

# **CRAIG S. LOGIE**

BARRISTER & SOLICITOR

340 KING STREET EAST  
SUITE 400  
TORONTO, ONTARIO  
CANADA, M5A 1K8

TEL: 416-417-3070  
FAX: 416-645-7043  
E-MAIL: craig.logie@gmail.com

April 22, 2024

## **VIA EMAIL / PUBLIC**

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

Dear Sirs / Mesdames:

**Re: Comments on Request for Re-investigation**  
***Seamless Casing / OCTG 1***  
**United Steelworkers**

We write on behalf of the United Steelworkers (“USW” or “Union”) in support of the request by Tenaris Canada (“Tenaris”) for a re-investigation of the normal values of certain seamless casing and OCTG covered by the findings and orders in Seamless Casing and OCTG 1 (collectively, the “Determination”).<sup>1</sup>

We have received and reviewed the opposing submissions,<sup>2</sup> as well as the representations requesting a review filed by Tenaris on 2 April 2024 and Western Alliance Tubulars Ltd. and Moosomin First Nation on 19 April 2024.

The USW supported the initiation of the 2022 re-investigation including retroactive assessments.<sup>3</sup> Those reviews were concluded in March and June of last year, respectively. The Union’s members and, indeed, all affected workers, are grateful for the positive

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<sup>1</sup> See CBSA, *Notice of conclusion of a re-investigation: Oil country tubular goods and seamless casing* (17 March 2023), OS 2022 RI; see also *Notice of retroactive assessments: Oil country tubular goods and seamless casing* (20 June 2023), OS 2022 RI.

<sup>2</sup> Received from Major Pipe & Supply Ltd. on 16 April 2024, Exceed (Canada) Oilfield Equipment Inc. on 16 April 2024, and Imex Canada Inc. on 17 April 2024.

<sup>3</sup> See attached Representations dated 15 October 2021 (“**Public Attachment 1**”) and Case Brief dated 9 February 2023 (“**Public Attachment 2**”).

findings addressing the 150,000 tonnes of Chinese-produced product that was imported under, what we now know to be, stale normal values<sup>4</sup>

The reason for the sudden influx was that importers recognized an anomaly in US market pricing, which allowed them a window to import and stockpile subject OCTG and seamless casing prior to the CBSA's Determination. The period of investigation for that review closed in August 2022 – more than 18 months ago. Since then, there have been significant developments in the US market for these products.

To prevent a reoccurrence of that extraordinary influx, the USW submits that a re-investigation is needed (to update Chinese normal values and amounts of subsidy) in order to account for a material change in the US OCTG market. A new China-specific re-investigation would ensure normal values remain current with market realities, to better those employed in the Canadian OCTG industry.

In its submission Tenaris has identified a methodological issue and proposed a solution. The USW takes no position on that suggestion. The key for the Union is simply that a re-investigation (using whatever methodology the CBSA deems appropriate) should be initiated as soon as possible to avoid a repeat of 2022.

The Union submits that a proactive approach is required to protect Canadian workers. Waiting for the “tonnes to hit” before responding will mean – based on recent experience – an influx of subject goods before the CBSA has had time to respond with updated normal values. This is inefficient for the CBSA, as it almost certainly means another retroactive assessment, but more importantly it means that injury must be incurred by Canadian workers and their families before the problem is addressed.

For these reasons, the USW respectfully requests that the CBSA institute a re-investigation of the normal values of seamless casing and OCTG covered by the Determination.

Yours truly,



Craig Logie  
Counsel to the United Steelworkers  
Attach.

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<sup>4</sup> By “stale normal values” we mean values which have not been updated to reflect material changes to actual (in this case, surrogate) market prices.

