CSWP1 2018 ER

OTTAWA, November 2, 2018

STATEMENT OF REASONS

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

THE DUMPING AND SUBSIDIZING OF CERTAIN CARBON STEEL WELDED PIPE FROM CHINA

DECISION

On October 19, 2018, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the Canadian International Trade Tribunal's order made on August 19, 2013, in Expiry Review No. RR-2012-003, continuing, without amendment, its finding made on August 20, 2008, in Inquiry No. NQ-2008-001:

i. is likely to result in the continuation or resumption of dumping of certain carbon steel welded pipe, originating in or exported from China; and

ii. is likely to result in the continuation or resumption of subsidizing of certain carbon steel welded pipe originating in or exported from China.

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

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EXECUTIVE SUMMARY

[1] On May 24, 2018, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(3) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its order made on August 19, 2013, in Expiry Review No. RR-2012-003, continuing, without amendment, its finding made on August 20, 2008, in Inquiry No. NQ-2008-001, concerning the dumping and subsidizing of certain carbon steel welded pipe (CSWP) originating in or exported from China.

[2] As a result of the CITT's notice of expiry review, the Canada Border Services Agency (CBSA), on May 25, 2018, initiated an investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the order is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods.

[3] The CBSA received responses to its Expiry Review Questionnaire (ERQ) from two producers of CSWP in Canada: Nova Tube Inc. / Nova Steel Inc. (Nova) and DFI Corporation (DFI). The submissions made by Nova and DFI expressed an opinion that the continued or resumed dumping and subsidizing of certain CSWP from China is likely if the CITT's finding is rescinded, and included information supporting their position.

[4] The CBSA received responses to its ERQ from the following five Canadian importers of CSWP: Dubois Agrinovation,[1] E.S Fox Limited,[2] Marmon Keystone Canada,[3] Communications Cold Lake Inc.[4] and Michel's Industries Ltd.[5] These importers vary in level of trade from distributors to end users. None of the importers expressed an opinion on the likelihood of continued or resumed dumping and/or subsidizing of subject goods if the CITT's order is rescinded.

[5] A case brief was filed on behalf of three Canadian producers Nova, DFI and AtlasTube Canada ULC (Atlas). The case brief included information supporting their position that continued or resumed dumping and subsidizing of CSWP from China is likely if the CITT's order is rescinded.

[6] No importers in Canada provided a case brief or reply submission. No exporters or producers located in China responded to the ERQ nor did they provide a case brief or reply submission.

[7] The CBSA did not receive a response to the ERQ from the Government of China (GOC) nor did the GOC provide a case brief or reply submission.

[1] Exhibits 16 (PRO) and 17 (NC) – Response to ERQ, Dubois Agrinovation.
[2] Exhibits 18 (NC) – Response to ERQ, E.S Fox Limited.
[3] Exhibits 24 (NC) – Response to ERQ, Marmon Keystone Canada.
[4] Exhibits 25 (NC) – Response to ERQ, Communications Cold Lake Inc.
[5] Exhibits 26 (NC) – Response to ERQ, Michel's Industries Ltd.

[8] The analysis of information on the record indicates that China is a net exporter of steel products and has substantial CSWP production capacity; anti-dumping measures have been imposed by Canada, the US, the EU and many other jurisdictions with respect to similar goods from China; there has been a decreasing demand for steel products in the Chinese domestic market, specifically in the construction sector; steel producers in China are dependent on exports to maintain capacity utilization rates due to the insufficient domestic demand in China; the conditions in China's main steel trading partners are unlikely to be able to sustain current import levels; and exporters from China have been unable to export at non dumped prices and have either stopped exporting to Canada or have exported subject goods to Canada at dumped prices during the POR.

[9] There is also information on the record regarding the continued availability of subsidy programs for CSWP exporters in China; the Government of China's provision of subsidies to its manufacturers in the steel sector; and the countervailing measures against pipe products from China in both Canada and the United States.

[10] For the foregoing reasons, the CBSA, having considered the information on the record, made a determination under paragraph 76.03(7)(a) of SIMA that:

i. the expiry of the order in respect of the dumping of certain carbon steel welded pipe originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods into Canada; and

ii. the expiry of the order in respect of the subsidizing of certain carbon steel welded pipe originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods exported to Canada.

BACKGROUND

[11] On January 23, 2008, following a complaint filed by ArcelorMittal/Mittal Canada Inc., the CBSA initiated investigations pursuant to subsection 31(1) of SIMA, into the alleged dumping and subsidizing of CSWP originating in or exported from China.

[12] On July 21, 2008, pursuant to subsection 41(1) of SIMA, the CBSA made final determinations respecting the dumping and subsidizing of CSWP originating in or exported from China.

[13] On August 20, 2008, pursuant to subsection 43(1) of SIMA, the CITT found that the dumping and subsidizing of CSWP originating in or exported from China had caused injury to the domestic industry in Canada.

[14] On February 14, 2011, the CBSA concluded a re-investigation to update the normal values, export prices and amounts of subsidy in respect of CSWP originating in or exported from China.

[15] On August 19, 2013, the CITT determined that the expiry of its finding would cause material injury to the domestic industry. Therefore, the CITT continued its finding made in Inquiry No. NQ-2008-001.

[16] On April 4, 2018, pursuant to subsection 76.03(2) of SIMA, the CITT issued a notice concerning the expiry of its order, which was scheduled to expire on March 28, 2019. Based on the information filed during the expiry process, the CITT decided that a review of the order was warranted.

[17] On May 24, 2018, the CITT initiated an expiry review of its order pursuant to subsection 76.03(3) of SIMA.

[18] On May 25, 2018, the CBSA commenced an expiry review investigation to determine whether the expiry of the order is likely to result in continued or resumed dumping and/or subsidizing of the subject goods.

