



OCTG4 2021 IN

OTTAWA, February 4, 2022

## STATEMENT OF REASONS

Concerning the final determination with respect to the dumping of

CERTAIN OIL COUNTRY TUBULAR GOODS EXPORTED FROM AUSTRIA

## DECISION

On January 21, 2022, pursuant to paragraph 41(1)(b) of the *Special Import Measures Act*, the Canada Border Services Agency made a final determination respecting the dumping of certain oil country tubular goods originating in or exported from Austria.

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This *Statement of Reasons* is also available in French

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## SUMMARY OF EVENTS

[1] On May 17, 2021, the Canada Border Services Agency (CBSA) received a written complaint from Algoma Tubes Inc. (Sault Ste. Marie, Ontario), Prudential Steel ULC (Calgary, Alberta), Tenaris Global Services (Canada) Inc. (Calgary, Alberta) and Hydril Canadian Company LP (Nisku, Alberta), hereinafter “Tenaris Canada” or the Complainant, alleging that imports of certain oil country tubular goods (OCTG) originating in or exported from Austria are being dumped. The Complainant also alleged that the dumping has caused injury and is threatening to cause injury to the Canadian industry producing like goods.<sup>1</sup>

[2] On June 7, 2021, 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 Government of Austria that a properly documented complaint had been received.

[3] The Complainant provided evidence to support the allegations that OCTG from Austria 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 7, 2021, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of OCTG from Austria.

[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 7, 2021, 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 OCTG from Austria has caused injury.<sup>2</sup>

[7] On September 28, 2021, the CBSA extended the 90-day period for making the preliminary decision to 135 days. Measures being taken to address the COVID-19 pandemic by governments and health authorities around the world have made it very difficult for stakeholders, including the exporter located in Austria and their counsel, to respond to the CBSA’s Requests for Information (RFI) in a timely fashion. As a result, the CBSA extended the deadlines for stakeholders to respond to the CBSA’s RFIs. This, in turn, made it particularly difficult for the CBSA to make a preliminary decision within the standard 90 day period.

[8] On October 25, 2021, 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 OCTG from Austria.

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<sup>1</sup> Exhibit 2 (NC) – OCTG 4 Complaint.

<sup>2</sup> Canadian International Trade Tribunal; Certain Oil Country Tubular Goods Determination and Reasons (September 20, 2021), PI-2021-004.

[9] On the same day, 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.

[10] Based on the available evidence, the CBSA is satisfied that OCTG originating in or exported from Austria has been dumped. Therefore, on January 21, 2022, the CBSA made a final determination of dumping pursuant to paragraph 41(1)(b) of SIMA in respect of those goods.

[11] The CITT's inquiry into the question of injury to the domestic industry is continuing, and it will issue its decision by February 22, 2022. Provisional duties will continue to be imposed on the subject goods from Austria until the CITT renders its decision.

### **PERIOD OF INVESTIGATION**

[12] The Period of Investigation (POI) for the dumping investigation is May 1, 2020 to April 30, 2021.

### **PROFITABILITY ANALYSIS PERIOD**

[13] The Profitability Analysis Period (PAP) is January 1, 2020 to April 30, 2021.

### **INTERESTED PARTIES**

#### **Complainants**

[14] The contact information of the Complainant is as follows:

Algoma Tubes Inc.  
Prudential Steel ULC  
Tenaris Global Services (Canada) Inc.  
Hydril Canadian Company LP  
(The above companies are collectively referred to as "Tenaris Canada")  
530 - 8th Avenue SW, Suite 400  
Calgary, Alberta T2P 3S8

## Tenaris Canada

[15] Tenaris Canada manufactures OCTG in Canada at its Algoma Tubes Inc. (Algoma) facility located in Sault Ste. Marie, Ontario using the seamless process. Algoma produces seamless casing in outside diameters ranging from 4.5 to 9.875 inches for both American Petroleum Institute (API) and proprietary grades. Algoma has been producing OCTG for over 30 years.<sup>3</sup>

