

May 13, 2024

SENT VIA EMAIL  
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SIMA Registry and Disclosure Unit  
Trade and Anti-Dumping Programs Directorate  
**Canada Border Services Agency**  
100 Metcalfe St, 11th Floor  
Ottawa, Ontario K1A 0L8

Dear Sir/Madam:

**Re: Reply to representations made in response to Tenaris Canada's request for re-investigation of OCTG 1 and Seamless Casing findings**

This submission is filed on behalf of Tenaris Canada both to update CBSA on most recent developments showing the inevitability of resurgence of Chinese imports and in reply to representations made by Imex Canada Inc. (“**Imex**”), dated April 4, 2024,<sup>1</sup> and by Major Pipe & Supply Ltd. (“**Major Pipe**”) and Exceed (Canada) Oilfield Equipment Inc. (“**Exceed**”) respectively dated April 9, 2024,<sup>2</sup> regarding Tenaris Canada's re-investigation request dated March 22, 2024.<sup>3</sup>

Exceed also filed a second letter, dated April 25, 2024,<sup>4</sup> in response to Western Alliance Tubulars Ltd. And Moosomin First Nation's (collectively, “**WAT**”) letter in support of Tenaris Canada's request. This second response effectively reiterates the contents of the first.

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<sup>1</sup> Imex Canada Inc., submission regarding Tenaris Canada's request for re-investigation of OCTG 1 and Seamless Casing anti-dumping findings ex China, April 4, 2024 [“Imex Representations”].

<sup>2</sup> Major Pipe, Tenaris Canada to request a re-investigation of normal values for oil country tubular goods (OCTG 1) and seamless casing (SC) originating in or exported from China, April 9, 2024 [“Major Pipe Representations”]; and Exceed (Canada) Oilfield Equipment Inc., Comments on Tenaris Canada's Request for re-investigation of OCTG 1 and Seamless Casing anti-dumping findings, April 9, 2024 [“Exceed Representations”].

<sup>3</sup> Tenaris Canada, Request for re-investigation of OCTG 1 and Seamless Casing anti-dumping findings, March 22, 2024 [“Tenaris Canada Representations”].

<sup>4</sup> Exceed (Canada) Oilfield Equipment Inc., Comments on Western Alliance Tubulars' support for Tenaris Canada's Request for re-investigation of OCTG 1 and Seamless Casing anti-dumping findings, April 25, 2024 [“Exceed WAT Representations”].

## **I. Update – Significant Chinese imports are imminent because Chinese normal values are [REDACTED] Canadian market prices**

An influx of low priced Chinese OCTG is now inevitable given that the Chinese normal values updated on May 1, 2024 means the normal values are [REDACTED] that cost sensitive distributors and end-users will seize the opportunity for cost cutting.

Based on the normal values [REDACTED]  
[REDACTED]  
[REDACTED] undercut domestic prices. Even after accounting for [REDACTED] in freight and logistics from China to Edmonton (based on most recent [REDACTED]) Chinese product [REDACTED].

A comparison of the May 1, 2024 Chinese normal values (plus estimated freight costs) against Tenaris Canada's actual average selling prices during 2024 Q2 is attached as Appendix A.

This pricing advantage of Chinese exporters only arises from the fact that the [REDACTED] used to determine many normal values no longer reflects actual pricing in the US market, as Tenaris Canada explained and demonstrated in its original request for a re-investigation dated March 22, 2024.

With such a significant pricing advantage against current Canadian market prices, there is every reason to expect a large and imminent surge of unfairly traded Chinese OCTG to again exploit outdated normal values, unless CBSA acts swiftly to prevent such irreparable harm by initiating a new re-investigation.

## **II. Parties' Positions**

Tenaris Canada requested that CBSA urgently initiate a re-investigation to revise the Ministerial Specification for OCTG covered by the *Seamless Casing* and *OCTG 1* findings.

