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CVD/139

OTTAWA, December 18, 2014

STATEMENT OF REASONS

Concerning the preliminary determinations with respect to the dumping of

CERTAIN OIL COUNTRY TUBULAR GOODS ORIGINATING IN OR EXPORTED FROM CHINESE TAIPEI, THE REPUBLIC OF INDIA, THE REPUBLIC OF INDONESIA, THE REPUBLIC OF THE PHILIPPINES, THE REPUBLIC OF KOREA, THE KINGDOM OF THAILAND, THE REPUBLIC OF TURKEY, UKRAINE AND THE SOCIALIST REPUBLIC OF VIETNAM

and the subsidizing of

CERTAIN OIL COUNTRY TUBULAR GOODS ORIGINATING IN OR EXPORTED FROM THE REPUBLIC OF INDIA, THE REPUBLIC OF INDONESIA, THE REPUBLIC OF THE PHILIPPINES, THE KINGDOM OF THAILAND, UKRAINE AND THE SOCIALIST REPUBLIC OF VIETNAM

and regarding the termination of the investigation with respect to the subsidizing of

CERTAIN OIL COUNTRY TUBULAR GOODS ORIGINATING IN OR EXPORTED FROM THE REPUBLIC OF KOREA AND THE REPUBLIC OF TURKEY.

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act* (SIMA), on December 3, 2014, the President of the Canada Border Services Agency (CBSA) made preliminary determinations of dumping respecting certain oil country tubular goods originating in or exported from Chinese Taipei, the Republic of India, the Republic of Indonesia, the Republic of the Philippines, the Republic of Korea, the Kingdom of Thailand, the Republic of Turkey, Ukraine and the Socialist Republic of Vietnam and preliminary determinations of subsidizing respecting such goods from the Republic of India, the Republic of Indonesia, the Republic of the Philippines, the Kingdom of Thailand, Ukraine and the Socialist Republic of Vietnam. On the same day, pursuant to paragraph 35(2)(*a*) of SIMA, the President of the CBSA terminated the subsidy investigation with respect to such goods from the Republic of Korea and the Republic of Turkey.

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

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SUMMARY OF EVENTS

[1] On June 6, 2014, Tenaris Canada of Calgary, Alberta and Evraz Inc. NA Canada, of Regina, Saskatchewan (hereinafter 'the Complainants') filed a complaint with the Trade and Anti-dumping Programs Directorate of the Canada Border Services Agency (CBSA). The Complainants alleged that imports into Canada of certain oil country tubular goods (OCTG) originating in or exported from Chinese Taipei, the Republic of India (India), the Republic of Indonesia (Indonesia), the Republic of the Philippines (the Philippines), the Republic of Korea, the Kingdom of Thailand (Thailand), the Republic of Turkey (Turkey), Ukraine and the Socialist Republic of Vietnam (Vietnam) have been dumped and (with the exception of certain OCTG from Chinese Taipei) subsidized. These countries will be referred to collectively as "the named countries" throughout this document. The Complainants alleged that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian industry producing like goods.

[2] On June 20, 2014, the CBSA informed the Complainants and the governments of the named countries that the complaint was properly documented. The governments of India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey, Ukraine, and Vietnam were also provided with a copy of the non-confidential version of the subsidy portion of the complaint and were invited for consultations prior to the initiation of the investigations, pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures* (ASCM).

[3] On July 15, 2014, the Government of Canada received written representations from the Government of the Republic of Korea with respect to its views on the adequacy of the evidence presented in the non-confidential version of the subsidy portion of the complaint.

[4] On July 17, 2014, consultations pursuant to Article 13.1 of the ASCM were held between the Government of Canada and the Government of the Republic of Korea. On the same day, consultations were also held between the Government of Canada and the Government of Vietnam. During these consultations, the Government of the Republic of Korea reiterated its written representations with respect to its views on the adequacy of the evidence presented in the non-confidential version of the subsidy complaint. During the consultations with the Government of Vietnam, the CBSA also received written representations concerning the sufficiency of the non-confidential version of the subsidy complaint.

[5] On July 18, 2014, consultations pursuant to Article 13.1 of the ASCM were held between the Government of Canada and the Government of Turkey. During these consultations, the CBSA also received written representations concerning the adequacy of the evidence presented in the non-confidential version of the subsidy portion of the complaint.

[6] The CBSA considered the written representations of the governments of Turkey, Vietnam and the Republic of Korea, to the extent possible given the limited time available, in its analysis of whether there was sufficient evidence of subsidization to warrant the initiation of a subsidy investigation.

[7] On July 21, 2014, pursuant to subsection 31(1) of the *Special Import Measures Act* (SIMA), the President of the CBSA (President) initiated investigations respecting the dumping and (with the exception of certain OCTG from Chinese Taipei) subsidizing of certain oil country tubular goods originating in or exported from Chinese Taipei, India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey, Ukraine and Vietnam.