**Public Attachment 1**

USW Representations  
Seamless Casing & OCTG 1  
Re-investigation Request

# CRAIG S. LOGIE

BARRISTER & SOLICITOR

340 KING STREET EAST  
SUITE 400  
TORONTO, ONTARIO  
CANADA, M5A 1K8

TEL: 416-417-3070  
FAX: 416-645-7043  
E-MAIL: craig.logie@gmail.com

October 15, 2021

## By Email / Public

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

Dear Sirs / Mesdames:

**Re: Request for Normal Value Review**  
***Seamless Casing / OCTG 1 / OCTG 2***  
**United Steelworkers**

We write on behalf of the United Steelworkers (“USW” or “Union”) to request a re-investigation of the normal values of certain seamless casing and OCTG covered by the findings and orders in *Seamless Casing*, *OCTG 1* and *OCTG 2* (together, “the OCTG Findings”).<sup>1</sup>

Similar requests have been filed with the CBSA by Tenaris Algoma Tubes, Tenaris Global Services (Canada), and Hydril Canadian Company LP (“**Tenaris**”) [on 7 October 2021] and by Evraz Inc. NA Canada (“**Evraz**”) and Welded Tube Corporation of Canada (“**WTC**”) [on 13 October 2021].

The USW fully agrees with Tenaris, Evraz and WTC that there is a need to update the normal values for the OCTG Findings, and in particular the finding concerning OCTG from China. Since July 2021, material volumes of seamless Chinese OCTG have entered the Canadian market at relatively low prices, representing a significant and sudden

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<sup>1</sup> Certain seamless carbon or alloy steel oil and gas well casing originating in or exported from China issued on March 10, 2008, in Inquiry No. NQ-2007-001, and continued on March 11, 2013, in Expiry Review No. RR-2012-002 (“*Seamless Casing*”); Certain oil country tubular goods originating in or exported from China issued on March 23, 2010, in Inquiry No. NQ-2009-004, and continued on March 2, 2015, in Expiry Review No. RR-2014-003 (“*OCTG 1*”); and Certain oil country tubular goods originating in or exported from Chinese Taipei, India, Indonesia, Korea, Thailand, Turkey, Ukraine and Vietnam issued on April 2, 2015, in Inquiry No. NQ-2014-002 (“*OCTG 2*”).

change in import behaviour from China.<sup>2</sup> This recent import activity is part of an escalating trend of over 18,000 MT of Chinese seamless OCTG imported into Canada so far this year – a clear signal of outdated normal values.<sup>3</sup>

Employees in this sector continue to bear the brunt of import pressure. While Canadian demand was low, Canadian workers did their best to weather the storm – suffering layoffs, plant closures and shift reductions. As demand increases, these workers should not be deprived of the opportunity to benefit from the recovery by a flood of imports at prices that reflect outdated, and unrealistically low, normal values. The risk to employment is greater due to the huge excess capacity of producers from these countries.

As set out in the submissions of Tenaris, Evraz and WTC, there are compelling reasons for CBSA to immediately initiate a re-investigation of the normal values and export price of certain seamless casing and OCTG covered by the OCTG Findings. None are more compelling, however, than the protection of workers in the OCTG sector, whose jobs are being threatened notwithstanding existing SIMA duties on the subject goods.

Yours truly,



Craig S. Logie  
Counsel to United Steelworkers

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<sup>2</sup> See Appendix 1 to WTC / Evraz request.

<sup>3</sup> See Public Appendix 1 to Tenaris request.

**Public Attachment 2**

USW Representations  
Seamless Casing & OCTG 1  
Re-investigation Request

## **CRAIG S. LOGIE**

BARRISTER & SOLICITOR

340 KING STREET EAST  
4th FLOOR  
TORONTO, ONTARIO  
CANADA, M5A 1K8

TEL: 416-417-3070  
FAX: 416-645-7043  
E-MAIL: craig.logie@gmail.com

February 9, 2023

**NON-CONFIDENTIAL (The redactions herein are made to protect data that is confidential and the disclosure of which would be harmful to the domestic industry.)**

### **By Encrypted File Transfer**

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

Dear Sirs / Mesdames:

**Re: Re-Investigation  
OS 2022 RI – Oil Country Tubular Goods and Seamless Casing  
Case Submissions by United Steelworkers**

This letter constitutes the case submissions of the United Steelworkers (“USW” or “Union”) in respect of the above-captioned reinvestigation.

