casing, etc.<sup>55</sup> DFI argued that the multiple anti-dumping and countervailing measures in other jurisdictions and in Canada on pipe, tube and other steel products demonstrates a clear propensity, on the part of Chinese exporters, to dump piling pipe. Additionally, DFI argued that Chinese exporters will continue with dumped and subsidized steel pipe products unless restricted by fair trade measures.

## **Availability of dumped and subsidized subject goods and interest in the Canadian market**

[73] DFI noted that during the POR, imports of piling pipe into Canada from China were dumped and subsidized resulting in the assessment of SIMA duties.<sup>56</sup> It submitted that the significant enforcement measures imposed on Chinese piling pipe during the POR show there is still an active interest in the Canadian market from Chinese piling pipe producers/exporters who are not able to compete at non-dumped prices. DFI further submitted that the enforcement measures also show that Canadian importers continue to foster strong relationships with producers and traders of piling pipe in China.<sup>57</sup>

[74] DFI submitted that while 2020 drilling activity in Western Canada was at its lowest in the past decade, the near to medium future drilling activity is expected to increase to more than 2015 levels. In support of its submissions, DFI provided a table containing the yearly number of wells drilled. Further, it underlined that piling pipe usage is diversifying to other types of foundation work such as supports for solar panel installation (helical piles/screw piles). DFI submitted that as a result of these two events, there will be an increase in demand for piling pipe and Canada will become an attractive market for exporters/producers of subject goods, particularly in light of the slowing economic growth, the overcapacity crisis and the decreasing domestic demand for steel in China.<sup>58</sup>

## **Parties Contending that Continued or Resumed Dumping is Unlikely**

[75] None of the parties contended that resumed or continued dumping of subject goods from China is unlikely if the CITT's order expire.

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<sup>55</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 27-29

<sup>56</sup> SIMA duties include both dumping and countervailing

<sup>57</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 40-41

<sup>58</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 18, 22 and 36

## CONSIDERATION AND ANALYSIS - DUMPING

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

[77] Although it solicited information from known and potential exporters/producers of piling pipe in China and the GOC, as mentioned earlier in this report, the CBSA did not receive any responses to the ERQs nor did it receive any case briefs or reply submissions from the interested parties in China to consider in making a determination on dumping.

[78] The CBSA does not interpret the non-responses to the ERQs by the surveyed exporters/producers in China as their lack of interest in the Canadian market for piling pipe.

[79] Guided by these aforementioned factors, the CBSA conducted its review based on the documentation submitted by the various participants and its own research, all of which can be found on the administrative record. The following list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to dumping:

- Chinese exporters' inability to compete at non-dumped prices;
- China's production capacity and export dependency; and
- global overcapacity and the attraction of the Canadian market for Chinese exports.

### **Chinese exporters' inability to compete at non-dumped prices**

[80] Information on the administrative record indicates that there is presently an anti-dumping measure in place against similar piling pipe from China in the US. On April 10, 2019, in its second sunset review, the USDOC issued a continuation of the order and determined that revoking the order on imports of CWP, which includes similar piling pipe from China, would likely lead to a continuation or recurrence of dumping. The anti-dumping duty rates range from 69.20 to 85.55 percent.<sup>59</sup>

[81] Regarding other pipe, tube and steel products from China, there are currently several anti-dumping measures in place by other countries, including Argentina, Brazil, European Union, Ukraine, US, etc. which are aimed at protecting their domestic industries from the injurious effects of the dumping of large diameter welded pipe, line pipe, seamless pipes and tubes, welded tubes and pipes, etc.<sup>60</sup>

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<sup>59</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 12 and 37

<sup>60</sup> Exhibit 41 (NC) – CBSA Research #3 - WTO Trade and Remedies and Exhibit 56 (NC) – Case Brief – DFI, para 29

[82] In addition, Canada also has various anti-dumping measures in force on other pipe, tube and steel products from China.<sup>61</sup> For illustrative purposes, the products include: carbon and alloy steel line pipe, CSWP, cold-rolled steel, concrete reinforcing bar, corrosion-resistant steel sheet, large line pipe, OCTG, pup joints, seamless casing, steel plate, etc. The full list of anti-dumping measures in place against China is found on the CBSA's website under the measures in force.<sup>62</sup>

[83] The number of anti-dumping measures in other jurisdictions and in Canada against China on other pipe, tube and steel products demonstrates a historical pattern by Chinese exporters in continuing to export various steel products at dumped prices. Further, the US anti-dumping measures against similar piling pipe from China also indicate that exporters in China have a propensity to dump similar piling pipe.

