



Canada Border
Services Agency

Agence des services
frontaliers du Canada

OCTG4 2021 IN

OTTAWA, November 9, 2021

STATEMENT OF REASONS

Concerning the preliminary determination with respect to the dumping of

**CERTAIN OIL COUNTRY TUBULAR GOODS
ORIGINATING IN OR EXPORTED FROM AUSTRIA**

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act*, the Canada Border Services Agency made a preliminary determination on October 25, 2021 respecting the dumping of certain oil country tubular goods originating in or exported from Austria.

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

Canada

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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.

[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.¹

[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.

¹ Canadian International Trade Tribunal; Certain Oil Country Tubular Goods Determination and Reasons (September 20, 2021), PI-2021-004.

[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.

[9] On October 25, 2021, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped goods that are of the same description as any goods to which the preliminary determination applies, and that are released during the period commencing on the day the preliminary determination was made and ending on the earlier of the day on which the CBSA causes the investigation in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA.

PERIOD OF INVESTIGATION

[10] The Period of Investigation (POI) is May 1, 2020 to April 30, 2021.

PROFITABILITY ANALYSIS PERIOD

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

INTERESTED PARTIES

Complainant

[12] The name and address 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

[13] 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.²

² Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 36.

[14] 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.³

[15] 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.⁴ 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.⁵

[16] Tenaris Canada is currently relocating its ERW production capability that was formerly at the Prudential facility, to be housed at the Algoma facility.⁶ The Prudential facility ceased production in July 2020. This transition is expected to be completed near the end of 2021.⁷

[17] 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.⁸

Other Canadian Producers

[18] The following Canadian producers also manufacture OCTG:

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

³ Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 35.

⁴ Only Tenaris Canada’s Algoma facility can produce heat-treated goods. The PS80 grade produced at the Prudential facility competes with heat-treated L80.

⁵ Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 35.

⁶ Exhibit 2 (NC) – OCTG 4 Complaint – Appendix 14: Tenaris Canada and US s. 232 Tariff Articles, p. 49.

⁷ 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.”

⁸ Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraph 13.

[19] Evraz, WTC along with the Complainant account for all known domestic production.

Trade Unions⁹

[20] 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

[21] 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)¹⁰ in respect of imports of OCTG from Austria, and it provided a response to the Importer RFI.¹¹

Exporters

[22] 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.¹²

[23] Voestalpine Tubulars GmbH & Co KG ("VAT") of Austria, provided a response to the CBSA's Dumping RFI.¹³

Related Suppliers

[24] One related input supplier to VAT, Voestalpine Stahl Donawitz GmbH (VASD),¹⁴ also provided information related to the costing of a significant factor input provided to VAT for their production of OCTG.

⁹ Exhibit 2 (NC) – OCTG4 Complaint paragraph 104.

¹⁰ Exhibit 11 (NC) – Importer Request for Information (RFI).

¹¹ Exhibits 24 (PRO), 25 (NC) – Response to Importer RFI from Trimark Tubulars Ltd. (Trimark).

¹² Exhibit 12 (NC) – Exporter Request for Information (RFI).

¹³ Exhibits 30 (PRO), 31 (NC) – Response to Exporter RFI from Voestalpine Tubulars GmbH & Co KG (VAT).

¹⁴ Exhibits 32 (PRO), 33 (NC) – Response from Voestalpine Stahl Donawitz GmbH ("VASD") to request for information (RFI) part D.

PRODUCT INFORMATION

Product Definition¹⁵

[25] 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 Information¹⁶

[26] 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.

[27] 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.

[28] 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.

[29] 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.

¹⁵ 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>

¹⁶ 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>

Product Characteristics and Uses¹⁷

[30] 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.

[31] 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).

[32] 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.

[33] 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).

[34] 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.

[35] 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.

[36] 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).

¹⁷ Exhibit 2 (NC) – OCTG4 Complaint narrative – paragraphs 26– 32.

[37] 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 Process¹⁸

[38] 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.

[39] 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.

[40] 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.

[41] 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.

[42] 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.

[43] 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.

¹⁸ Exhibit 2 (NC) – OCTG4 Complaint narrative – paragraphs 33–44.

Classification of Imports

[44] The allegedly dumped goods are normally classified under the following tariff classification numbers:

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

[45] 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

[46] 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.

[47] 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.

[48] 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.¹⁹ Welded and seamless OCTG have similar characteristics and generally compete with one another in the domestic market.

[49] 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.²⁰

¹⁹ CITT Dumping and Subsidizing *Findings and Reasons* on Oil Country Tubular Goods 2, April 17, 2015, paragraph 42.