PRODUCT DEFINITION

[19] The goods subject to the order under review are defined as:

> Carbon steel welded pipe, commonly identified as standard pipe, in the nominal size range of 1/2 inch up to and including 6 inches (12.7 mm to 168.3 mm in outside diameter) inclusive, in various forms and finishes, usually supplied to meet ASTM A53, ASTM A135, ASTM A252, ASTM A589, ASTM A795, ASTM F1083 or Commercial Quality, or AWWA C200-97 or equivalent specifications, including water well casing, piling pipe, sprinkler pipe and fencing pipe, but excluding oil and gas line pipe made to API specifications exclusively and excluding (1) carbon steel welded pipe in the nominal pipe size of 1 inch, meeting the requirements of specification ASTM A53, Grade B, Schedule 10, with a black or galvanized finish, and with plain ends, for use in fire protection applications, (2) carbon steel welded pipe in nominal pipe sizes of 1/2 inch to 2 inches inclusive, produced using the electric resistance welding process and meeting the requirements of specification ASTM A53, Grade A, for use in the production of carbon steel pipe nipples, and (3) carbon steel welded pipe in nominal pipe sizes of ½ inch to 6 inches inclusive, dual-stencilled to meet the requirements of both specification ASTM A252, Grades 1 to 3, and specification API 5L, with bevelled ends and in random lengths, for use as foundation piles, originating in or exported from China.

[20] The following goods were excluded by the Tribunal's finding of August 20, 2008, and therefore, are not subject goods:

- carbon steel welded pipe in the nominal pipe size of 1 inch, meeting the requirements of specification ASTM A53, Grade B, Schedule 10, with a black or galvanized finish, and with plain ends, for use in fire protection applications;
- carbon steel welded pipe in nominal pipe sizes of 1/2 inch to 2 inches inclusive, produced using the electric resistance welding process and meeting the requirements of specification ASTM A53, Grade A, for use in the production of carbon steel pipe nipples; and
- carbon steel welded pipe in nominal pipe sizes of 1/2 inch to 6 inches inclusive, dual-stencilled to meet the requirements of both specification ASTM A252, Grades 1 to 3, and specification API 5L, with bevelled ends and in random lengths, for use as foundation piles.

Additional Product Information

[21] CSWP, also commonly referred to as standard pipe, covers a wide range of pipe products generally used in plumbing and heating applications for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases. CSWP, or standard pipe, may also be used in air conditioning systems, in sprinkler systems for fire protection, as structural support for fencing, as piling, as well as for a variety of other mechanical and light load-bearing applications.

[22] The size of CSWP is generally specified by two values: a nominal pipe size (NPS) and a schedule. The NPS relates roughly to the inside diameter of the pipe while the schedule relates to the wall thickness. For a given NPS, the wall thickness will increase as the schedule number increases. For example, CSWP with an NPS of 1 inch (NPS 1) and made to ASTM A53, Schedule 40 requirements will have an outside diameter of 1.315 inches and a wall thickness of 0.133 inch while the same pipe meeting the requirements of ASTM A53, Schedule 80 will have an outside diameter of 1.315 inches and a wall thickness of 0.179 inch.

[23] Although CSWP is generally produced to industry standards such as ASTM A53, ASTM A135, ASTM A252, ASTM A589, ASTM A795, ASTM F1083, Commercial Quality and AWWA C200-97, it may also be produced to foreign standards such as BS1387 or to proprietary specifications as is often the case with fencing pipe. While standard pipe may be manufactured to any of the standards mentioned above, the ASTM A53 specification is the most common as it is considered to be the highest quality and is suitable for welding, coiling, bending and flanging.

[24] Standard pipe may be sold with a lacquer finish, or a black finish as it is sometimes referred to in the industry. It may also be sold in a galvanized finish which means it has been treated with zinc. Both types of finish are intended to inhibit rust although the galvanizing process will deliver a superior result. Galvanized pipe will sell at a premium to black standard pipe because of this, and the fact that zinc costs much more than lacquer.

CLASSIFICATION OF IMPORTS

[25] The subject goods are properly classified under the following tariff classification numbers as of January 1, 2017:

7306.30.00.10	7306.30.00.20	7306.30.00.30

[26] Prior to January 1, 2017, the subject goods were properly classified under the following tariff classification numbers:

7306.30.00.14	7306.30.00.24	7306.30.00.34
7306.30.00.19	7306.30.00.29	7306.30.00.39

[27] This listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers provided may include goods that are not subject goods and subject goods may be imported into Canada under tariff classification numbers other than those provided. Refer to the product definition for authoritative details regarding the subject goods.

PERIOD OF REVIEW

[28] The period of review (POR) for the CBSA's expiry review investigation is January 1, 2015, to March 31, 2018.

CANADIAN INDUSTRY

[29] Nova of Montréal, Québec and Bolton Steel Tube Co. Ltd. of Bolton, Ontario are the two major producers of CSWP in Canada with Nova being the single largest producer of these goods. DFI and Atlas also produce CSWP.

Nova

[30] Nova has production facilities in both Montréal and Baie-d'Urfé, Québec, which produce CSWP ranging from ½ inch up to and including 6 inches in nominal size. Nova, a wholly-owned subsidiary of Novamerican Steel Inc., is the 100% owner of the facility in Baie-d'Urfé that produces unfinished pipe in sizes ranging from ½ inch to 2 inches using the electric resistance welding (ERW) process and the 100% owner of Delta Tube Inc. in Montréal which produces unfinished pipe in sizes ranging from 2 inches to 6 inches using the ERW process. Nova purchases and slits hot-rolled coil to width and transfers it to the Baie-d'Urfé and Delta mills to be manufactured into unfinished pipe. The unfinished pipe is then sent for testing, end finishing, galvanizing or other surface finishing and packaging.

Bolton Steel Tube Co. Ltd. (Bolton)

[31] Bolton is a producer of the like goods in Canada which operates two pipe mills in Bolton, Ontario. Bolton manufactures standard pipe in sizes ranging from 1 inch to 4 inches using the ERW process.

DFI

[32] DFI is independently owned and operated with over 29 years of experience supplying CSWP it produces and related services to industrial clients throughout North America and Australia. DFI has produced CSWP at its manufacturing facility in Edmonton since 2000, and also provides foundation construction services, including the installation of driven piles and screw piles of its own production or purchased pipe. DFI manufactures and supplies custom order steel piling pipe through its ERW pipe mill. In addition to its piling pipe production and its pile driving services, DFI also provides pile design, surveying, dynamic and static load testing, pile welding, pre-drilling, capping, oilfield trucking, picker-crane services and hydrovac services. DFI primarily supplies or installs CSWP within the Western Canadian oil and gas industry.