Following Tenaris Canada's original submission requesting a re-investigation, additional stakeholders have come forward supporting Tenaris Canada's request. Western Alliance Tubulars Ltd. and Moosomin First Nation (collectively, "WAT")<sup>5</sup> and the United Steelworkers ("USW") have both provided written submissions explaining why a re-investigation into the OCTG China findings must be urgently initiated.<sup>6</sup> WAT, as a first nation-owned company, and

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<sup>5</sup> Western Alliance Tubulars Ltd. and Moosomin First Nation, Request for re-investigation of IT/VIT normal values under the OCTG 1 anti-dumping finding, April 16, 2024.

<sup>6</sup> United Steelworkers, Comments on request for re-investigation Seamless Casing/OCTG 1, April 22, 2024.

USW, representing hundreds of workers in the OCTG sector, are important stakeholders in the Canadian OCTG industry. Their expressed support should add significant weight to Tenaris Canada's original request.

Conversely, the parties opposed have not offered sound, let alone consistent, reasons to not initiate a re-investigation. Their assertions do not discredit Tenaris Canada's justifications, which are shared by WAT and USW, for adjusting the normal value calculation methodology.

The submissions from Major Pipe and Exceed directly contradict one another. Major Pipe alleges that the re-investigation system as a whole is not working, and that CBSA should not exacerbate the situation by dedicating further resources to it. In contrast, Exceed says CBSA's enforcement system "is not broken and does not require fixing."<sup>7</sup>

As is often the case, reality lies between these opposing statements. As Tenaris Canada said in its original re-investigation request, CBSA's methodology for determining normal value for China is generally sound, and requires "one simple, but critical adjustment" to the methodology.<sup>8</sup>

### **III. A re-investigation is necessary to prevent unfair trade from China**

Tenaris Canada agrees with Exceed's position that "the purpose of SIMA is to regulate injurious imports."<sup>9</sup> That is exactly why CBSA needs to initiate a re-investigation now, to ensure that injurious imports are not allowed to flood into Canada. Once those goods have entered the Canadian market, there is no way for domestic producers to recoup sales that will be lost.

Imex suggests that the Tenaris Group of companies is the largest participant in the Canadian industry, and that Tenaris Canada is attempting to limit competition in the Canadian OCTG market.<sup>10</sup> In fact, it is CBSA's mandate to not just limit, but to prevent, unfairly traded competition in the Canadian market.

Typically, Chinese OCTG producers cannot compete in a fair market and are only able to compete where there is some opportunity like outdated normal values that would permit an influx of under-priced product.

Ultimately, the Canadian OCTG market maintains robust competition, and many countries continue to fairly import into Canada. Imports arriving from the United States and other sources are examples. Imex's suggestion that Tenaris Canada is seeking to "instrumentalize CBSA to

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<sup>7</sup> Exceed Representations, page 2.

<sup>8</sup> Tenaris Canada Representations, page 2.

<sup>9</sup> Exceed Representations, page 6.

<sup>10</sup> Imex Representations, page 1.

create an anti-competitive OCTG market”<sup>11</sup> is unfounded. In reality, the opposite is true – Tenaris Canada seeks CBSA’s assistance in facilitating healthy competition in a fairly traded Canadian market.

#### **IV. Adjusting normal values for OCTG from China is a priority**

As confirmed in WAT’s and USW’s submissions supporting Tenaris Canada’s request, dumped Chinese OCTG will have a wide-reaching negative impact on the OCTG sector, including business, employees and other stakeholders (like the Moosomin First Nation owners of WAT). A proactive revision of normal values is appropriate as SIMA provides no compensation for lost sales or shift cutbacks that occur when unfairly trade goods arrive in Canada.

Tenaris Canada acknowledges CBSA’s finite resources, as raised by the opposed parties. However, relevant considerations show that the enforcement of OCTG normal values must be a top priority for CBSA. CBSA should consider import volumes, the threat to the domestic industry, and potential resulting injury to the domestic industry in assessing the relative importance of various issues before CBSA.