### Introduction

The Union has more than 1,200 members across 3 distinct bargaining units, located in 3 different provinces, directly or indirectly employed in the manufacture of the subject OCTG and Seamless Casing.<sup>1</sup> As affected parties, the USW’s members fully participated

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<sup>1</sup> The USW represents members of three distinct bargaining units across three provinces directly involved in the production of Seamless Casing and OCTG in Canada. Although like goods are not produced by all members of each Local Union, the Union estimates more than 1,200 of its approximately 1,600 members in these bargaining units are directly or indirectly employed in the manufacture of the subject OCTG and Seamless Casing. For completeness it should be noted that some of the affected workers at Evraz and WTC are represented by unions other than the USW, as follows: Evraz Camrose AB – UNIFOR 551; Evraz Red Deer AB – Iron Workers 805; WTC Weiland ON – UNIFOR 199. These workers, no less than the members of the USW, are affected by imports of Chinese Seamless Casing and OCTG.

in the most recent expiry reviews for both products.<sup>2</sup>

As a result of those positive findings, and the consequent continuation of SIMA duties, the Union assumed that the persistent problem of dumped and subsidized Chinese OS entering the Canadian market had been addressed for at least the duration of those orders. This assumption has proved incorrect.

Global Affairs Canada's steel import permit data now shows that Chinese producers subject to normal values exported more than 180,000 MT of OS into Canada during 2022.<sup>3</sup> This represents a 600% increase over the 26,000 MT of OS exported to Canada in 2021.<sup>4</sup>

Moreover, the record shows that those volumes, even at normal values, unfairly undercut domestically produced OS pricing – essentially negating the findings in terms of employment.<sup>5</sup>

In view of its members' history in this sector, the USW is very concerned by the evidence of this recent surge of low-priced Chinese OS into the Canadian market and, in particular, the reasons behind it. In the USW's submission, such surges of goods under order are prime evidence of the failure of current calculation of normal values to account for significant fluctuations in market conditions, both globally and domestically, in a timely manner.

As a result, the Union has joined the domestic industry in seeking the initiation of this reinvestigation.<sup>6</sup> This submission outlines the USW's position on the causes, the effects, and the potential remedies open to the CBSA regarding this surge of low-priced Chinese OS.

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<sup>2</sup> Certain seamless carbon or alloy steel oil and gas well casing originating in or exported from China issued on March 10, 2008, in Inquiry No. NQ-2007-001, and most recently continued on November 28, 2018, in Expiry Review No. RR-2017-006 (“**Seamless Casing**”) and certain oil country tubular goods originating in or exported from China issued on March 23, 2010, in Inquiry No. NQ-2009-004, and most recently continued on December 10, 2020, in Expiry Review No. RR-2019-005 (“**OCTG 1**”), the subject goods covered by these findings are collectively termed “**OS**.”

<sup>3</sup> CBSA, Notice of Initiation of a Re-Investigation: Oil Country Tubular Goods and Seamless Casing (October 14, 2022), OS 2022 RI; see also: CBSA Exhibit 179 NC, at Public Attachment 3.

<sup>4</sup> CBSA Exhibit 179 NC, at Public Attachment 17.

<sup>5</sup> See: for example, CBSA Exhibit [ ] PRO, at [ ] and CBSA Exhibit [ ] PRO, at [ ].

<sup>6</sup> CBSA, Notice of Initiation of a Re-Investigation: Oil Country Tubular Goods and Seamless Casing (October 14, 2022), OS 2022 RI; the CBSA initiated this reinvestigation in response to (in its words): “a dramatic increase in imports of the subject goods from China totaling approximately 135,000 MT since the beginning of 2022” as well as a “serious price volatility in the OCTG market, with world market price indicators rising by 50% or more during the same period.”