Atlas

[33] Atlas was founded in Harrow, Ontario, in 1984. Since then, Atlas flourished to become the largest structural steel tubing producer in North America. Atlas is a division of Zekelman Industries, the largest independent steel pipe and tube manufacturer in North America and a leader in modular construction innovations.

CANADIAN MARKET

[34] The apparent Canadian market for certain CSWP during the POR is presented in **Table 1** below. The CBSA cannot release specific quantitative data respecting the value and volume of Canadian production of CSWP sold for domestic consumption as it would lead to the disclosure of confidential information.

Table 1
Apparent Canadian Market for the Period of Review[6]
(Value in CAD and Quantity in Metric Tons (MT))*

Value (CAD)				
Source	2015	2016	2017	2018 (Jan. 1 – Mar. 31)
	Value	Value	Value	Value
Total Subject Country (China)	7,220,902	1,261,690	5,257,621	1,589,968
All Other Countries	158,371,061	153,652,885	374,001,526	114,414,917
Total- Imports	165,591,963	154,914,575	379,259,147	116,004,885

Quantity (MT)				
Source	2015	2016	2017	2018 (Jan. 1 – Mar. 31)
	Qty	Qty	Qty	Qty
Total Subject Country (China)	4,786	1,009	4,336	1,063
All Other Countries	137,740	133,734	325,297	99,511
Total- Imports	142,526	134,743	329,633	100,574

[6] Exhibit 31 (NC) – Final Import and Domestic Market Statistics.

Canadian Production

[35] The Canadian producers' share of the apparent Canadian market declined in each year of the POR, and also in the first three months of 2018.

Imports – Subject Country

[36] During the POR, imports of subject goods from China decreased from 2015 to 2016, then increased from 2016 to the first three months of 2018.

Imports – Other Countries

[37] Imports of CSWP from other countries (i.e., the non-named countries) increased in each year of the POR, and also in the first three months of 2018.

ENFORCEMENT DATA

[38] Subject goods were imported into Canada in each year of the POR as well as in the first three months of 2018. During the POR, SIMA duties collected amounted to $898,854.

PARTIES TO THE PROCEEDINGS

[39] On May 25, 2018, the CBSA sent a notice concerning the initiation of the expiry review investigation and ERQs to known Canadian producers, importers and exporters. The GOC was also sent an ERQ relating to subsidy.

[40] The ERQs requested information needed to consider the expiry review factors, as found in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR), relevant to this expiry review investigation.

[41] Two Canadian producers and five importers responded to the ERQs.

[42] No response to the CBSA's subsidy ERQ was received from the GOC.

[43] A case brief was filed on behalf of three Canadian producers - Nova, DFI and Atlas.

[44] None of the potential exporters located in China provided an ERQ response, case brief or a reply submission.

INFORMATION CONSIDERED BY THE CBSA

Administrative Record

[45] The information considered by the CBSA for purposes of this expiry review investigation is contained on the administrative record. The administrative record includes the exhibits listed on the CBSA's Exhibit Listing, which is comprised of the CITT's administrative record relating to the initiation of the expiry review, CBSA exhibits and information submitted by interested persons, including information which they feel is relevant to the decision as to whether dumping and/or subsidizing is likely to continue or resume, if the finding is rescinded. This information may consist of expert analyst reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization and responses to the ERQs submitted by domestic producers, importers, exporters and foreign governments.

[46] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties may be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the closing of the record date. This allows participants time to prepare their case briefs and reply submissions based on the information that is on the record as of the date the record closed. For this expiry review investigation, the record closed on July 26, 2018.

POSITION OF THE PARTIES – DUMPING

Parties Contending that Continued or Resumed Dumping is Likely

Nova

[47] Nova made representations in its case brief in support of its position that dumping from China is likely to continue or resume in the event the present order is rescinded. Accordingly, Nova argues that the measures should remain in place.

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

International Market Conditions

- Global Steel Market
- Global Excess Steel Capacity
- Proliferation of Trade Measures Affecting Steel

China

- Domestic Demand and Production
- Construction
- Overcapacity
- Capacity Consolidation Enhancing the Market Power of SOEs
- China's CSWP Capacity and Steel Production
- China's Propensity to Export
- Conditions in China's Main Trading Partners for Pipe Products

Behaviour of Chinese Exporters While the Order has been in Effect

- Decrease of Imports from China
- Attractiveness of the Canadian and North American Markets
- Positive Effect of the Order
- Product Shifting
- China's Recent Export and Domestic Pipe Prices

Other Factors

- Anti-dumping and Countervailing Duty Measures by Canada and Other Countries in Respect of Goods of the Same Description or in Respect of Similar Goods
- Competition with Low-priced New Offshore Sources

International Market Conditions

[49] Nova submits that the international market conditions provide important context for macro-economic trends affecting the trade of CSWP. Several global developments are currently affecting the market for CSWP which would make the Canadian domestic industry susceptible to resumed injury if the finding is rescinded. These developments are further explained below.

Global Steel Market

[50] Nova contends that the global steel market is facing structural imbalances along with the increased production and capacity in the midst of moderate demand.[7]

[7] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., para. 24.

[51] As noted by the Chair of the Organisation for Economic Co-operation and Development (OECD) Steel Committee in the 84th session of the OECD Steel Committee, despite the modest improvement in the global steel market, structural imbalances continue to be a challenge.[8]

[52] Nova also noted that although recovery of steel demand showed some potential in late 2016 and early 2017, world steel demand growth is projected to decrease in 2018 and into 2019. However, global steel production has continued to grow, and is forecasted to further increase. In 2016, world steel demand was 1.516 billion MT, while production was 1.605 billion MT. In 2017, world steel demand was 1.622 billion MT, while production was 1.688 billion MT. In both 2016 and 2017, production outpaced demand in the midst of efforts to control this imbalance.[9]

[53] Nova concludes that the current weak demand forecast, combined with continuing production growth, creates a climate whereby oversupply encourages the selling of low-priced steel and steel products (including CSWP) in markets such as Canada.