[16] All OCTG produced by Algoma are green tubes before they are finished. While Algoma has its own threading, coupling and heat-treating capabilities, some Algoma product is threaded with an OCTG premium connection at the Hydril Canadian Company LP (Hydril) facility in Alberta.<sup>4</sup>

[17] Up until summer of 2020, Prudential Steel ULC (Prudential) had been producing electric resistance welding (ERW) OCTG casing and tubing at its Calgary, Alberta facility in diameters ranging from 2.375 inches to 11.75 inches, primarily in grades H40, J55 and also in proprietary higher strength grades. The mill had threading, coupling and testing facilities but did not heat-treat goods.<sup>5</sup> Higher strength proprietary grades like PS80, are produced using skelp with the required chemistry. Prudential produced API and proprietary premium connections, but some product was threaded with an OCTG premium connection at the Hydril facility in Alberta.<sup>6</sup>

[18] Tenaris Canada is currently relocating its ERW production capability that was formerly at the Prudential facility, to be housed at the Algoma facility.<sup>7</sup> The Prudential facility ceased production in July 2020. This transition is expected to be completed near the end of 2021.<sup>8</sup>

[19] Hydril produces specialized premium connections for OCTG casing and tubing. Tenaris Global Services (TGS) provides management, sales and marketing support to the production facilities of Algoma.<sup>9</sup>

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<sup>3</sup> Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 36.

<sup>4</sup> Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 35.

<sup>5</sup> Only Tenaris Canada's Algoma facility can produce heat-treated goods. The PS80 grade produced at the Prudential facility competes with heat-treated L80.

<sup>6</sup> Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 35.

<sup>7</sup> Exhibit 2 (NC) – OCTG 4 Complaint – Appendix 14: Tenaris Canada and US s. 232 Tariff Articles, p. 49.

<sup>8</sup> Tenaris's SEC Filing : <https://sec.report/Document/0001554855-21-000059/>: "Tenaris's Prudential facility, located in Calgary, Alberta, was closed down in 2020, and the pipe manufacturing operations of seamless, welded and premium products in Canada will be consolidated at our Algoma Tubes facility located in Sault Ste. Marie, Ontario with an additional investment of \$72 million. This repositioning of the industrial activities, which is estimated to be completed by the end of 2021, is expected to strengthen the competitiveness and increase the domestic production capabilities for the Canadian market."

<sup>9</sup> Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 13.

## **Other Canadian Producers**

EVRAZ Inc. NA Canada (Evraz)  
P.O. Box 1670  
100 Armour Road  
Regina, Saskatchewan S0G 5K0

Welded Tube of Canada Corporation (WTC)  
111 Rayette Road  
Concord, Ontario L4K 2E9

[20] Evraz, WTC and the Complainant account for all known domestic production.

## **Trade Unions<sup>10</sup>**

[21] Tenaris Canada identified the United Steelworkers (USW) as a known trade union association representing persons employed in OCTG production in Canada. Tenaris Canada's relevant union locals are Local Union 7226 for Prudential and Local Union 9548 for Algoma. Evraz's relevant USW union locals are Local Union 5890 (Regina) and Local Union 6673 (Calgary).

## **Importers**

[22] The CBSA identified one importer of the subject goods from CBSA import documentation and from information submitted in the complaint. The importer was sent the CBSA's Importer Request for Information (RFI)<sup>11</sup> in respect of imports of OCTG from Austria, and it provided a response to the Importer RFI.<sup>12</sup>

## **Exporters**

[23] The CBSA identified two potential exporters from CBSA import documentation and from information submitted in the complaint. Both parties were sent the CBSA's Dumping RFI.<sup>13</sup>

[24] Voestalpine Tubulars GmbH & Co KG ("VAT") of Austria, provided a response to the CBSA's Dumping RFI.<sup>14</sup>

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<sup>10</sup> Exhibit 2 (NC) – OCTG 4 Complaint paragraph 104.

<sup>11</sup> Exhibit 11 (NC) – Importer Request for Information (RFI).