[84] While there may be strong incentives for piling pipe exporters in China to seek additional export sales, these anti-dumping measures demonstrate the restricted access to other export markets that Chinese piling pipe exporters will continue to face in the near future, which would make the Canadian market very attractive to exporters in China if the CITT's order expired.

[85] Further, in the original investigation on piling pipe, the CBSA was of the opinion that the domestic prices of piling pipe in China were being substantially determined by the GOC and the steel pipe sector in China, which includes piling pipe, was operating under conditions where the prices were not substantially the same as they would be if they were determined in a competitive market. Although the conditions of section 20 of SIMA were found to exist, sufficient information had not been furnished or was not available to determine normal values as provided for in section 20 of SIMA. Therefore, the normal values for purposes of the final determination for the exporters that provided a complete and reliable submission were determined using an alternate methodology under a ministerial specification, pursuant to subsection 29(1) of SIMA.<sup>63</sup>

[86] The normal values determined were based on the average price of hot-rolled steel for all regions, excluding China, for the 60-day period immediately preceding the date of sale to Canada, as reported on SteelBenchmarker, plus the amounts for the i) conversion costs of converting the hot-rolled steel into a finished piling pipe product<sup>64</sup> and ii) profit (hereinafter referred to as the SteelBenchmarker methodology).

[87] The SteelBenchmarker methodology was also employed to determine normal values for the exporters that provided complete and reliable submissions in subsequent normal value reviews.<sup>65</sup>

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<sup>61</sup> Exhibit 41 (NC) – CBSA Research #3 - Canada CBSA & CITT Cases and Exhibit 56 (NC) – Case Brief – DFI, para 29

<sup>62</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

<sup>63</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1393/ad1393-i12-fd-eng.html>

<sup>64</sup> Includes direct labour and overhead expenses, and other additional costs (general, selling and administrative expenses)

<sup>65</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/up/pp2022/pp202201-nc-eng.html> and <https://www.cbsa-asfc.gc.ca/sima-lmsi/up/pp2022/pp202202-nc-eng.html>

[88] Although exporters in China have had normal values during the POR, the volume of imports of piling pipe from China in 2020 decreased significantly in 2021 and 2022. Nevertheless, all of these volumes from China also attracted SIMA duties (see Table 3 – Enforcement Data for the POR). The lack of piling pipe entering the Canadian market during the POR from exporters with normal values is another indication of exporters in China being unable to compete in Canada at non-dumped prices.

[89] Given the commodity nature of piling pipe, if the CITT's order expired, exporters of piling pipe in China would be compelled to offer low-priced piling pipe, in a market that is price sensitive, in order to compete with the lower prices of imports from other countries (see Table 2 – Imports of Piling Pipe during the POR), which increases the likelihood of continued or resumed dumping.

[90] In the absence of the CITT's order, the CBSA is of the view that exporters in China will likely continue to export piling pipe to Canada at dumped prices.

### **China's production capacity and export dependency**

[91] Due to the non-participation of the surveyed exporters/producers in China, in order to obtain a snapshot of the piling pipe producers in China, the CBSA conducted its own research.

[92] Of note, the machinery and equipment used in the production of other pipe and tube products, e.g., HSS, line pipe, mechanical tubing, OCTG, etc. are also commonly used for the production of piling pipe. A producer of other pipe and tube products can, with relative ease, convert its machinery and equipment (plant facility) to produce piling pipe. Furthermore, certain producers of other pipe and tube products can have piling pipe available for sale as a result of downgrades from pipe made for other purposes that did not meet the specifications required for those products (e.g. OCTG and line pipe).<sup>66</sup>

[93] The following represents examples of producers in China of various pipe and tube products which includes also piling pipe in terms of production capacity and business practices:<sup>67</sup>

- Cangzhou Steel Pipe Group (CSPG) Co., Ltd. has an annual output of 1.1 million MT exported worldwide, including Canada;
- Tianjin Shenzhoutong Steel Pipe Co., Ltd. has an annual output of 500,000 MT exported worldwide, including North America;
- Huludao City Steel Pipe Industrial Co., Ltd. has an annual output of 200,000 MT who sells in China and worldwide, including Canada;
- Hebei Huayang Steel Pipe Co., Ltd. has an annual output of 1.75 million MT who sells in China and worldwide, including North America;
- East Steel Pipe Co., Ltd. has an annual output of 200,000 MT exported worldwide, including Canada; and

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<sup>66</sup> Exhibit 25 (NC) – Response to Canadian Producer ERQ – Evraz, Question 3

<sup>67</sup> Exhibit 16 (NC) – CBSA Research #1 and Exhibit 18 (NC) - CBSA Research #2

- Guangzhou Juyi Steel Pipe Co., Ltd. has an annual output of 300,000 MT exported worldwide.