Global Excess Steel Capacity

[54] Nova argues that global overcapacity continues to affect the profitability of the steel industry. From 2000 to 2015, the global steel industry added more than 1.2 billion MT of crude steel production capacity, meanwhile, demand growth over that time is estimated at 700 million MT.[10]

[55] Nova noted that in the OECD's most recent steelmaking capacity update, world steelmaking capacity still remains at 2.268 billion MT, which is significantly above world demand and production. Furthermore, gross capacity additions are both planned (37.23 million MT) and underway (44.68 million MT) for 2018-2020. Over the last 10 years, capacity has consistently surpassed production while utilisation has remained around 70%.[11]

[56] In addition to the OECD's report on excess capacity, a report from the Global Forum on Steel Excess Capacity (GFSEC) notes that the current steel production capacity levels significantly exceed global consumption and capacity closures continue to be partially offset by capacity expansions. In 2016, the excess capacity surplus was estimated to be 737 million MT, the highest in the history of the industry.[12]

[57] Furthermore, the GFSEC data shows that approximately 137 million MT of steel production capacity was reportedly shut down from 2014 to 2016, while over the same period, 82 million MT of steel production capacity was added. The GFSEC concluded that while the overcapacity situation may have eased slightly very recently, it has not eased enough to meaningfully reduce structural imbalances and avoid future problems.[13]

[8] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., para. 27.
[9] *Ibid.*, para. 31.
[10] *Ibid.*, para. 35.
[11] *Ibid.*, para. 37.
[12] *Ibid.*, para. 39.
[13] *Ibid.*, para. 39.

Proliferation of Trade Measures Affecting Steel

[58] Nova notes that several countries have imposed trade measures to mitigate the impact of excess capacity/production on their domestic markets, which includes the "Section 232" measures in the United States and the safeguard measures in the EU.[14]

[59] On March 1, 2018, the United States announced the imposition of a 25% tariff on steel imports. Although temporary exemptions from these measures were put in place, on June 1, 2018, the tariffs were implemented, and various countries including both Canada and China are now subject to these 25% duties.[15]

[60] Nova contends that if the order was to be discontinued, the Canadian market would be the target of diversion of not only those goods that are currently being shut-out of the US market by pre-existing anti-dumping/countervailing duty measures but, in addition, would also be a target for the exports once destined for the United States that may be diverted to Canada now that the tariffs are in place, which are estimated to be 61,514 MT of standard pipe.[16]

[61] Regarding the EU safeguard measures, Nova believes that 16,972 MT of standard pipe imports into the EU from China could be diverted to Canada now that the EU tariffs are in place.[17]

[62] Nova claims that if the order is not renewed, Canada would likely become a very attractive market for Chinese CSWP no longer bound for the United States or the EU.[18]

China

Domestic Demand and Production

[63] Nova notes that China's steel demand has dropped 7.4% below the peak reached in 2013, and that it is expected to contract and decelerate further. The World Steel Association expects that China's steel demand will remain flat in 2018 and contract by 2% in 2019.[19]

[64] Despite China's projected deceleration in steel demand, crude steel production in China has increased year-on-year since 2015. The new daily average crude steel production in China is approximately 2.67 million MT. Canada's 2017 total crude steel output was 13.6 million MT, meaning that it would take China only six days to surpass Canadian annual crude steel production.[20]

[65] In 2016, China's production outpaced the country's demand by 93.1 million MT. Although this gap narrowed in 2017, it was still 59.5 million MT.[21]

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[14] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., para. 43.
[15] *Ibid.*, para. 47.
[16] *Ibid.*, paras. 48-49.
[17] *Ibid.*, paras. 50-51.
[18] *Ibid.*, para. 53.
[19] *Ibid.*, paras. 56-60.
[20] *Ibid.*, para. 61.
[21] *Ibid.*, para. 63.

Construction

[66] The construction sector is an important driver for steel demand growth and also an important indicator of CSWP demand. Fixed asset investment growth, which includes spending on new homes, factories, roads and ports, was at a record low at 6.0% for the first half of 2018, while industrial output for June matched the slowest growth rate in over two years at 6.0%. Growth in construction activity slowed from 5.4% in the second quarter of 2017 to 4% in the third quarter, the weakest expansion in the Chinese construction sector since the fourth quarter of 2000.[22]

[67] Nova argues that the bleak forecast for the construction sector in China contributes to a weak CSWP demand forecast, and indicates that Chinese producers of CSWP will be looking to export markets to sell their products.[23]

Overcapacity

[68] Nova submits that China's massive steel capacity and production continues to be the most important cause of distress to the global steel industry. As China's demand continues to weaken, and overcapacity and excess supply fail to decline at a reciprocating pace, cheap Chinese steel will continue to be pushed onto the global market.

[69] The Government of China announced in 2016 that its goal is to cut steelmaking capacity by 100 to 150 million tonnes by 2020. Nova submits that, due to capacity creep,[24] exceptions granted to steel mills by the government, China's aim to close capacity that is generally used for the production of long products and China's history of past efforts, the likelihood of the Government of China reaching its goal is questionable.[25]

Capacity Consolidation Enhancing the Market Power of SOEs

[70] Nova contends that in 2016, 80% of steel mill closures reported by the Chinese National Development and Reform Commission were reportedly private mills.[26]

[71] This increase in the relative capacity held by State Owned Enterprises (SOEs) at the expense of smaller, private producers increases the threat of resumed dumping because the large SOEs have significant market power and export distribution networks through which dumped CSWP can be shipped to Canada.[27]

China's CSWP Capacity and Steel Production

[72] Nova estimated Chinese CSWP capacity to be more than 12 million MT using available information from the Simdex Metal Tube Manufacturers Worldwide Guide (Simdex).[28]

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[22] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., paras. 68-70.
[23] *Ibid.*, para. 71.
[24] *Ibid.*, para 74. Capacity creep refers to an effect whereby steel producers increase effective capacity by 1.5 to 2 percent each year as a result of process improvements.
[25] *Ibid.*, para 74.
[26] *Ibid.*, para 78.
[27] *Ibid.*, para 79.
[28] *Ibid.*, paras 81-83.