[8] Upon receiving notice of the initiation of the investigations, the Canadian International Trade Tribunal (Tribunal) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of certain OCTG originating in or exported from the named countries has caused injury or retardation or is threatening to cause injury to the Canadian industry producing the goods.

[9] On August 22, 2014, the CBSA extended by four weeks the time permitted for the Government of Ukraine and the exporters Interpipe Ukraine Ltd. and North American Interpipe, Inc. to respond to their Requests for Information in consideration of the current situation in Ukraine.

[10] On August 27, 2014, the CBSA extended by two weeks the time permitted for the governments of India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey and Vietnam to respond to the Subsidy Request for Information in light of the number of requests for extension, as well as the related complexities in respect of the investigations.

[11] On September 19, 2014, pursuant to subsection 37.1(1) of SIMA, the Tribunal made a preliminary determination that there is evidence that discloses a reasonable indication that the alleged dumping and subsidizing of certain OCTG originating in or exported from the named countries have caused injury or are threatening to cause injury to the Canadian industry.

[12] On September 19, 2014, pursuant to subsection 39(1) of SIMA, the President extended the time period for making the preliminary determinations or terminating all or part of the investigations from 90 days to 135 days. The time was extended due to the number of persons involved and the complexity and novelty of the issues presented by the investigations.

[13] On December 3, 2014, pursuant to paragraph 35(2)*(a)* of SIMA, the President terminated the subsidy investigation with respect to certain oil country tubular goods originating in or exported from the Republic of Korea and Turkey. The subject goods from the Republic of Korea and Turkey have been subsidized, but the amounts of subsidy were insignificant.

[14] On the same day, as a result of the CBSA's preliminary investigations and pursuant to subsection 38(1) of SIMA, the President made preliminary determinations of dumping respecting certain oil country tubular goods originating in or exported from Chinese Taipei, India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey, Ukraine and Vietnam and preliminary determinations of subsidizing respecting such goods from India, Indonesia, the Philippines, Thailand, Ukraine and Vietnam.

[15] On December 3, 2014, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped and subsidized goods that are of the same description as any goods to which the preliminary determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the President of the CBSA causes the investigations to be terminated pursuant to subsection 41(1) of SIMA or the day the Tribunal makes an order or finding pursuant to subsection 43(1) of SIMA.

PERIOD OF INVESTIGATION

[16] The Period of Investigation (POI) with respect to dumping and subsidizing covered all subject goods released into Canada from January 1, 2013 to March 31, 2014.

PROFITABILITY ANALYSIS PERIOD

[17] The Profitability Analysis Period covered domestic sales and costing information for goods sold from October 1, 2012 to March 31, 2014.

INTERESTED PARTIES

Complainants

[18] The Complainants are producers of OCTG accounting for a major proportion of the production of like goods[1] in Canada. The names and addresses of the Complainants are as follows:

Tenaris Canada
Algoma Tubes Inc.
Prudential Steel Inc.
Hydril Canadian Company LP
530 8 Ave SW, Suite 400
Calgary, Alberta T2P 3S8

Evraz Inc. NA Canada
P.O. Box 1670, 100 Armour Road
Regina, Saskatchewan S4P 3C7

[1] Refer to the definition of like goods in the Like Goods section of this document

Tenaris Canada (Tenaris):

[19] The company manufactures OCTG in Canada at its Algoma Tubes Inc. (AlgomaTubes) facility in Sault Ste. Marie, Ontario using the seamless process and at its Prudential Steel Inc. (Prudential) facility in Calgary, Alberta using the electric resistance welded (ERW) production process. Hydril Canadian Company LP (Tenaris Hydril) located in Nisku, Alberta produces specialized premium connection OCTG products as well.

Evraz Inc. NA Canada (Evraz) :

[20] The company operates ERW OCTG manufacturing facilities in Regina, Saskatchewan; Calgary, Alberta; and Red Deer, Alberta. The Evraz North America group of companies also owns Canadian National Steel Corporation, which operates an ERW OCTG manufacturing facility in Camrose, Alberta.

Other Producers

[21] There are two other significant domestic producers of OCTG in Canada, namely, Energex Tube (Energex), of Welland, Ontario and Welded Tube of Canada (Welded Tube), of Concord, Ontario. Both Energex and Welded Tube supported this complaint.[2] In March 2014, Energex idled the operations of its Welland plant, citing pressures in the market from unfair offshore competition. However, up until that point in time, the company produced like goods throughout the period covered by this complaint. [3]

Importers

[22] At the initiation of the investigations, the CBSA identified 61 potential importers of the subject goods from information provided by the Complainants and CBSA import entry documentation.

[23] The CBSA sent an importer Request for Information (RFI) to all potential importers of the goods. The CBSA received seven responses to the importer RFI.