The Problem with Current Normal Values

The existing measures on Chinese imports of OS are clearly ineffective. These measures rely on the surrogate normal values (of the OCTG 2 countries)<sup>7</sup> calculated during the reinvestigation of OCTG that concluded on September 6, 2022.<sup>8</sup>

Based on the sudden surge of Chinese imports of low-priced OS currently landing in Canada, it seems clear that current normal values do not address pricing in situations of unusual market volatility – like the current increases in costs and prices. This is not surprising. The surrogate data from OCTG 2 countries are outdated and rely upon false comparisons.

In this regard, it is worth noting that imports of OS from China reached 184,373 in 2022,<sup>9</sup> up from 6,265 MT in 2020 and 25,683 MT in 2021 – a 2,842.9% surge over 2020.<sup>10</sup> In contrast, imports from OCTG 2 countries have not experienced a surge of anything like the same magnitude. Imports from these countries in 2022 reached only 16,277 MT from a 2020 base of 3,176 MT.<sup>11</sup> In the Union’s submission, these are not comparable volumes or rates of increase.

The OCTG 2 countries are, on the existing evidence, not good surrogates for China: they have virtually no domestic market for OCTG, are vastly smaller producers of OCTG than China, and have a much less diverse product range of OCTG than China. If the CBSA continues to follow the same methodology as it used in the previous reinvestigation to determine surrogate normal values for China in this reinvestigation, jobs in this sector of the steel industry will continue to be lost.

As explained in detail below, the USW submits that the proper section 20 surrogate, indeed the only comparable producing country for the purposes of this reinvestigation, is the US. This is not only because the US is a (much) better comparator to China, but because the US market data on the record is more recent and more complete – reflecting the global changes that have occurred since the last OCTG 2 reinvestigation.

The CBSA is given considerable leeway to decide its methodology for calculating normal

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<sup>7</sup> *Oil Country Tubular Goods* (December 30, 2020), RR-2019-006 (CITT). (“**OCTG 2**”) The OCTG 2 subject countries include: Taiwan, India, Indonesia, the Philippines, Korea, Thailand, Turkey, Ukraine, and Vietnam.

<sup>8</sup> *Oil Country Tubular Goods* (September 6, 2022), OCTG 2022 RI (CBSA).

<sup>9</sup> See: CBSA Exhibit 179 NC, at Public Attachments 3 & 17. The total volume for 2022, 184,373 MT, is derived by adding the Statistics Canada data, current to November (179,155 MT) and the Global Affairs Canada data for December (5,218 MT).

<sup>10</sup> CBSA Exhibit 179 NC, at Public Attachment 17.

<sup>11</sup> CBSA Exhibit 179 NC, at Public Attachment 17.

values. What the CBSA should always keep in mind is the effect these methodological decisions have on its main stakeholders – the domestic producers and their workers.

#### The Impact of Current Normal Values on Employment

The USW's interest in the calculation of normal values is more than academic. Employees in this sector continue to bear the brunt of import pressure – despite SIMA duties being in place. It is critical to their employment that the normal value regime reflect actual market conditions in North America at the time of sale, and not those of other jurisdictions at other times.

The risk to employment is exacerbated by the excess capacity of the current Chinese exporters – which is many times the size of the entire Canadian market. While this is not a factor when normal values reflect actual market conditions, in the current volatile pricing environment jobs are at risk of being displaced by these huge volumes of low-priced subject goods.

Since the evidence shows Chinese seamless casing primarily displaces Canadian ERW, the brunt of the current level of Chinese OS imports is being borne by Evraz's workers. Evraz is planning [ ] if it does not receive some relief from this reinvestigation. According to management, it already has [ ]

].<sup>12</sup>

This is not just posturing by management; the employees are feeling this pressure. Evraz's Regina plant, the largest single producer of ERW OCTG in the country, is ground zero for the impact of Chinese subject goods and the workers at that plant are bracing for layoffs.