[94] The following represents examples of distributors/traders in China of various pipe and tube products which includes also piling pipe :<sup>68</sup>

- Gnee Pipe (Tianjin) Multinational Trade Co., Ltd. (Gnee Steel Group) exports more than 150,000 MT annually to over 150 countries;
- HYSF Steel Pipe and Nansteel Manufacturing Co., Ltd. exports worldwide;
- Linkun (Xi An Linhui Imp & Exp Co., Ltd.) exports hundreds of thousands of metric tonnes to over 60 countries, including North America.

[95] The following represents examples of producers and distributors/traders in China of various pipe and tube products which also includes helical piles/screw piles :<sup>69</sup>

- Structured Screw Pile China Ltd. has an annual output of 12,000 MT exported worldwide, including Canada; and
- Centerway Steel Co., Ltd. Steel exports to more than 100 countries.

[96] In taking a closer look at the business orientation of the producers and distributors/traders in China, the examples provided above corroborate their export orientation, which includes North America and Canada. Furthermore, the information demonstrates that these companies also have well established distribution channels and without an order in place, could easily direct piling pipe to Canada.

[97] The CBSA is cognizant that this production capacity of various pipe and tube products in China includes a broader range of products than the subject piling pipe. Nevertheless, based on only a handful of producers, the CBSA underlines that these producers have plant facilities (machinery and equipment) that are capable to produce pipes and tubes products, as well as piling pipe. This very fact underlines the magnitude of the available production capacity for piling pipe in China when compared to Canada. As a result, the CBSA is also of the view that the production capacity from the other producers in China can be estimated as being significantly larger than the size of the Canadian piling pipe market. As such, even if only a fraction of this production capacity would be directed to Canada, it would dwarf the domestic producers in regards to their sales in the market.

[98] Although the examples above do not represent the entire population of the piling pipe producers and exporters in China, the CBSA can infer, from these companies, that their business success relies in part on their export performance and that China continues to be a country that is dependent on its export of various pipe and tube products, which includes subject piling pipe.

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<sup>68</sup> Exhibit 16 (NC) – CBSA Research #1

<sup>69</sup> Exhibit 41 (NC) – CBSA Research #3

## Global overcapacity and the attraction of the Canadian market for Chinese exports

[99] In the OECD's latest publications regarding steelmaking capacity, the following conclusions were advanced, "Global steelmaking capacity continues to increase at a rapid pace in a period of weakening steel market conditions...which will put pressure on steel prices and weaken the industry's profitability. Furthermore, in term of global steelmaking capacity, the OECD indicated that the three year period of 2023-25 alone will see an additional 53.5 million MT of capacity coming on stream, with an additional 90.8 million MT potentially being added according to announced plans by steel companies. Excess capacity is a structural issue that continues to dampen prospects for the global steel industry."<sup>70</sup> As the gap between steelmaking capacity and crude steel production is expected to widen in the next three years, this significant overcapacity in the global steel industry will put additional pressure on countries struggling to absorb their steel production which will likely lead them to seek export markets in order to sell their excess production. To this effect, the CBSA also underlines that past history indicates that overcapacity typically tends to provide steel producers with the incentive to sell excess production in export markets at depressed prices.

