



Canadian International
Trade Tribunal

Tribunal canadien du
commerce extérieur

CANADIAN
INTERNATIONAL
TRADE TRIBUNAL

Dumping and Subsidizing

ORDER AND REASONS

Interim Review No. RD-2020-003

Welded Large Diameter Carbon
and Alloy Steel Line Pipe

*Order and reasons issued
Friday, April 16, 2021*

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IN THE MATTER OF an interim review, pursuant to subsection 76.01(1) of the *Special Import Measures Act*, commenced on February 12, 2021, concerning:

WELDED LARGE DIAMETER CARBON AND ALLOY STEEL LINE PIPE

ORDER

The Canadian International Trade Tribunal, pursuant to subsection 76.01(1) of the *Special Import Measures Act*, has conducted an interim review of its finding made on October 20, 2016, in Inquiry No. NQ-2016-001, in respect of welded large diameter carbon and alloy steel line pipe with an outside diameter greater than 24 inches (609.6 mm), and less than or equal to 60 inches (1,524 mm), regardless of wall thickness, length, surface finish (coated or uncoated), end finish (plain end or beveled end), or stencilling and certification (including multiple-stenciled/multiple-certified line pipe for oil and gas transmission and other applications), originating in or exported from the People’s Republic of China and Japan. For greater certainty, the goods subject to this inquiry included the following:

- line pipe produced to American Petroleum Institute (“API”) specification 5L, in Grades A25, A, B and X up to and including X100, or equivalent specifications and grades, including specification CSA Z245.1 up to and including Grade 690;
- unfinished line pipe (including pipe that may or may not already be tested, inspected, and/or certified to line pipe specifications) originating in the People’s Republic of China and Japan, and imported for use in the production or finishing of line pipe meeting final specifications, including outside diameter, grade, wall thickness, length, end finish or surface finish; and
- non-prime and secondary pipes (“limited service products”).

Pursuant to paragraph 76.01(5)(b) of the *Special Import Measures Act*, the Canadian International Trade Tribunal hereby amends its finding made on October 20, 2016, to exclude, effective on the date of this order, the following goods:

Longitudinally submerged arc welded line pipe with a double submerged arc weld, stenciled with grade API 2B whether or not stenciled to any other grade, regardless of outside diameter, with wall thicknesses greater than 1” for exclusive use in production of debarker rotors and marked “For Use in Production of Debarker Rotor Only”.

Peter Burn

Peter Burn
Presiding Member

Susan D. Beaubien

Susan D. Beaubien
Member

Serge Fréchette

Serge Fréchette
Member

Tribunal Panel: Peter Burn, Presiding Member
Serge Fréchette, Member
Susan D. Beaubien, Member

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STATEMENT OF REASONS

INTRODUCTION

[1] The Canadian International Trade Tribunal, pursuant to subsection 76.01(1) of the *Special Import Measures Act (SIMA)*, has conducted an interim review of its finding made on October 20, 2016, in Inquiry No. NQ-2016-001, in respect of the subject goods which were described as follows:

Welded large diameter carbon and alloy steel line pipe with an outside diameter greater than 24 inches (609.6 mm), and less than or equal to 60 inches (1,524 mm), regardless of wall thickness, length, surface finish (coated or uncoated), end finish (plain end or beveled end), or stencilling and certification (including multiple-stenciled/multiple-certified line pipe for oil and gas transmission and other applications), originating in or exported from China and Japan.

For greater certainty, the goods subject to this inquiry include the following:

- line pipe produced to American Petroleum Institute (“API”) specification 5L, in Grades A25, A, B and X up to and including X100, or equivalent specifications and grades, including specification CSA Z245.1 up to and including Grade 690;
- unfinished line pipe (including pipe that may or may not already be tested, inspected, and/or certified to line pipe specifications) originating in China and Japan, and imported for use in the production or finishing of line pipe meeting final specifications, including outside diameter, grade, wall thickness, length, end finish or surface finish; and
- non-prime and secondary pipes (“limited service products”).

[2] Pursuant to paragraph 76.01(5)(b) of *SIMA*, the Tribunal hereby amends its finding made on October 20, 2016, to exclude, effective on the date of this order, the following goods:

Longitudinally submerged arc welded line pipe with a double submerged arc weld, stenciled with grade API 2B whether or not stenciled to any other grade, regardless of outside diameter, with wall thicknesses greater than 1” for exclusive use in production of debarker rotors and marked “For Use in Production of Debarker Rotor Only”.¹

PROCEDURAL HISTORY

[3] A request for an interim review and a product exclusion was received on November 25, 2020, from Industrial Equipment Manufacturing Ltd. (IEM). IEM requested an exclusion for “Pipes 24”, 30” and 42” OD x 1 1/4” or 1 1/2” Wall Thickness – API 5L Grade X52/X60/X65 Seamless or DSAW (Various Lengths)”.² The Tribunal decided that the request was properly documented and invited parties to make submissions on whether an interim review was warranted.