[73] Furthermore, Nova believes that several companies on Simdex have the capability to shift their production to produce CSWP if the finding were to be rescinded.[29]

China's Propensity to Export

[74] Nova indicated that China's 2017 steel exports was nearly double that of the world's second largest exporter, Japan, despite the fact that there are 134 trade remedies in effect in 20 countries involving steel mill imports from China.[30]

[75] Between 2009 and 2016, China's steel exports as a share of production more than tripled from 4% to 13.5%.[31]

Conditions in China's Main Trading Partners for Pipe Products

[76] Nova claims that China's main trading partners for pipe and tube are the Philippines, South Korea and India, and that the sustainability of these markets to continue to accept large volumes of CSWP imports from China is uncertain.[32]

[77] The Philippines has been importing from countries such as Qatar, Vietnam, India and Russia as opposed to China, where import volumes have dropped 4% in 2017.[33]

[78] The iron and steel industry in the Philippines has also envisioned itself to be a majority producer of steel products for domestic users by 2030 – according to the World Steel Association, welded tube production increased from 99,000 tons to 330,000 tons from 2012 to 2014 through 2016.[34]

[79] Nova notes that the Korea Iron and Steel Association reports that steel production increased by 6% during the first half of 2017 and pipe production surged by 20.5%, although there was a decline in domestic pipe consumption. It appears that the domestic CSWP market in Korea cannot absorb both an increase in domestic production and imports from China.[35]

[80] India's production of steel grew by 59.6% between 2009 and 2017. In the United States International Trade Commission Circular Welded Pipe decision, it was found that Indian exports of circular welded pipe increased from 110,646 short tons in 2012 to 209,268 short tons in 2016.[36]

[81] Nova contends that the information available for China's main export markets, in the Philippines, South Korea and India, indicates that these markets are unlikely to be able to sustain current import levels, which places the Canadian market at risk of dumping should the order be permitted to expire.[37]

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[29] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., para. 82.
[30] *Ibid.*, para 86.
[31] *Ibid.*, para 88.
[32] *Ibid.*, para 90.
[33] *Ibid.*, para 90.
[34] *Ibid.*, paras 91 and 93.
[35] *Ibid.*, para 96.
[36] *Ibid.*, paras. 99 and 100.
[37] *Ibid.*, para 102.

Behaviour of Chinese Exporters While the Order has been in Effect

Decrease of Imports from China

[82] Nova submits that CSWP imports from China have been low during the POR, thereby demonstrating that Chinese exporters are unable to sell subject goods at normal values and that, in the absence of a renewed order, Chinese exporters would resume dumping subject goods in Canada.[38]

Attractiveness of the Canadian and North American Markets

[83] Nova claims that the Canadian market will continue to be attractive to Chinese CSWP exporters because of relatively higher prices in Canada. Using the U.S. Midwest spot price as a representation of Canadian spot prices, one can see that the U.S. Midwest prices have been higher than all markets since 2014, whereas Chinese CSWP prices were significantly lower than all markets. This disparity demonstrates the attractiveness of the Canadian market to Chinese manufacturers.[39]

Positive Effect of the Order

[84] The low volumes of subject goods imported during the POR demonstrate the positive effect of the order, as the order ensures that subject goods are not being sold below normal values. Nova believes that China would return with significant volumes of dumped goods if the order was to expire.[40]

Product Shifting

[85] Nova notes that various specifications of pipe and tubular products can be produced using the same equipment. Simdex shows that many standard pipe mills can also produce hollow structural sections.[41]

[86] In light of the fact that Chinese exporters shipped 8,859 MT of hollow structural sections to Canada in 2017, Nova concludes that Chinese pipe exporters continue to have a keen interest in the Canadian market, their distribution channels are in operation, and they would be willing and able to ship very significant volumes to Canada in the absence of a renewed order for CSWP.[42]

[38] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., para. 105.
[39] *Ibid.*, paras. 106-107.
[40] *Ibid.*, para. 113.
[41] *Ibid.*, para. 116.
[42] *Ibid.*, para. 117.

China's Recent Export and Domestic Pipe Prices

[87] Nova used several sources to estimate materials and conversion costs (hot-rolled coil pricing from Steel Orbis Hot-Rolled Coil Ex-Mill US Midwest Spot prices), a reasonable amount for profit (publicly available financial information from Hyundai Steel in Korea) and export prices (2018 Steel Orbis Welded Pipe Ex-Works China spot pricing). In combining these factors, Nova was able to determine a significant margin of dumping from China in the absence of a renewed order.[43]

Other Factors

Anti-dumping Measures by Canada and Other Countries in Respect of Goods of the Same Description or in Respect of Similar Goods

[88] Nova submits that there are numerous anti-dumping measures imposed against China by Canada and other countries. In regards to CSWP, China is subject to anti-dumping measures in four major jurisdictions including the United States and the EU.[44] CITT findings are in place in respect of similar goods from China: Carbon and Alloy Steel Line Pipe, Fabricated Industrial Steel Components, Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strips, Large Line Pipe, Oil Country Tubular Goods, Piling Pipe, Pup Joints, Seamless Casing and Steel Plate.[45]

[89] Nova argues that the CBSA may consider the existence of these findings as evidence that without findings in place, resumed dumping of subject goods from China is likely.[46]

Competition with Low-priced New Offshore Sources

[90] From 2015 to 2018, the volume of imports from Pakistan, the Philippines, Turkey and Vietnam has been high, and continues to have a significant impact on the Canadian market.[47]

[91] As the domestic industry is already facing low priced-competition from the aforementioned countries, Chinese producers would have to match or beat these prevailing low selling prices in order to obtain sales to Canadian customers, creating additional likelihood that exports to Canada would be dumped if the order expires.[48]

DFI Corporation

[92] DFI made representations in its case brief in support of its position that dumping from China is likely to continue or resume in the event the present order is rescinded. Accordingly, DFI argues that the measures should remain in place.

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[43] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., paras. 119-125.
[44] *Ibid.*, para. 127.
[45] *Ibid.*, para. 130.
[46] *Ibid.*, para. 131.
[47] *Ibid.*, para. 134.
[48] *Ibid.*, para. 136.