[100] In its interim economic outlook, the OECD projected global growth to reach 2.9% in 2024 and stated that "The outlook today is slightly more optimistic than our previous forecasts, though the global economy remains fragile."<sup>71</sup>

[101] As for China, the world's largest steel-producing country and a net exporter,<sup>72</sup> although its steel industry will remain healthy and vigorous in 2023 due to an increase demand of other steel-consuming industries such as vehicles, ships and home appliances, the country's recovery is "not yet solid" given a complex global environment and insufficient domestic demand. As a result, China is turning its attention to exports, and increasing its efforts to deepen trade with developed countries and explore new possibilities with emerging economies.<sup>73</sup> As indicated by the OECD, Asia may continue to experience substantial increases in steelmaking capacity over the next three years if all the ongoing projects are ultimately realised; the region currently has a total of 35.5 million MT of capacity additions underway for start-up during 2023-25, with an additional 59.3 million MT in the planning stages.<sup>74</sup> The phenomenon of overcapacity in the Chinese steel industry has been well-recognized over a number of years. In the long-term, China's GDP annual growth rate is projected to trend around 4% in 2024 and 4.1% in 2025.<sup>75</sup>

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<sup>70</sup> Exhibit 18 (NC) – CBSA Research #2 - Latest Developments in Steel Making Capacity

<sup>71</sup> Exhibit 18 (NC) – CBSA Research #2 - Economic Outlook Slightly More Optimistic But Fragile

<sup>72</sup> Exhibit 18 (NC) – CBSA Research #2 – World Steel Association – World Steel in Figures 2022

<sup>73</sup> Exhibit 41 (NC) – CBSA Research #3 – China's steel industry will remain healthy, vigorous in 2023

<sup>74</sup> Exhibit 18 (NC) – CBSA Research #2 - Latest Developments in Steel Making Capacity

<sup>75</sup> Exhibit 41 (NC) – CBSA Research #3 - China - GDP Annual Growth Rate 2024 Forecast

[102] The piling pipe industry in Canada is heavily impacted by the strength of the oil and gas industry in Western Canada, specifically by the number of wells to be drilled. After witnessing its worst year in terms of the number of wells drilled, at just under 3,300 in 2020,<sup>76</sup> in which many oilpatch companies announced layoffs and reduced spending because of low oil prices, the recovery began in late 2020. In 2021, the number of oil and gas wells to be drilled increased<sup>77</sup> and this trend continued in 2022.<sup>78</sup> In 2023, the oil and gas drilling sector in Canada expects more activity with just over 6,400 wells to be drilled.<sup>79</sup>

[103] Regarding the global piling pipe market, it is expected to grow at 1.55% compound annual growth rate (CAGR) from 2023 to 2029.<sup>80</sup> As for the US and Canada, from 2021 to 2028, the CAGR is projected to register at 5.52%. Thus a higher growth rate is expected for US and Canada than the global trend. This growth in the North American piling pipe market over the forecasted period will be due to the increase in construction activities which is also attributable to the rapid urbanization and industrialization.<sup>81</sup>

[104] Furthermore, North America is projected to dominate the global helical piles/screw piles market from 2022 to 2031. It is also expected to register the highest CAGR during this period, during which the global helical pipes/screw piles market is expected to grow at a CAGR of 5.5%. The increase in construction activities, including solar farms, in North America and the adoption of helical piles/screw piles in the region are expected to provide lucrative growth opportunities for the market players.<sup>82</sup> A number of multimillion-dollar wind and solar projects are planned for Alberta in the next few years.<sup>83</sup>

[105] As such, the anticipated increase in demand of piling pipe in the coming years in Canada will also increase the likelihood of higher volumes of imports of piling pipe into Canada from other countries. With increased competition, in order to regain market share in Canada, where price is a major factor affecting the customers purchasing decisions, exporters in China will be forced to undercut prices to gain customers and market share. As such, should the CITT order expire, the commodity nature of piling pipe would increase the likelihood of continued or resumed dumping of piling pipe from China.

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<sup>76</sup> Exhibit 16 (NC) – CBSA Research #1 - 2020 the worst year on record for drilling in Canadian oilpatch

<sup>77</sup> Exhibit 16 (NC) – CBSA Research #1 - 2021 drilling forecast rises due to higher commodity price expectations

<sup>78</sup> Exhibit 16 (NC) – CBSA Research #1 - 16 percent increase in drilling activity for 2022 and - Oil well drilling set to rise more than 25% in 2022

<sup>79</sup> Exhibit 16 (NC) – CBSA Research #1 - Oil and gas drilling sector expects activity to pick up in 2023

<sup>80</sup> Exhibit 16 (NC) – CBSA Research #1 - Global trends and forecasts from 2023-2029

<sup>81</sup> Exhibit 16 (NC) – CBSA Research #1 - Steel pipe piles markets 2021-2028

<sup>82</sup> Exhibit 41 (NC) – CBSA Research #3 - World & China – Screw Piles Market 2022-31 / Industry Share, Size, Growth

<sup>83</sup> Exhibit 41 (NC) – CBSA Research #3 - Ultimate list of the top five largest operational and under construction solar installations in Canada and - How Canada's largest solar farm is changing Alberta's landscape

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

[106] Based on the information on the administrative record in respect of: Chinese exporters' inability to compete at non-dumped prices; China's production capacity and export dependency; and global overcapacity and the attraction of the Canadian market for Chinese exports, the CBSA has determined that the expiry of the order is likely to result in the continuation or resumption of dumping of piling pipe from China.