<sup>12</sup> Exhibits 24 (PRO), 25 (NC) – Response to Importer RFI from Trimark Tubulars Ltd. (Trimark).

<sup>13</sup> Exhibit 12 (NC) – Exporter Request for Information (RFI).

<sup>14</sup> Exhibits 30 (PRO), 31 (NC) – Response to Exporter RFI from Voestalpine Tubulars GmbH & Co KG (VAT).

[25] One related input supplier to VAT, Voestalpine Stahl Donawitz GmbH (VASD),<sup>15</sup> also provided information related to the costing of a significant factor input provided to VAT for their production of OCTG.

## **PRODUCT INFORMATION**

### **Product Definition<sup>16</sup>**

[26] For the purpose of this investigation, subject goods are defined as:

*Oil country tubular goods, which are casing, tubing and green tubes made of carbon or alloy steel, welded or seamless, heat treated or not heat treated, regardless of end finish, having an outside diameter from 2 3/8 inches to 13 3/8 inches (60.3 mm to 339.7 mm), meeting or supplied to meet American Petroleum Institute specification 5CT or equivalent and/or enhanced proprietary standards, in all grades, excluding drill pipe, pup joints, couplings, coupling stock and stainless steel casing, tubing or green tubes containing 10.5 percent or more by weight of chromium, originating in or exported from Austria.*

### **Additional Product Information<sup>17</sup>**

[27] For greater certainty, the term “green tube” refers to unfinished casing, tubing, or other tubular products (including upgradable OCTG that may or may not already be tested, inspected, and/or certified) originating in or exported from Austria and imported for use in the production or finishing of OCTG meeting final specifications, including grade and connections, required for use downhole. Green tubes, as they are commonly referred to in the OCTG industry, are intermediate or in process tubing and casing which require additional processing, such as threading, heat treatment and testing, before they can be used as fully finished oil and gas well casing or tubing in end-use applications.

[28] For greater clarity, the product definition does not include green tubes originating in or exported from Austria which are upgraded in the manner described above in an intermediate country prior to being exported to Canada for purposes of this dumping investigation. The CBSA considers these high-strength tubing and casing to originate in the intermediate country for purposes of the investigation.

[29] Pup joints are essentially short lengths of OCTG used for spacing in a drill string, and these are excluded where their length is 12 feet or below (with a three-inch tolerance), as defined in the API 5CT specification.

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<sup>15</sup> Exhibits 32 (PRO), 33 (NC) – Response from Voestalpine Stahl Donawitz GmbH (“VASD”) to request for information (RFI) part D.

<sup>16</sup> OCTG4 Initiation *Statement of Reasons*, July 22, 2021; paragraph 15.

<https://www.cbsa-asfc.gc.ca/sima-lms/i-e/octg42021/octg42021-in-eng.html#toc3-1>

<sup>17</sup> OCTG4 Initiation *Statement of Reasons*, July 22, 2021; paragraphs 16-19.

<https://www.cbsa-asfc.gc.ca/sima-lms/i-e/octg42021/octg42021-in-eng.html#toc3-2>

[30] Furthermore, accessory products used in conjunction with downhole OCTG tubing and casing strings such as cross-over joints, marker joints, elbows etc. are not covered by the product definition, nor are further manufactured products which use OCTG as inputs to their production such as vacuum insulated tubing (VIT). Coiled tubing is also not part of the product definition.

### **Product Characteristics and Uses<sup>18</sup>**

[31] Casing is used to prevent the walls of the bored hole from collapsing, both during drilling and after the well has been completed. Tubing is used to convey fluids up and down the well. This most commonly means carrying oil and gas to the surface, and may also involve conveying steam down the well, such as in Steam Assisted Gravity Drainage (SAGD) or Cyclic Steam Stimulation (CSS) applications.

[32] Subject OCTG may be manufactured by the seamless or welded process. Typical casing and tubing end finishes include plain end, beveled, external upset ends, threaded, or threaded and coupled (including proprietary premium or semi-premium connections).