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

[50] 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.

[51] 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

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

[53] 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 2020.²¹

[54] 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.

[55] 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.

IMPORTS INTO CANADA

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

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

²¹ Exhibit 2 (NC) – OCTG 4 Complaint narrative – paragraphs 37 and 39.

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

Country of Origin or Export	Estimated % of Total Imports (by Volume)
Austria	19.0%
All Other Countries	81.0%
Total Imports	100%

INVESTIGATION PROCESS

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

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

[60] After reviewing the RFI responses, supplemental RFIs (SRFIs) were sent to respondents who submitted complete submissions in order to clarify information provided in the responses and request additional information, where necessary.

[61] The preliminary determination is based on the information available to the CBSA at the time of the preliminary determination. During the final phase of the investigation, additional information may be obtained and responding parties information may be verified, the results of which will be incorporated into the CBSA's final decision, which must be made by January 21, 2022.

PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION

[62] The following presents the preliminary results of the investigation into the dumping of OCTG from Austria.

Normal Value

[63] Normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA which relies on domestic prices, or one of the methodologies of section 19. Where the methodology of paragraph 19(b) is used, it is based 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.

Export Price

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

Margin of Dumping

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

[66] Further information regarding the respondent who submitted a response is detailed below.

Austria

Voestalpine Tubulars GmbH & Co KG

[67] 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).

[68] 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.

[69] The response to the Dumping RFI from VAT was substantially complete.

[70] 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. Normal values were estimated 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. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on VAT's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated using VAT's financial information available to the CBSA.

[71] Export prices for the subject goods were estimated 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.

[72] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 35.1% for VAT, expressed as a percentage of the export price.

Summary of Preliminary Results

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

Summary of Preliminary Results Period of Investigation (May 1, 2020 – April 30, 2021)

Country of Origin or Export	Estimated % Volume of Subject Goods (% of Total Imports)	Estimated Margin of Dumping (% of Export Price)
Austria	19.0%	N/A
Voestalpine Tubulars GmbH & Co KG	19.0%	35.1%
All Others – Austria	0.0%	N/A
All Other Countries	81.0%	N/A
All Countries	100%	N/A

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

[75] In conducting the negligibility test, the CBSA relied upon the volume reported in the FIRM database²² for OCTG from non-named countries, since it was available for all imports during the POI.

²² Facility for Information Retrieval Management (FIRM).

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

[77] The volume of subject goods from Austria is above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volumes of subject goods from Austria are therefore not negligible.

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

[79] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant. The estimated margin of dumping for exporters from Austria, expressed as a percentage of the export price, is above 2% and is, therefore, not insignificant.

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

DECISION

[81] On October 25, 2021, pursuant to subsection 38(1) of SIMA, the CBSA made a preliminary determination of dumping respecting OCTG originating in or exported from Austria.

PROVISIONAL DUTY

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

[83] Imports of OCTG from Austria released by the CBSA on or after October 25, 2021, will be subject to provisional duties equal to the estimated margin of dumping, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping and the rates of provisional duty.

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

[85] In the event that goods from an exporter, other than VAT in Austria, are released from customs after October 25, 2021, provisional anti-dumping duty will be assessed at a rate of 91.0%, as a percentage of the export price of the goods. The 91.0% represents the highest amount by which the normal value exceeded the export price on an individual transaction during the POI, excluding anomalies, for an exporter whose submission is substantially complete.

FUTURE ACTION

The Canada Border Services Agency

[86] The CBSA will continue its investigation and will make a final decision by January 21, 2022.

[87] If the CBSA is satisfied that the goods were dumped, and that the margins of dumping were not found to be insignificant, a final determination will be made. Otherwise, the CBSA will terminate the investigation in respect of those goods and any provisional duty paid or security posted will be refunded to importers, as appropriate.

The Canadian International Trade Tribunal

[88] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by February 22, 2022.

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

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

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

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

UNDERTAKINGS

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

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

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

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

PUBLICATION

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

INFORMATION

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

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

Telephone: Andy Fei 343-553-1866

Email: simaregistry@cbsa-asfc.gc.ca

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



Doug Band
Director General
Trade and Anti-dumping Programs Directorate

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

The following table lists the estimated margins of dumping and the provisional duty by exporter as a result of the decision mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after October 25, 2021, will be subject to provisional duties at the rates specified below.

Originating in or Exported from	Estimated Margin of Dumping (% of Export Price)	Total Provisional Duty Payable (% of Export Price)
Austria		
Voestalpine Tubulars GmbH & Co KG	35.1%	35.1%
All Other Exporters	N/A	91.0%