## **POSITION OF THE PARTIES - SUBSIDIZING**

### **Parties Contending that Continued or Resumed Subsidizing is Likely - Atlas**

[107] Atlas made representations through its Canadian Producer ERQ response<sup>84</sup> and in its case brief<sup>85</sup> in support of its position that the subsidizing of piling pipe from China is likely to continue or resume should the CITT's order expire.

[108] Several of the arguments made in favour of a likelihood of a resumption or continuation of dumping overlap with the arguments made in the same regard with respect to subsidizing. Consequently, Atlas argued that the countervailing measure should remain in place.

[109] The main factors identified by Atlas can be summarized as follows:

- Continued existence of subsidy programs in China; and
- continued subsidizing of piling pipe during the POR.

### **Continued existence of subsidy programs in China**

[110] Atlas submitted that several recent Canadian SIMA investigations have resulted in the imposition of countervailing duties on imports of Chinese steel products. In support of its submission, Atlas cited multiple cases, e.g., cold-rolled steel, concrete reinforcing bar, corrosion-resistant steel sheet, CSWP, line pipe 1, OCTG, sucker rods, etc. It argued that as many of China's steel sector subsidy programs are not product specific and are broadly available to the Chinese pipe-producing sector, there is no basis to conclude that piling pipe producers do not also benefit from a number of the same programs identified in these Canadian SIMA investigations.<sup>86</sup>

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<sup>84</sup> Exhibit 27 (NC) – Response to Canadian Producer ERQ – Atlas

<sup>85</sup> Exhibit 54 (NC) – Case Brief – Atlas

<sup>86</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 10



[111] Further, Atlas submitted that in 2019 the USDOC issued a continuation of the order relating to CWP, which includes similar piling pipe to the subject goods. It noted that in its decision, the USDOC determined that revoking the order would likely lead to a continuation or reoccurrence of subsidization and determined that countervailable subsidy programs in China continue to exist and are used by the producers. Atlas argued that the subsidy programs found in CWP from China, which includes similar piling pipe, would also apply to the present Canadian piling pipe case.<sup>87</sup>

### **Continued subsidizing of piling pipe during the POR**

[112] Atlas underlined that during the POR, imports of piling pipe into Canada from China were assessed SIMA duties (which includes both dumping and countervailing) in an amount totalling approximately \$6.8 million. It concluded that the enforcement data demonstrated that the subject goods have continued to be subsidized during the POR and that Chinese producers are unable to sell their products competitively in Canada at non-subsidized prices.<sup>88</sup>

### **Parties Contending that Continued or Resumed Subsidizing is Likely - DFI**

[113] DFI made representations through its Canadian Producer ERQ response<sup>89</sup> and in its case brief<sup>90</sup> in support of its position that the subsidizing of piling pipe from China is likely to continue or resume should the CITT's order expire.

[114] Several of the arguments made in favour of a likelihood of a resumption or continuation of dumping overlap with the arguments made in the same regard with respect to subsidizing. Consequently, DFI argued that the countervailing measure should remain in place.

[115] The main factors identified by DFI can be summarized as follows:

- Trade measures against China indicate a propensity to subsidize; and
- continued subsidizing of piling pipe during the POR.