[33] OCTG must be able to withstand outside pressure and internal yield pressures within the well. In addition, OCTG must have sufficient joint strength to hold the weight of the pipe string and must be equipped with threads sufficiently tight to contain the well pressure where lengths are joined. Threading may be performed by the manufacturer or a third-party threading operation. Various factors limit the total amount of open hole that can be drilled at any one time, and it may be necessary to set more than one string of OCTG concentrically for certain portions of the well depth.

[34] Subject OCTG are supplied to meet at a minimum API specification 5CT. OCTG from Austria is supplied in all grades including and not limited to, H40, J55, K55, N80, L80, L80 HC, L80 LT, L80 SS, C90, C95, C110, P110, P110 HC, P110 LT, T95, T95 HC, and Q125, or proprietary grades manufactured as substitutes for, or enhancements to, these specifications. The grade numbers define the minimum yield strength required of the grade in thousands of pounds per square inch (ksi).

[35] The most common grades of low-strength casing and tubing are J55, K55 and H40. Heat-treated grades (e.g. L80, P110 and T95) are more sophisticated grades of pipe and are used in deeper wells and more severe environments, such as low-temperature service, sour service and heavy oil recovery.

[36] Heat-treated grades are more sophisticated higher strength grades of pipes used in horizontal applications, deeper wells, and more severe environments such as low temperature services, sour service, heavy oil recovery, etc. These grades are made beginning with the use of a specific chemistry in the steel (either in billet for the seamless process or the steel coil in the ERW process) and are further-processed with heat treatment to attain certain combinations of mechanical properties and/or resistance to corrosion and environmental cracking.

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<sup>18</sup> Exhibit 2 (NC) – OCTG4 Complaint narrative – paragraphs 26– 32.



[37] For example, maximum strength (N80, P110, Q125), high-strength with lower ductility (normally proprietary enhancements of API grades), or high-strength combined with resistance to corrosion and environmental cracking (L80, C90, C95, C110, T95 and proprietary enhancements).

[38] Semi-premium and premium connections similarly enhance the function of an OCTG string by providing additional performance and/or sealing characteristics which may be required in more demanding applications.

## **Production Process** <sup>19</sup>

[39] OCTG casing and tubing are made on the same production equipment. Production may be by either the seamless or the electric resistance welded (ERW) process.

[40] Tenaris Canada employs the seamless production process at its Algoma manufacturing operations, starting with its purchasing of steel bars (also known as billets) which are imported from sister companies. The steel bar is cut into a billet and then loaded into the rotary furnace to be heated and readied for the Hot Rolling Mill (HRM). Once the HRM has transformed the billet into a tube it enters into a reheat furnace. The stretch reduction/sizing mill produces the final dimensions.

[41] Depending on the desired grade, the next process may involve heat-treatment. Finishing operations include Non-Destructive Testing (NDT), electromagnetic inspection (EMI) testing, hydrotesting, thread inspection, coupling, varnishing and stenciling.

[42] Tenaris Canada had until recently employed the ERW production process. From 1966 until July 2020, Tenaris Canada produced ERW steel pipes at its Prudential facility, located in Calgary.

[43] ERW OCTG is produced by slitting flat hot-rolled steel in coil form of a predetermined thickness (skelp) to the proper width required to produce the desired diameter of pipe. The skelp is then sent through a series of forming rolls that bend it into a tubular shape. As the edges of the skelp come together under pressure in the final forming rolls, an electric current is passed between them. The resistance to the current heats the edges of the skelp to the welding temperature, and the weld is formed as the two edges are pressed together.

[44] Steel tubes are formed by either the seamless or the ERW methods and are then cut-to-length. Depending on the API specifications required, OCTG may also be heat-treated at this point. The product is then sent to the finishing line where it is tested (NDT, EMI and hydrotesting), beveled and threaded on both ends. Tubing may undergo a separate process of upsetting and normalizing prior to threading. Finally, a coupling and coupling protector are applied to one end of the OCTG and a thread protector is applied to the other end before it is ready for shipment. Finishing operations also include cooling, straightening, inspection, testing, coating, and/or bundling.