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

- Commodity Nature of the Goods
- Global Market Conditions
- Chinese Excess Steel Capacity
- Rise in Steel Related Trade Measures
- Domestic Market Conditions Encourage Imports
- China's Propensity to Dump in Significant Volumes

Commodity Nature of the Goods

[94] DFI argues that CSWP products are similar to other steel products such as piling pipe, line pipe or oil country tubular goods in that they are steel commodities that trade primarily on price.[49]

[95] Therefore, the CSWP market is susceptible to sudden downturns, as well as being very sensitive to price erosion due to an increased supply of imports, which may occur if the order is allowed to expire.[50]

Global Market Conditions

[96] DFI notes that the global steel market continues to be plagued with persisting structural imbalances from increased steel production and capacity combined with moderate demand growth. Because CSWP is produced from hot-rolled coil, the supply, demand and pricing of CSWP products are closely tied with the state of the global steel market.[51]

[97] The steel industry struggles from a state of global overcapacity. Since 2000, capacity growth has surpassed demand growth by nearly 500 million tons per year.[52]

Chinese Excess Steel Capacity

[98] Since 2000, China has accounted for more than 75% of worldwide steel-making capacity.[53]

[49] Exhibit 32 (NC) - Case Brief Filed on Behalf of DFI Corporation, para. 7.
[50] *Ibid.*, para. 8.
[51] *Ibid.*, para. 9.
[52] *Ibid.*, para. 10.
[53] *Ibid.*, para. 13.

[99] DFI quoted the CITT in Steel Piling Pipe Expiry Review No. RR-2017-003 as saying, "As the Tribunal has previously found in other recent cases, there is significant global steel overcapacity. This is primarily due to the Chinese steel industry's production imperative and strong export orientation in the face of weak domestic demand."[54]

[100] The House of Commons Standing Committee on International Trade attributed the primary source of global excess capacity to China as it represents 60% to 70% of global overcapacity.[55]

Rise in Steel Related Trade Measures

[101] DFI notes that the United States, the EU and several other regions have enacted trade measures targeted at Chinese steel products in order to protect their markets against unfair trade practices.[56]

[102] The United States imposed a 25% ad valorem tariff on certain articles of steel imported from most countries (including China) beginning March 23, 2018. This created a risk of diversion to Canada.[57]

[103] The EU also initiated a safeguard investigation on March 26, 2018 concerning imports of steel products.[58]

[104] DFI contends that other countries are likely to implement similar trade protectionist measures.[59]

[105] Thus, market access for steel exports from China has been restricted, threatening the Canadian industry with the prospect of diversion should the order be rescinded.[60]

Domestic Market Conditions Encourage Imports

[106] DFI submits that a recovery in the Canadian energy sector and market for steel pipe increases the likelihood of higher volumes of low value steel pipe entering the domestic market.[61]

China's Propensity to Dump in Significant Volumes

[107] DFI argues that the propensity of Chinese exporters to dump steel pipe is not unique to the Canadian market. Many countries have adopted anti-dumping measures to counteract the actions of Chinese exporters. The order must continue or Canada will be out of step with the other jurisdictions with which it competes.[62]

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[54] Exhibit 32 (NC) - Case Brief Filed on Behalf of DFI Corporation, para. 16.
[55] *Ibid.*, para. 17.
[56] *Ibid.*, para. 21.
[57] *Ibid.*, para. 24.
[58] *Ibid.*, para. 25.
[59] *Ibid.*, para. 25.
[60] *Ibid.*, para. 21.
[61] *Ibid.*, para. 27.
[62] *Ibid.*, paras. 28-30.

Atlas Tube Canada ULC

[108] Atlas made representations in its case brief in support of its position that dumping from China is likely to continue or resume in the event the present order is rescinded. Accordingly, Atlas argues that the measures should remain in place.

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

- Capital Intensive Production
- Chinese Excess Capacity
- Diversionary Impact

Capital Intensive Production

[110] Atlas contends that there is a need for Chinese pipe mills to produce and sell product wherever possible, whether on the home market or abroad, due to the capital-intensive nature of pipe-making. Atlas refers to Carbon Steel Welded Pipe Expiry Review No. RR-2012-003 where the Tribunal noted that producers have an incentive to protect their capital investment by maintaining production volumes if they can continue producing at their marginal cost of production.[63]

Chinese Excess Capacity

[111] Atlas notes that China is by far the world's largest producer and exporter of steel products, both primary steel and steel pipe and tube, with massive over-capacity in the sector. Atlas refers to multiple CBSA and Tribunal decisions regarding steel products such as piling pipe and Oil Country Tubular Goods to show that over-capacity and surplus production implied a likelihood of renewed imports of dumped product from China.

[112] Atlas argues that although many examples were provided based on non-CSWP products, the interchangeability of production lines for production of a variety of pipe products, such over-capacity applies in 2018 to the CSWP sector.

Diversionary Impact

[113] Atlas submits that the recent imposition of national security tariffs by the United States will have a major impact on global steel markets, including Chinese CSWP producers and exporters. The United States tariffs vastly increase the likelihood of diversion of Chinese standard pipe to any other available market, including Canada.

Parties Contending that Continued or Resumed Dumping is Unlikely

[114] None of the parties contended that resumed or continued dumping of subject goods from China is unlikely if the order is rescinded.

[63] Exhibit 32 (NC) - Case Brief Filed on Behalf of Atlas Tube Canada ULC, para. 7.

CONSIDERATION AND ANALYSIS – DUMPING

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

[116] The CBSA did not receive any ERQ responses, case briefs, or reply submissions from exporters or producers in China. The CBSA, therefore, relied on information submitted from participating parties, as well as other information on the administrative record, for the purposes of the expiry review investigation.

[117] China is the world's largest steel producing country and accounted for nearly half of global production in 2016 at 49.6% — a total of 808.4 million MT.[64] China's crude steel production increased by 44% from 2009 to 2017, from 577.1 million MT to 831.7 million MT.[65] In June 2018 alone, China produced 80.2 million MT of crude steel, compared to 81.6 million MT the United States produced in all of 2017.[66] The top ten Chinese steel producers in 2017 had production of 310.3 million MT.[67] Although the GOC has been striving to cut excessive industrial capacity, China's largest steelmaker – China Baowu – plans to boost its total annual output capacity from 60 million MT to 100 million MT.[68]

[118] Welded pipe production in China increased from 23,711,000 MT to 69,696,000 MT from 2007 to 2016,[69] despite China's intention to eliminate 100 to 150 million MT of steelmaking capacity. In fact, China contributed to three-fourths of the total global increase in steelmaking capacity between 2000 and 2015.[70] Production also rose from 2004 to 2014 – China accounted for 91% of the entire world steel production increase.[71]

[119] For most of the last decade, China has maintained a trade surplus in steel products. After a brief deficit in 2009, when exports fell due to the global recession, China's exports have increased significantly, growing 288 percent between Q2 2009 and Q1 2018. Imports decreased by 43% over the same period.[72]

[120] A total of 22 jurisdictions have trade remedies in effect against steel mill products from China: 113 anti-dumping and 30 countervailing.[73] With these markets closed off to Chinese exporters, Canada would be an ideal market for Chinese exporters to look to, should the order expire.