The likelihood of massively increased import volumes and subsequent serious harm to the Canadian industry is very high here for the reasons set out in Tenaris Canada’s original request. The high probability of imminent increases in imports is even evidenced by opposed parties’ submissions.

For instance, Imex states that it continues to import subject goods from China.<sup>12</sup> This stream will surely grow as normal values become more disconnected from market realities. Major Pipe notes that it relies on Chinese OCTG producers “to run an effective supply chain and distribution business.”<sup>13</sup> The word “effective” here can only be a euphemism for “low-priced”.

There is clearly already an appetite in Canada for unfairly priced Chinese OCTG that is increasing as normal values fall below market prices due to the now excessive deduction CBSA applies to Pipe Logix in its current ministerial specification which is resulting in low Chinese normal values.

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<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Major Pipe Representations, page 4.

## V. CBSA's methodology is fair

Tenaris Canada agrees with Exceed, and in fact stated verbatim in its original submission that the periodic indexing mechanism is fair.<sup>14</sup> Tenaris Canada does not seek to create an anti-competitive OCTG market,<sup>15</sup> nor waste CBSA resources with “unsubstantiated” data,<sup>16</sup> nor does it request an overhaul of the current enforcement system.<sup>17</sup> Tenaris Canada is merely asking CBSA use a smaller adjustment to Pipe Logix data to account for current pricing differences between Pipe Logix and the US OCTG market.

Pipe Logix has been trusted by CBSA for over a decade and has previously been described as a “well respected OCTG authority.”<sup>18</sup> The CBSA has also found that “consistent with previous investigations involving tubular products in the oil and gas sector” Pipe Logix is “a reliable source of pricing information.”<sup>19</sup> Tenaris Canada is aware that many of the largest OCTG purchasers in Canada [REDACTED] currently subscribe to Pipe Logix to influence their purchasing decisions. Tenaris Canada has no way to influence Pipe Logix’ pricing data. Pipe Logix remains a valuable and reliable price assessment tool.

## Conclusion

A re-investigation is necessary to protect the domestic industry as a whole, including small and large businesses and individual employees. The surge of Chinese OCTG that occurred in 2022 and Q1 2023 when normal values were last stale resulted in nearly 200,000 MT of Chinese low priced OCTG imports. These goods directly replaced domestic OCTG in the market and the industry suffered lower production and sales in 2023 as a result. If CBSA waits to act, the pattern will be repeated. It is the objective of Canada’s prospective normal value system to provide the domestic industry protection from unfairly traded goods. If the simple adjustment to the adjustment methodology embedded in the Ministerial Specification is not made prior to a new surge in unfairly priced exports from China, one is left to ponder the effectiveness of such a normal value system. The absence of timely action will negatively impact the viability of investments in domestic OCTG manufacturing.

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<sup>14</sup> Tenaris Canada Representations, page 8.

<sup>15</sup> Imex Representations, page 1.

<sup>16</sup> Major Pipe Representations, page 8.

<sup>17</sup> Exceed Representations, page 1, and Exceed WAT Representations, page 2.

<sup>18</sup> CBSA, *Statement of Reasons concerning the making of preliminary determinations with respect to the dumping and subsidizing of Certain Oil Country Tubular Goods originating in or exported from the People’s Republic of China* (4214-26/4218-27), December 9, 2009, paragraph 122.

<sup>19</sup> CBSA, *Notice of conclusion of a re-investigation: Oil country tubular goods and seamless casing* (OS 2022 RI), March 17, 2023.

Mostly notably, the parties opposed have not offered sound, nor consistent, reasons not to initiate a re-investigation for normal values for OCTG from China. In contrast, Tenaris Canada has received support from WAT and USW, critical stakeholders in the Canadian OCTG market. Further, WAT has introduced an additional reason to urgently initiate a re-investigation to increase the adjustments CBSA makes to bare OCTG when determining IT/VIT normal values.

Tenaris Canada, alongside WAT and USW, respectfully requests that CBSA urgently initiate a re-investigation.

Yours truly,



Jonathan O'Hara

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