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<sup>19</sup> Exhibit 2 (NC) – OCTG4 Complaint narrative – paragraphs 33–44.

## Classification of Imports

[45] Prior to January 1, 2022, imports into Canada of the subject goods were normally classified under the following tariff classification numbers:

7304.29.00.11	7304.29.00.39	7304.29.00.61	7306.29.00.19	7306.29.00.61
7304.29.00.19	7304.29.00.41	7304.29.00.69	7306.29.00.21	7306.29.00.69
7304.29.00.21	7304.29.00.49	7304.29.00.71	7306.29.00.31	
7304.29.00.29	7304.29.00.51	7304.29.00.79	7306.29.00.29	
7304.29.00.31	7304.29.00.59	7306.29.00.11	7306.29.00.39	

[46] Beginning January 1, 2022, under the revised customs tariff schedule, subject goods are normally classified under the following tariff classification numbers:

7304.29.00.12	7304.29.00.39	7304.29.00.67	7306.29.00.26	7306.29.00.55
7304.29.00.13	7304.29.00.42	7304.29.00.69	7306.29.00.27	7306.29.00.56
7304.29.00.14	7304.29.00.43	7304.29.00.72	7306.29.00.29	7306.29.00.57
7304.29.00.15	7304.29.00.44	7304.29.00.73	7306.29.00.32	7306.29.00.59
7304.29.00.16	7304.29.00.45	7304.29.00.74	7306.29.00.33	7306.29.00.62
7304.29.00.17	7304.29.00.46	7304.29.00.75	7306.29.00.34	7306.29.00.63
7304.29.00.19	7304.29.00.47	7304.29.00.76	7306.29.00.35	7306.29.00.64
7304.29.00.22	7304.29.00.49	7304.29.00.77	7306.29.00.36	7306.29.00.65
7304.29.00.23	7304.29.00.52	7304.29.00.79	7306.29.00.37	7306.29.00.66
7304.29.00.24	7304.29.00.53	7306.29.00.12	7306.29.00.39	7306.29.00.67
7304.29.00.25	7304.29.00.54	7306.29.00.13	7306.29.00.42	7306.29.00.69
7304.29.00.26	7304.29.00.55	7306.29.00.14	7306.29.00.43	7306.29.00.72
7304.29.00.27	7304.29.00.56	7306.29.00.15	7306.29.00.44	7306.29.00.73
7304.29.00.29	7304.29.00.57	7306.29.00.16	7306.29.00.45	7306.29.00.74
7304.29.00.32	7304.29.00.59	7306.29.00.17	7306.29.00.46	7306.29.00.75
7304.29.00.33	7304.29.00.62	7306.29.00.19	7306.29.00.47	7306.29.00.76
7304.29.00.34	7304.29.00.63	7306.29.00.22	7306.29.00.49	7306.29.00.77
7304.29.00.35	7304.29.00.64	7306.29.00.23	7306.29.00.52	7306.29.00.79
7304.29.00.36	7304.29.00.65	7306.29.00.24	7306.29.00.53	
7304.29.00.37	7304.29.00.66	7306.29.00.25	7306.29.00.54	

[47] The listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers may 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 SINGLE CLASS OF GOODS**

[48] 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.

[49] In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods (such as composition and appearance), their market characteristics (such as substitutability, pricing, distribution channels and end uses) and whether the domestic goods fulfill the same customer needs as the subject goods.

[50] The CITT has consistently determined that welded and seamless OCTG are like goods, and that OCTG of different grades are not separate classes of goods.<sup>20</sup> Welded and seamless OCTG have similar characteristics and generally compete with one another in the domestic market.

[51] In its preliminary injury inquiry, the CITT confirmed that it will conduct its analysis on the basis that OCTG produced in Canada that is of the same description as the subject goods is “like goods” in relation to the subject goods, and that there is one class of goods.<sup>21</sup>

[52] OCTG casing and tubing are made to the same minimum API 5CT specifications and/or to proprietary equivalent/enhanced specifications, and are both used in down-hole well applications. Casing and tubing are produced on the same equipment and have the same channels of distribution.