### **Trade measures against China indicate a propensity to subsidize**

[116] DFI submitted that there remains a clear propensity on the part of Chinese producers and exporters to ship large volumes of subsidized steel products to the North American market. In support of its submission, DFI cited the numerous countervailing injury findings in the US and in Canada against steel, pipe and tube products originating in China. Examples provided for the US include: large diameter welded pipe, seamless steel standard, line and pressure pipe, welded line pipe, etc. Examples provided for Canada include: carbon and alloy steel line pipe, CSWP, OCTG, etc.<sup>91</sup>

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<sup>87</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 12

<sup>88</sup> Exhibit 54 (NC) – Case Brief – Atlas, paras 6-7

<sup>89</sup> Exhibit 29 (NC) – Response to Canadian Producer ERQ – DFI

<sup>90</sup> Exhibit 56 (NC) – Case Brief – DFI

<sup>91</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 3 and 29

## **Continued subsidizing of piling pipe during the POR**

[117] DFI noted that during the POR, imports of piling pipe into Canada from China were subsidized and dumped resulting in the assessment of SIMA duties.<sup>92</sup> It submitted that the significant enforcement measures imposed on Chinese piling pipe during POR show there is still an active interest in the Canadian market from Chinese piling pipe producers/exporters who are not able to compete at non-subsidized prices. DFI further submitted that the enforcement measures also show that Canadian importers continue to foster strong relationships with producers and traders of piling pipe in China.<sup>93</sup>

## **Parties Contending that Continued or Resumed Subsidizing is Unlikely**

[118] None of the parties contended that resumed or continued subsidizing of subject goods from China is unlikely if the CITT's order expires.

## **CONSIDERATION AND ANALYSIS - SUBSIDIZING**

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

[120] Although it solicited information from known and potential exporters/producers of piling pipe in China and the GOC, as mentioned earlier in this report, the CBSA did not receive any response to the ERQs nor did it receive any case briefs or reply submissions from the interested parties in China to consider in making a determination on subsidizing.

[121] The CBSA does not interpret the non-response to the ERQs by the surveyed exporters/producers in China as their lack of interest in the Canadian market for piling pipe.

[122] Guided by these aforementioned factors, the CBSA conducted its review based on the documentation submitted by the various participants and its own research, all of which can be found on the administrative record. The following list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to subsidizing:

- Imposition of countervailing measures on other pipe and tube products from China by authorities in other countries and in Canada;
- imposition of countervailing measures on similar piling pipe from China by the US; and
- continued availability of subsidy programs for piling pipe exporters/producers in China.

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<sup>92</sup> SIMA duties include both dumping and countervailing

<sup>93</sup> Exhibit 56 (NC) – Case Brief – DFI, paras 40-41

## **Imposition of countervailing measures on other pipe and tube products from China by authorities in other countries and in Canada**

[123] In Canada, there are currently several other pipe and tube products from China that are subject to countervailing duties, for example: carbon and alloy steel line pipe, CSWP, large line pipe, OCTG, etc.<sup>94</sup> In addition to these pipe and tube products, there are also other steel products from China that are subject to countervailing duties in Canada, including cold-rolled steel, concrete reinforcing bar, corrosion-resistant steel sheet, sucker rods, etc.<sup>95</sup>

[124] The existence of multiple countervailing measures in place in other countries (for example Australia and US),<sup>96</sup> and in Canada concerning certain steel products from China indicates that the GOC has placed a great deal of importance on its steel industry and has subsidized it accordingly.

## **Imposition of countervailing measures on similar piling pipe from China by the US**

[125] Information on the administrative record also indicates that the US has one current countervailing measure against similar piling pipe to the subject goods from China. On April 10, 2019, the USDOC issued a continuation of its order relating to CWP in its second sunset review, which includes similar piling pipe, from China. The USDOC determined that revoking the order on imports of CWP from China would likely lead to a continuation or reoccurrence of subsidization and determined that countervailable subsidy programs in China continue to exist and are used by producers of CWP.<sup>97</sup> This indicates that producers of similar piling pipe in China continue to receive countervailable benefits from the GOC.

[126] The CBSA finds that the imposition of a countervailing measure on similar piling pipe from China by the US authority demonstrates that the GOC makes subsidy programs available that confer benefits to producers of piling pipe in China.

## **Continued availability of subsidy programs for piling pipe exporters/producers in China**

[127] In light of the non-participation from Chinese exporters/producers of piling pipe or the GOC in this expiry review investigation and in the last expiry review investigation, the CBSA relied on information from the original subsidy investigation, which concluded on October 31, 2012, and on the normal value review of piling pipe, which concluded on March 1, 2023, in assessing the likelihood of the continuation or resumption of subsidizing, should the CITT's order expiry.