In [ ]

[ ]]. It was also determined that [ ]

].<sup>13</sup>

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<sup>12</sup> See: CBSA Exhibit [ ], PRO, at [ ], at paras 3-6; see also: CBSA Exhibit 196 NC, at Public Attachment 2. On Monday, January 30, 2023, Evraz issued a public announcement of upcoming layoffs. This announcement acknowledged that the layoffs were as a result of unfairly traded steel imports in the Canadian market.

<sup>13</sup> CBSA Exhibit [ ], PRO, at [ ], at paras 7.

Unless normal values are adjusted, and retroactive duties are assessed on Chinese imports, many of the hundreds of workers employed in the manufacturing of OS in Canada will be laid off.<sup>14</sup>

### The USW's Position

It is the USW's position that the normal values complained about can be remedied through methodological adjustments that better account for current market conditions.

In particular, the USW agrees with the domestic industry that using either (i) the US as a surrogate in a section 20 analysis, or, (ii) a proxy for US pricing through Pipe Logix data would be much more reliable than using OCTG 2 countries as substitutes for North American market conditions.

Nothing prevents the CBSA from taking either of these approaches. Section 29 grants the CBSA broad discretion as to the manner in which normal values will be calculated.<sup>15</sup> The CBSA's dominant consideration in establishing normal values should be to protect the domestic industry and its workers from unfair trade and, as both the USW and the domestic industry submit, either of the following alternatives would better address that aim.

### *United States as Section 20 Surrogate*

First, it is the USW's position that the CBSA can, and should, rely on US market prices to determine the normal values for OS products originating in or exported from China.<sup>16</sup>

The CBSA has the discretion to select the appropriate surrogate country and has frequently relied on US data, even where the US producers are related to Canadian domestic producers.<sup>17</sup> In fact, the CBSA has previously found that the US is an appropriate surrogate country in the OS context.<sup>18</sup>

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<sup>14</sup> CBSA Exhibit 196 NC, at Public Attachment 1, at paras 1-2 & 5-8.

<sup>15</sup> *Special Import Measures Act*, RSC 1985 c S-15 at s. 29.

<sup>16</sup> The interrelated nature and substitutability of the OS Products (i.e. SC and both Seamless OCTG and ERW OCTG) is well documented. The large volumes of SC and OCTG Products entering the domestic market has also had a significant effect on the producers of ERW, in particular the members of USW Local 6673 employed at Evraz's Calgary facility.

<sup>17</sup> See: SIMA Handbook (updated October 21, 2022) at 354; *Certain Sucker Rods* (November 29, 2018), SR 2018 IN (CBSA) at para 22.

<sup>18</sup> In this very case, the CBSA found in its final determination that "[t]he available information indicated that the US OCTG market was an appropriate market for this comparison [for section 20]." Similar findings have been made in other steel cases, including *Container Chassis* and *Sucker Rods*; "Final Determination." *Certain Oil Country Tubular Goods* (March 9, 2010), 4214-26 AD/1385; 4218-27 CV/125 (CBSA) at

In the present case, the similarities between the US and Chinese OS markets are particularly relevant. The US and China are the world's largest OS producers, particularly by comparison to the OCTG 2 countries, which, when combined, account for only a fraction of the US or China's OS consumption.<sup>19</sup> The US would also be an appropriate surrogate for China through the lens of comparable OS market consumption.

It is also relevant to note that during 2022 the US and China were the two largest exporters of OS to Canada.<sup>20</sup>

The presence of US tariffs on imports of Chinese OS have led to a market that is undistorted by low-priced Chinese steel. Chinese overcapacity and export-orientation ensures that any market without anti-dumping protections will be distorted by low-priced Chinese OS.<sup>21</sup>

Altogether, the US is the most appropriate surrogate country for Chinese OCTG values. The USW respectfully requests that the CBSA rely on the reliable and verified US surrogate data on the record in order to calculate normal values under s. 20(1)(c).