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[64] Exhibit 29 (NC) – Documents submitted by Nova Tube Inc.: Attachment 23 – ITA Global Steel Report, page 5.
[65] *Ibid.*: Attachment 50 – ITA Global Steel Trade Monitor, page 6.
[66] *Ibid.*: Attachment 49 – Reuters News Article, page 2.
[67] *Ibid.*: Attachment 50 – ITA Global Steel Trade Monitor, page 6.
[68] *Ibid.*: Attachment 63 – South China Morning Post News Article, page 1.
[69] *Ibid.*: Attachment 28 – WSA Steel Statistical Yearbook 2017, page 52.
[70] *Ibid.*: Attachment 33 – Wiley Rein LLP, page 2.
[71] *Ibid.*: Attachment 33 – Wiley Rein LLP, page 2.
[72] *Ibid.*: Attachment 50 – ITA Global Steel Trade Monitor, page 2.
[73] *Ibid.*: Attachment 50 – ITA Global Steel Trade Monitor, page 6.

[121] In Canada specifically, there are six anti-dumping measures in force against steel tubular products originating in or exported from China: *Carbon and Alloy Steel Line Pipe*, *Seamless Casing*, *Large Line Pipe*, *Oil Country Tubular Goods*, *Steel Piling Pipe*, and *Pup Joints*.[74]

[122] After the measures implemented by the United States under Section 232 of the Trade Expansion Act of 1962, the European Commission initiated a safeguard investigation on March 26, 2018, in reaction to a high risk of increasing of imports resulting from trade diversion.[75] These new measures may lead to the diversion of dumped CSWP into the Canadian market if the order expires.

[123] In China, the gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, grew to 93.1 million MT in 2016, then narrowed to 59.5 million MT in 2017.[76] With regards to the manufacturing sector, China reported that its official manufacturing Purchasing Managers' Index hit a 19-month low in February 2018, with economists expecting the Chinese economy to cool in 2018.[77] China's economy faces risks due to domestic debt, poverty and pollution, on top of higher interest rates and a possible trade war with the United States.[78]

[124] Because of the decreasing demand for steel in China, excess capacity levels have also increased – China now accounts for nearly two-thirds of global excess capacity.[79]

[125] Of particular importance to the Chinese economy is the construction sector. Frederic Neumann, co-head of Asian economics research at HSBC Holdings Plc in Hong Kong states that "A sharper-than-expected slowdown in construction could thus weigh on broader activity with emerging sectors not yet vigorous enough to provide a sufficient cushion," and that "the biggest fault line running through the Chinese economy is the construction sector."[80] Growth in construction activity slowed from 5.4% in the second quarter of 2017 to 4% in the third quarter, the weakest expansion since the fourth quarter of 2000.[81] In fact, growth in demand for finished steel is expected to be 0% from 2017 to 2018 in China.[82]

[126] In 2018, the World Steel Association expects slow growth in China's steel demand while the rest of the world expects to maintain its current momentum in steel demand growth.[83] This would necessitate export orientation for Chinese manufacturers to maintain capacity utilization rates.

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[74] CBSA Measures in Force - http://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev-eng.html
[75] Exhibit 29 (NC) – Documents submitted by Nova Tube Inc.: Attachment 2 – EU Provisional Safeguard Measures, page 1.
[76] *Ibid.*: Attachment 50 – ITA Global Steel Trade Monitor, page 6.
[77] *Ibid.*: Attachment 3 – CNBC News Article, page 1.
[78] *Ibid.*: Attachment 53 – Bloomberg News Article, page 1.
[79] *Ibid.*: Attachment 33 – Wiley Rein LLP, page 4.
[80] *Ibid.*: Attachment 53 – Bloomberg News Article, page 4.
[81] *Ibid.*: Attachment 54 – South China Morning Post News Article, page 1.
[82] Ibid.: Attachment 29 – Steel Markets Asia Conference, page 12.
[83] Exhibit 27 (NC) – Documents submitted by DFI Corporation: Attachment 13 – WSA Short Range Outlook, page 2.

[127] Between 2009 and 2017, China's steel exports as a share of production more than doubled from 4% to 8.8%.[84] Between 2005 and 2016, the volume of exports from Asia and Oceania doubled.[85]

[128] The effects of the conditions in China's main steel trading partners have already begun to take place: between June 2017 and June 2018, China's steel exports to four of its top export markets decreased in value with South Korea showing the largest decrease (-26%). This is followed by Vietnam (-25%), Pakistan (-5%), and the Philippines (-5%). China's exports decreased in volume to 7 of its top 10 export markets. Export volumes to Vietnam showed the largest decrease, down 47% from June 2017, followed by exports to South Korea (-44%), the Philippines (-30%), Pakistan (-25%), Thailand (-12%), Saudi Arabia (-10%), and Myanmar (-8%).[86] As a result of decreased demand in these markets, there will be increased pressure on exporters from China to find other export markets, such as Canada.

[129] During the POR, there was a very low volume of subject goods imported into Canada. This demonstrates that exporters in China have either been unable to export significant volumes at non-dumped prices or have stopped exporting to Canada. At the same time, during the POR, anti-dumping duties were assessed, which demonstrates that subject goods were imported into Canada at dumped prices.

Determination Regarding Likelihood of Continued or Resumed Dumping

[130] Based on the information on the administrative record demonstrating that: China is a net exporter of steel products and has substantial CSWP production capacity; anti-dumping measures have been imposed by Canada, the US, the EU and many other jurisdictions with respect to similar goods from China; there has been a decreasing demand for steel products in the Chinese domestic market, specifically in the construction sector; steel producers in China are dependent on exports to maintain capacity utilization rates due to the insufficient domestic demand in China; the conditions in China's main steel trading partners are unlikely to be able to sustain current import levels; and exporters from China have been unable to export at non dumped prices and have either stopped exporting to Canada or have exported subject goods to Canada at dumped prices during the POR, the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain CSWP originating in or exported from China.