[53] Although the goods produced by the Canadian industry may or may not be considered identical in all respects to the subject goods imported from Austria, the CBSA has concluded that the Canadian goods closely resemble the subject goods. Further, after reviewing the physical characteristics of the goods, the end-uses and all other relevant factors, the CBSA is of the opinion that the subject goods constitute only one class of goods.

## **THE CANADIAN INDUSTRY**

[54] The domestic industry is comprised of three producers as follows:

[55] Tenaris Canada, which is divided into production facilities: Algoma (Sault Ste. Marie, Ontario) and Hydril (Nisku, Alberta). Prudential was also part of the Tenaris Canada group of companies until it was closed in August 2020.<sup>22</sup>

[56] Evraz Inc. NA Canada (Evraz), which operates ERW OCTG manufacturing facilities in Regina, Saskatchewan; and in Calgary, Camrose and Red Deer, Alberta. The Evraz North America group of companies also owns Canadian National Steel Corporation, which operates an ERW OCTG manufacturing facility in Camrose, Alberta.

[57] Welded Tube of Canada (WTC) operates an ERW OCTG manufacturing facility in Concord, Ontario, as well as a heat-treatment and threading facility in Welland, Ontario and a threading facility in Port Colborne, Ontario.

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<sup>20</sup> CITT Dumping and Subsidizing *Findings and Reasons* on Oil Country Tubular Goods 2, April 17, 2015, paragraph 42.

<sup>21</sup> CITT Dumping and Subsidizing *Determination and Reasons* on Oil Country Tubular Goods 4 (PI-2021-004), September 20, 2021, paragraph 29.

<sup>22</sup> Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraphs 37 and 39.

## IMPORTS INTO CANADA

[58] During the final phase of the investigations, the CBSA reaffirmed the volume and value of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[59] The following table presents the CBSA's analysis of imports of OCTG for the purposes of the final determination:

**Imports of OCTG**  
(May 1, 2020 – April 30, 2021)

Country of Origin or Export	% of Total Imports (by Volume)
<b>Austria</b>	<b>19.0%</b>
Voestalpine Tubulars GmbH & Co KG (VAT)	19.00%
<b>All Other Countries</b>	<b>81.0%</b>
<b>Total</b>	<b>100.0%</b>

## INVESTIGATION PROCESS

[60] At the outset of the investigation, information was requested from all known and potential exporters, producers, vendors, and importers, concerning shipments of OCTG released into Canada during the POI.

[61] All parties 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 verification 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.

[62] After reviewing the RFI responses, supplemental RFIs (SRFIs) were sent to VAT and its related input supplier, VASD, to clarify information provided in the responses and request additional information, where necessary. Verification of the exporter was conducted by way of video teleconferencing and verification questionnaires, both conducted in November 2021.

[63] Details pertaining to the information submitted by the exporter in response to the Dumping RFI as well as the results of the CBSA's investigation, are provided in the *Dumping Investigation* section of this document.

[64] No case arguments or reply submissions were received from any interested parties at the final phase of the investigation.

## **DUMPING INVESTIGATION**

### **Normal Value**

[65] Normal values are generally determined based on the domestic selling prices of like goods in the country of export, in accordance with section 15 of SIMA, or based on either the methodology of paragraph 19(a) 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 paragraph 19(b) of SIMA.

[66] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, normal values are determined pursuant to a ministerial specification in accordance with subsection 29(1) of SIMA.

### **Export Price**

[67] The export price of goods sold to importers in Canada is generally determined in accordance with 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.

[68] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, export prices are determined pursuant to a ministerial specification under subsection 29(1) of SIMA.