[4] Evraz Inc. NA Canada (Evraz) filed a public submission on January 14, 2021, consenting to the commencement of the interim review and to a product exclusion limited to “longitudinally submerged arc welded line pipe (LSAW) with a double submerged arc weld (DSAW) stenciled with grade API 2B whether or not stenciled to any other grade, regardless of outside diameter, with wall

¹ Exhibit RD-2020-003-04.01 at 6, 11, 13.

² Exhibit RD-2020-003-01 at 2.

thicknesses greater than 1” for exclusive use in production of debarker rotors and marked ‘For Use in Production of Debarker Rotor Only’”.³ Evraz opposed the granting of an exclusion that was any broader in scope. IEM agreed to the additional limitations to the scope of the exclusion, as proposed by Evraz.

[5] Cantak Corporation (Cantak) also filed a public submission on January 14, 2021, in support of IEM’s request for an interim review and a product exclusion for “Pipes 24", 30" and 42" OD x 1 1/4" or 1 1/2" Wall Thickness – API 5L Grade X52/X60/X65 Seamless or DSAW (Various Lengths)”.

[6] The Tribunal decided to hold an interim review hearing and issued its Notice of Commencement of Interim Review on February 12, 2021. The submissions described above were transmitted to the parties to the Interim Review; directions in the notice permitted parties to make additional submissions on the proposed exclusions by March 19, 2021. No such submissions were received.

ANALYSIS

[7] While *SIMA* does not expressly authorize the Tribunal to grant exclusions from the scope of an order or finding, it has been recognized by the Federal Court and Binational Panels that this authority is implicit.⁴ In the context of an expiry (or interim) review, the rationale is that, despite the general conclusion that all goods covered by a finding or an order are likely to cause injury to the domestic industry, there may be case-specific evidence that imports of particular products captured by the definition of the goods are not likely to cause material injury. Thus, the purpose of exclusions to an order continuing a previous order or finding is to confine the assessment of anti-dumping and countervailing duties to those goods that are likely to cause, or threaten to cause, material injury to the domestic industry.

[8] As the Tribunal has repeatedly stated, “. . . product exclusions are an extraordinary remedy that may be granted only when the Tribunal is of the view that such exclusions will not cause material injury to the domestic industry.”⁵

[9] Evraz has filed evidence and submissions indicating that the proposed exclusion will not cause material injury to the domestic industry, so long as the scope of the exclusion is limited by certain prescribed restrictions. Although Cantak sought an exclusion of broader scope, its request was unsupported by any evidence.

[10] Having reviewed the evidence and submissions received, the Tribunal finds that the proposed exclusion will not cause material injury to the domestic industry, as acknowledged by Evraz in its submissions of January 14, 2021.

³ Exhibit RD-2020-003-04.01 at 6.

⁴ *Hetex Garn A.G. v. The Anti-dumping Tribunal*, [1978] 2 FC 507 (FCA); *Sacilor Aciéries v. The Anti-dumping Tribunal* (1985) 9 CER 210 (CA); Binational Panel, *Induction Motors Originating In or Exported From the United States of America (Injury)* (11 September 1991), CDA-90-1904-01; Binational Panel, *Certain Cold-Rolled Steel Products Originating or Exported From the United States of America (Injury)* (13 July 1994), CDA-93-1904-09.

⁵ See, for example, *Aluminum Extrusions* (17 March 2009), NQ-2008-003 (CITT) at para. 339.

[11] Moreover, the Tribunal finds that the scope of the agreed-upon exclusion is appropriate. More specifically, the references to the API 2B standard and end-use restrictions incorporated into the proposed exclusion language will “. . . ensure that dumped and subsidized line pipe will not be used as a substitute to the products that Evraz produces for use in oil and gas transmission applications.”⁶

[12] The Tribunal further notes that Evraz has consented to an exclusion and that IEM, the party requesting the exclusion, has consented to restrictions on the scope of the exclusion as proposed by the domestic industry.

[13] Accordingly, the Tribunal finds that any broader exclusion (for example, the exclusion sought by Cantak, which was ultimately broader than the exclusion sought by IEM) is not appropriate for the purposes of this interim review.

[14] In view of the foregoing, the Tribunal grants the request for an exclusion as agreed to by IEM and Evraz.

Peter Burn

Peter Burn
Presiding Member

Susan D. Beaubien

Susan D. Beaubien
Member

Serge Fréchette

Serge Fréchette
Member

⁶ Exhibit RD-2020-003-04.01 at 8.