[84] Exhibit 29 (NC) – Documents submitted by Nova Tube Inc.: Attachment 50 – ITA Global Steel Trade Monitor, page 6.
[85] *Ibid.*: Attachment 23 – ITA Global Steel Report, page 11.
[86] *Ibid.*: Attachment 50 – ITA Global Steel Trade Monitor, page 3.

POSITION OF THE PARTIES - SUBSIDIZING

Parties Contending that Continued or Resumed Subsidizing is Likely

Nova

[131] Nova states that CSWP producers in China benefit from substantial subsidies conferred by both the federal and sub-federal levels of government and that if the order were to expire there is a strong likelihood that the subsidies would resume or continue. Nova points to the original CSWP investigation and the 2011 CSWP re-investigation, both finding that CSWP producers located in China benefited from multiple subsidies.[87]

[132] Nova notes that the United States Department of Commerce determined that countervailable subsidies were provided to producers and exporters in China of certain cold-drawn mechanical tubing of carbon and alloy steel in 2017. Nova submits that the subsidy programs in the United States investigation are indicative of the continuation of numerous subsidy programs to producers and exporters of carbon steel welded pipe in China.[88]

[133] Nova states that no exporters in China participated in the current expiry review investigation; accordingly, there is no evidence on the record to suggest that subsidization of the CSWP industry in China has been discontinued.

[134] Nova showed that closely related pipe products from China are subject to countervailing measures in Canada, and in other jurisdictions including Australia and the United States. According to Nova, the existence of these measures supports their submission that the GOC places a great deal of importance on its steel industry, and continues to subsidize it accordingly.[89]

Parties Contending that Continued or Resumed Subsidizing is Unlikely

[135] None of the parties contended that resumed or continued subsidizing of subject goods from China is unlikely if the order is rescinded.

CONSIDERATION AND ANALYSIS – SUBSIDIZING

[136] In the CBSA's original subsidy investigation, the CBSA determined that four exporters from China received benefits from nine programs which were found to be actionable subsidies. Furthermore, it was found that the non-cooperating exporters of CSWP may have benefited from a total of 31 subsidy programs – the nine programs benefitting the cooperating exporters plus an additional 22 programs.[90]

[137] On October 8, 2010, the CBSA initiated a re-investigation to update amounts of subsidy established at the final determination for CSWP.

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[87] Exhibit 35 (NC) - Case Brief Filed on Behalf of Nova Tube Inc. / Nova Steel Inc., paras. 137-140.
[88] *Ibid.*, para. 142.
[89] *Ibid.*, para. 144.
[90] Exhibit 29 (NC) – Documents submitted by Nova Tube Inc.: Attachment 74 – CSWP Final Determination, paras 149-150.

[138] The Request for Information (RFI) sent to potential exporters at that time included programs identified in the original CSWP investigation, as well as those identified in any other investigation concerning steel products from China or new sources that suggested the program may have benefitted producers or exporters of carbon steel welded pipe in China.

[139] On February 14, 2011, the CBSA concluded the re-investigation to update the amounts of subsidy. No Chinese exporters participated in the 2010 subsidy re-investigation. In addition, the GOC did not participate in the 2010 subsidy re-investigation. Consequently, the CBSA has limited information concerning the details of the subsidy programs that were regarded as countervailable.

[140] The results of the 2010 subsidy re-investigation represent the best information available, which is that subsidy programs continue to be available to CSWP exporters in China.

[141] In the present expiry review investigation, neither the GOC nor exporters in China provided any information regarding updates to subsidy programs available to CSWP exporters in China.

[142] Subsequent to the CBSA making a final determination of subsidizing with respect to CSWP from China on July 21, 2008, the CBSA made a final determination of subsidizing with respect to certain steel piling pipe from China. As part of the Steel Piling Pipe Expiry Review in 2018, it was noted that there were six other closely related steel pipe products that the CBSA found to be subsidized by the GOC, and for which there are currently countervailing measures in force. They were as follows: carbon and alloy steel line pipe, large line pipe, oil country tubular goods, pup joints, seamless casing, and fabricated industrial steel components.[91]

[143] CSWP and piling pipe are similar products, as evidenced by the product definitions of *Certain Carbon Steel Welded Pipe* and *Certain Steel Piling Pipe*.

[144] Steel piling pipe is normally produced in mills by electrical-resistance welding ("ERW") process, either by longitudinal welding or by spiral (also called helical-butt or helical lap) welding. CSWP is normally produced in mills by the continuous weld (CW) process or the ERW process.

[145] In 2017, the United States Department of Commerce determined that producers and exporters of cold-drawn mechanical tubing of carbon and alloy steel (a similar good to CSWP) in China received countervailable subsidies.[92] The subsidy determinations and the subsequent countervailing measures put in place in Canada and the United States point to ongoing subsidy programs being offered by the GOC, including to producers of CSWP.

[91] Exhibit 29 (NC) – Documents submitted by Nova Tube Inc.: Attachment 52 – Piling Pipe 2017 ER SOR.

[92] *Ibid.*: Attachment 81 – United States Department of Commerce, Issues and Decision Memorandum for Final Determination in the Countervailing Duty Investigation of Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the People's Republic of China.

Determination Regarding Likelihood of Continued or Resumed Subsidizing

[146] Based on information on the record regarding the continued availability of subsidy programs for CSWP exporters in China; the Government of China's provision of subsidies to its manufacturers in the steel sector; and the countervailing measures against pipe products from China in both Canada and the United States, the CBSA determined that the expiry of the order is likely to result in the continuation or resumption of subsidizing of certain CSWP originating in or exported from China.

CONCLUSION

[147] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and an analysis of the information on the record, on October 19, 2018, the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that expiry of the CITT's order made on August 19, 2013, in Expiry Review No. RR-2012-003, continuing, without amendment, its finding made on August 20, 2008, in Inquiry No. NQ-2008-001:

i. in respect of certain carbon steel welded pipe originating in or exported from China is likely to result in the continuation or resumption of dumping of the goods; and

ii. in respect of certain carbon steel welded pipe originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods.

FUTURE ACTION

[148] On October 22, 2018, the CITT commenced its inquiry to determine whether the expiry of the order with respect to the dumping and subsidizing of certain CSWP from China is likely to result in injury. The CITT's Expiry Review schedule indicates that it will make its decision by March 28, 2019.

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

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

INFORMATION

[151] For further information, please contact the officers listed below:

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