### **Margin of Dumping**

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

### **Results of the Dumping Investigation**

#### ***Voestalpine Tubulars GmbH & Co KG***

[70] Voestalpine Tubulars GmbH & Co KG (VAT) was incorporated in 1978 and is a subsidiary of Voestalpine AG, a public company listed on the Vienna Stock Exchange. VAT is a producer and exporter of subject goods located in Kindberg, Austria, which first exported subject goods to Canada approximately 30 years ago. VAT produces seamless tubular products with an outside diameter up to 193.7 mm (7 5/8 inches).

[71] Subject goods exported by VAT represent all subject goods shipped to Canada during the POI. All subject goods exported by VAT were to an arm's length importer.

[72] VAT provided substantially complete responses to the CBSA's RFIs. Supplemental RFIs (SRFIs) were sent to VAT to gather additional information and seek clarification regarding their original response. Responses were received and found to be substantially complete.

[73] Voestalpine Stahl Donawitz GmbH (VASD),<sup>23</sup> a related input supplier to VAT, also provided information related to their sales and costing of a significant factor input provided to VAT for their production of OCTG in its RFI and SRFI responses. These responses were also found to be substantially complete.

[74] VAT's information was verified by way of by way of video teleconferencing and verification questionnaires, both conducted in November 2021.

[75] During the POI, VAT did not have sufficient sales of like goods in the domestic market that met the conditions of sections 15 and 16 of SIMA. Due to insufficient information to determine a reasonable amount for profits under paragraph 11(1)(b) of the SIMR, normal values could also not be determined pursuant to paragraph 19(b) of SIMA. Due to the lack of information to enable the determination of normal values as provided in sections 15 to 23 of SIMA, normal values were determined pursuant to a Ministerial Specification under subsection 29(1), using a paragraph 19(b) methodology, based on 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.

[76] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on VAT's cost data associated with the subject goods shipped to Canada. The amount for profits was determined based on the financial information from the latest profitable fiscal year reported by VAT.

[77] Export prices for the subject goods were determined in accordance with 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.

[78] For the final determination, the total normal value compared to the total export price resulted in a margin of dumping of 34.6% for VAT, expressed as a percentage of the export price.

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<sup>23</sup> Exhibits 32 (PRO), 33 (NC) – Response from Voestalpine Stahl Donawitz GmbH (“VASD”) to request for information (RFI) part D.

## All Other Exporters

[79] As previously noted, VAT accounts for all of the subject goods exported from Austria during the POI. In the event that the CITT renders a finding of injury and goods from a new exporter are released from customs in the future, anti-dumping duty will be assessed by advancing the export price of the goods by 129.2% pursuant to a ministerial specification under subsection 29(1) of SIMA.

[80] In establishing the methodology for determining normal values and export prices for other potential exporters, the CBSA considered 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 and information submitted by the exporter of OCTG from Austria.

[81] The CBSA decided that the normal values determined for the exporter whose submission was substantially complete for the final determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values for all other potential exporters, since it reflects the exporter's actual trading practices during the POI.

[82] The CBSA examined the difference between the normal value and the export price determined for each individual transaction of VAT for the POI, and considered that the highest amount by which the normal value exceeded the export price found on an individual transaction (expressed as a percentage of the export price), was an appropriate basis for determining normal values.

[83] 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. This methodology relies on information related to goods that originated in Austria 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.

[84] The CBSA considers that the information submitted on the CBSA customs entry documentation is the best information on which to determine the export price of the goods as it reflects actual import data.

[85] Using the above methodology, should subject goods be exported from Austria by an exporter other than VAT, the margin of dumping would be 129.2%, expressed as a percentage of the export price.

## Summary of Results - Dumping

[86] A summary of the results of the dumping investigation respecting all subject goods released into Canada during the POI is as follows (also available in **Appendix 1**):

### Margin of Dumping (May 1, 2020 – April 30, 2021)

Country of Origin or Export	Margin of Dumping (as % of Export Price)
<b>Austria</b>	
Voestalpine Tubulars GmbH & Co KG	34.6%

[87] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if it is satisfied that the goods have not been dumped or the margin of dumping of the goods of that exporter is insignificant, meaning a margin of dumping that is less than 2% of the export price of the goods.