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<sup>94</sup> Exhibit 41 (NC) – CBSA Research #3 - Canada CBSA & CITT Cases and <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

<sup>95</sup> Exhibit 41 (NC) – CBSA Research #3 - Canada CBSA & CITT Cases and <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/menu-eng.html>

<sup>96</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 40 and Exhibit 56 (NC) – Case Brief – DFI, para 29

<sup>97</sup> Exhibit 54 (NC) – Case Brief – Atlas, para 12

[128] At the conclusion of the original subsidy investigation, in October 2012, the CBSA determined that the GOC had conferred benefits to two exporters, namely Guangzhou Juyi Steel Pipe Co., Ltd. (Juyi) and Huludao City Steel Pipe Industrial Co., Ltd. (Huludao), which included the following programs:

1. Input Materials Provided by Government at Less than Fair Market Value;
2. Grant - Special Supporting Fund for Commercialization of Technological Innovation and Research Findings; and
3. Other Program: Loans from Public Banks at Preferential Rates

[129] The total amount of subsidy for these two programs was calculated to be 419.82 renminbi per MT (RMB/MT) for Juyi and 439.47 RMB/MT for Huludao.<sup>98</sup> Detailed descriptions of these programs and explanations as to why they were regarded as subsidies subject to countervailing duties are contained in the Statement of Reasons issued at the final determination of the original investigation.<sup>99</sup>

[130] For all other exporters, the amount of subsidy was determined under a ministerial specification pursuant to subsection 30.4(2) of SIMA. The amount of subsidy calculated for these exporters was 641.35 RMB/MT.<sup>100</sup>

[131] At the conclusion of the normal value review in March 2023, the CBSA found that during the period of investigation, January 1, 2020 to December 31, 2020, subsidy programs had conferred benefits to the exporter WBQ.<sup>101</sup> The total amount of subsidy for these programs was calculated to be 48.6 RMB/MT.<sup>102</sup>

[132] The CBSA underlines that the amounts of subsidy, as it pertains to each of these three exporters and all other exporters, continue to be in effect at the time of the expiry review report. As such, the CBSA finds that the GOC continues to provide subsidy programs that confer benefits to piling pipe exporters/producers in China.

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

[133] Based on the information on the administrative record in respect of: the imposition of countervailing measures on other pipe and tube products from China by authorities in other countries and in Canada; the imposition of countervailing measures on similar piling pipe from China by the US; and the continued availability of subsidy programs for piling pipe exporters/producers in China, the CBSA has determined that the expiry of the order is likely to result in the continuation or resumption of subsidizing of piling pipe from China.

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<sup>98</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/pp-eng.html>

<sup>99</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1393/ad1393-i12-fd-eng.html>

<sup>100</sup> <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1393/ad1393-i12-fd-eng.html>

<sup>101</sup> Exhibit 15 (PRO) – CBSA Research #1 - Excerpt of conclusion letter to exporter in the normal value review PP 2022 UP1

<sup>102</sup> Exhibit 18 (NC) – CBSA Research #2 - Certain piling pipe measures in force and <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/pp-eng.html>

## CONCLUSION

[134] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR and considering any other factors relevant in the circumstances. Based on the foregoing analysis of pertinent factors and consideration of information on the administrative record, on August 10, 2023, the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the order made by the CITT on July 4, 2018, in Expiry Review No. RR-2017-003 in respect of piling pipe originating in or exported from China:

- is likely to result in the continuation or resumption of dumping of the goods from China; and
- is likely to result in the continuation or resumption of subsidizing of the goods from China.

## FUTURE ACTION

[135] On August 11, 2023, the CITT commenced its inquiry to determine whether the continued or resumed dumping and subsidizing are likely to result in injury. The CITT's inquiry schedule indicates that it will make its decision by January 17, 2024.

[136] If the CITT determines that the expiry of the order with respect to the goods is likely to result in injury to the domestic industry, the order will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping and/or countervailing duties on dumped and/or subsidized importations of the subject goods.

[137] If the CITT determines that the expiry of the order with respect to the goods is not likely to result in injury to the domestic industry, the order will be rescinded in respect of those goods. Anti-dumping and/or countervailing duties would then no longer be levied on importations of the subject goods, and any anti-dumping and/or countervailing duties paid in respect of goods that were released after the date that the order was scheduled to expire will be returned to the importer.

## CONTACT US

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

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A handwritten signature in blue ink, appearing to be 'DB', is centered on the page.

Doug Band  
Director General  
Trade and Anti-dumping Programs Directorate