#### *Pipe Logix*

Alternatively, the CBSA could rely on Pipe Logix data in order to calculate normal values. The CBSA has previously held that where it lacks an appropriate surrogate country, it should rely on a price based on an authoritative publication, such as Pipe Logix.<sup>22</sup> Such changes to the ministerial specification are required when the specification may be insufficient to offset the dumping or subsidizing.<sup>23</sup>

Pipe Logix's data is authoritative, reliable, and accurately reflects OS prices.<sup>24</sup> It is relied upon worldwide by OS producers, [ ] to set prices.<sup>25</sup> The global reliance placed on Pipe Logix is a clear indication that it

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Appendix 3; "Final Determination," *Container Chassis* (February 3, 2022), CC 2021 IN (CBSA) at para 155; *Certain Sucker Rods* (November 29, 2018), SR 2018 IN (CBSA) at para 22.

<sup>19</sup> CBSA Exhibit [ ] PRO, at [ ], at pp. 5-6. [ ]

[ ]

<sup>20</sup> CBSA Exhibit 167 NC, at Attachment 4.

<sup>21</sup> *Oil Country Tubular Goods* (July 17, 2020), OCTG 1 2020 ER (CBSA) at paras 84, 98 and 99.

<sup>22</sup> CBSA Exhibit 167 NC, Attachment 2, at para 1(c).

<sup>23</sup> See: SIMA Handbook, page 236.

<sup>24</sup> Pipe Logix has operated as an industry publication and market research consultant for 45 years.

<sup>25</sup> Pipe Logix is largely an arbiter of global, and certainly north American normal values. See: CBSA Exhibit [ ] PRO, at p. 3, Q. 1.

accurately reflects US and global OCTG and Seamless Casing price data.

The Pipe Logix data is extensive, regularly published and can be more reliably used to identify normal values than data from other surrogate countries. This data, which is easily accessible, is more recent and more complete than the outdated data from OCTG 2 countries that may be incomplete, inaccurate, or difficult to obtain.<sup>26</sup>

The CBSA has frequently relied this publication's data to set Chinese normal values, including in the original OCTG 1 investigation.<sup>27</sup> Since then the CBSA has continued to rely on Pipe Logix in other OS cases.<sup>28</sup>

It is the USW's position that it would be appropriate for the CBSA to supplement the companies' and its own price information with Pipe Logix data in order to set the Chinese producers' normal values.

### Conclusion

In summary, low-priced Chinese OS has entered the domestic market at such volumes and prices as to negatively impact employment. This situation requires immediate and decisive action to prevent further layoffs and other injury to the workers employed in the domestic OS industry.

The USW requests that the CBSA use this reinvestigation to account for recent market volatility. The Union suggests that it do that by relying on US surrogate data or, alternatively, Pipe Logix published prices to set normal values for Chinese OS and assess retroactive duties against the subject goods if deemed appropriate.

Among the many reasons to do so, none are more compelling than the protection of workers, whose jobs are under threat notwithstanding existing SIMA duties on the subject goods.

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<sup>26</sup> The Pipe Logix data covers the widest range of OCTG products of any industry publication. See: CBSA Exhibit 183 NC, at Attachment 15, p. 2-5.

<sup>27</sup> Statement of Reasons, *Certain Oil Country Tubular Goods*, CBSA, March 9, 2010, paras. 90, 91. The CBSA held that Pipe Logix was "the only publicly available information that provides data in sufficient detail to allow a proper product comparison with the OCTG goods imported into Canada," and further held that "pricing data from this source is an appropriate basis to be used in the calculation of normal values when considering the similarities between the US and Chinese petroleum markets and industries."

<sup>28</sup> CBSA also relied on Pipe Logix at the conclusion of the original investigation into Chinese line pipe, as noted in Statement of Reasons, *Certain Carbon and Alloy Steel Line Pipe*, CBSA, October 10, 2016, paras. 124, 125.

Yours respectfully,

A handwritten signature in black ink, appearing to read 'C. Logie', written over the printed name.

Craig Logie  
Jacob Millar  
Craig Logie, Barrister & Solicitor  
Counsel to United Steelworkers