[88] All of the goods under investigation have been dumped and the margins of dumping determined for the goods are greater than the threshold of 2% and are therefore not considered insignificant. As a result, pursuant to paragraph 41(1)(b) of SIMA, the CBSA made a final determination of dumping respecting certain OCTG originating in or exported from Austria.

[89] A summary of the results of the dumping investigation respecting the subject goods released into Canada during the POI are presented in **Appendix 1**.

## **DECISION**

[90] Pursuant to paragraph 41(1)(b) of SIMA, the CBSA made a final determination of dumping respecting certain oil country tubular goods originating in or exported from Austria.

## **FUTURE ACTION**

[91] The provisional period began on October 25, 2021, and will end on the date the CITT issues its finding. The CITT is expected to issue its decision by February 22, 2022. Provisional anti-dumping duties will continue to apply until this date on imports of the subject goods from Austria. For further details on the application of provisional duties, refer to the *Statement of Reasons* issued for the preliminary determinations, which is available through the CBSA's website at: [www.cbsa-asfc.gc.ca/sima-lmsi/menu-eng.html](http://www.cbsa-asfc.gc.ca/sima-lmsi/menu-eng.html).



[92] If the CITT finds that the dumped goods have not caused injury and do not threaten to cause injury, all proceedings will be terminated. In this situation, all provisional duty paid or security posted by importers will be returned.

[93] If the CITT finds that the dumped goods have caused injury, the anti-dumping duty payable on the subject goods released by the CBSA during the provisional period will be finalized pursuant to section 55 of SIMA. Imports released by the CBSA after the date of the CITT's finding will be subject to anti-dumping duty equal to the margin of dumping.

[94] The importer in Canada shall pay all applicable duty. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the customs documents, an administrative monetary penalty could be imposed. The provisions of the *Customs Act* apply with respect to the payment, collection or refund of any duty collected under SIMA. As a result, failure to pay duty within the prescribed time will result in the application of interest.

### **RETROACTIVE DUTY ON MASSIVE IMPORTATIONS**

[95] 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.

### **PUBLICATION**

[96] A notice of the final determination of dumping will be published in the Canada Gazette pursuant to paragraph 41(3)(a) of SIMA.

## INFORMATION

[97] This *Statement of Reasons* will be 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, 11<sup>th</sup> floor  
Ottawa, Ontario K1A 0L8  
Canada

**Telephone:** Andy Fei 343-553-1866  
Heath Mckenzie 343-574-9246

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

**Web site:** [www.cbsa-asfc.gc.ca/sima\\_lmsi](http://www.cbsa-asfc.gc.ca/sima_lmsi)



Doug Band  
Director General  
Trade and Anti-dumping Programs Directorate

## APPENDIX 1

### SUMMARY OF MARGINS OF DUMPING

Origin or Export	Margin of Dumping (% of Export Price)
<b>Austria</b>	
Voestalpine Tubulars GmbH & Co KG (VAT)*	34.6%

\* VAT accounts for all of the subject goods exported from Austria during the period of investigation.

**Note:** The margins of dumping reported in the table above were determined by the CBSA for the purposes of the final decisions. These margins and amounts may not reflect the amount of anti-dumping duties to be levied on future importations of dumped goods. In the event of an injury finding by CITT, normal values for future shipments to Canada have been provided to the exporter who provided sufficient information in its response to the CBSA RFI, as appropriate. These normal values would come into effect the day after an injury finding. Information regarding normal values of the subject goods should be obtained from the exporters. Imports from any other exporters will be subject to an anti-dumping duty rate of **129.2%**, in accordance with a ministerial specification.

Normally, normal values will not be applied retroactively. However, normal values may be applied retroactively in cases where the parties have not advised the CBSA in a timely manner of substantial changes that affect values for SIMA purposes. Therefore, where substantial changes occur in prices, market conditions, costs associated with production and sales of the goods, the onus is on the concerned parties to advise the CBSA.

Please consult the [SIMA Self-Assessment Guide](#) for more detailed information explaining how to determine the amount of SIMA duties owing.