Exporters

[24] At the initiation of the investigations, the CBSA identified 196 potential exporters and producers of the subject goods from information provided by the Complainants and CBSA import entry documentation. The CBSA sent exporter dumping RFIs to each of these potential exporters. Exporter subsidy RFIs were sent to these same exporters with the exception of exporters located in Chinese Taipei. Additionally, exporters located in Vietnam were sent an exporter section 20 RFI.

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[2] Exhibit 1 (NC) – OCTG Complaint, Exhibit 1-1, 1-2.
[3] Exhibit 1 (NC) – OCTG Complaint, page 1, paragraphs 3 – 6.

[25] The CBSA received 17 responses to the exporter dumping RFI and 12 responses to the exporter subsidy RFI. A response to the exporter section 20 RFI was received from an OCTG processor in Vietnam.

Foreign Governments

[26] The CBSA sent a government subsidy RFI to the governments of India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey, Ukraine and Vietnam. The CBSA received responses to the government subsidy RFI from the respective government of each of these countries. The response from the governments of India was considered substantially complete for the purposes of the preliminary determination. The responses from the governments of the Republic of Korea and Turkey were also considered substantially complete. The CBSA received less than complete responses to the government subsidy RFI from the governments of Indonesia, Thailand, Ukraine and Vietnam. A late response was received from the Government of the Philippines.

[27] The CBSA also sent the Government of Vietnam a government section 20 RFI. A less than complete response was received from the Government of Vietnam.

PRODUCT INFORMATION

Product Definition

[28] For the purpose of these investigations, the subject goods are defined as:

> Oil country tubular goods, which are casing, tubing and green tubes made of carbon or alloy steel, welded or seamless, heat-treated or not heat-treated, regardless of end finish, having an outside diameter from 2 ⅜ inches to 13 ⅜ inches (60.3 mm to 339.7 mm), meeting or supplied to meet American Petroleum Institute (API) specification 5CT or equivalent and/or enhanced proprietary standards, in all grades, excluding drill pipe, pup joints, couplings, coupling stock and stainless steel casing, tubing or green tubes containing 10.5 percent or more by weight of chromium, originating in or exported from Chinese Taipei, the Republic of India, the Republic of Indonesia, the Republic of the Philippines, the Republic of Korea, the Kingdom of Thailand, the Republic of Turkey, Ukraine and the Socialist Republic of Vietnam.

Additional Product Information

[29] The product definition includes “green tubes”. Green tubes, as they are commonly referred to in the OCTG industry, are intermediate or in-process tubing and casing which require additional processing, such as threading, heat-treatment or testing, before they can be used as fully finished oil and gas well casing or tubing in end-use applications.

[30] Pup joints, which are essentially short lengths of OCTG used for spacing in a drill string, are excluded where their length is 12 feet or below (with a three inch tolerance), as defined in the API 5CT specification.

[31] The product definition also includes non-prime and secondary OCTG (limited service pipes).

Production Process

[32] OCTG may be manufactured by the seamless or electric welded (ERW) process. Typical casing and tubing end finishes include: plain end, beveled, external upset ends, threaded, or threaded and coupled (including proprietary premium connections).[4]

[33] The seamless process begins with the formation of a central cavity in a solid steel billet to create a shell. The shell is then rolled on a retained mandrel and reduced in a stretch reduction mill to produce the finished size before cooling on a walking beam cooling bed.[5]

[34] Algoma Tubes employs this production process, starting with its purchase of steel bars. The steel bar is cut into a billet and then loaded into the rotary furnace to be heated and ready for the Hot-Rolling Mill (HRM).[6] Depending on the grade desired, the next process may involve heat-treatment. Finishing operations may include one or more of:

- Heat-treatment;
- Threading and coupling;
- Testing

[35] All OCTG produced by Algoma Tubes are green tubes before they are finished. While Algoma Tubes has its own threading, coupling, and heat-treating capability, some of Algoma Tubes' product is threaded and coupled at the Tenaris Hydril facility in Alberta with a premium connection.

[36] ERW OCTG is produced by slitting flat hot-rolled steel in coil form in a given thickness (skelp) to the proper width required to produce the desired pipe diameter. The skelp is then sent through a series of forming rolls that bend the steel into a tubular shape. As the edges come together under pressure in the final forming rolls, an electric current is passed between them. The resistance to the current heats the edges of the skelp to the welding temperature, and the weld is formed as the two edges are pressed together.

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[4] Exhibit 1 (NC) – OCTG Complaint, paragraph 11.
[5] Exhibit 1 (NC) – OCTG Complaint, paragraph 18.
[6] In typical industry language, a billet is a semi-finished round which has been partially worked, but will be further worked to final size. A bar is finished material that has been completely rolled to size (www.rolledalloys.ca).

[37] Evraz, Prudential, and Welded Tube all essentially employ the ERW production process. Evraz produces ERW OCTG in Canada at four separate facilities.

[38] Energex produces ERW OCTG by the stretch-reduction method. In this modified process, the outside diameter and wall thickness is achieved after the tube is formed. Specifically, a formed tube is heated to approximately 1850 degrees Fahrenheit and passed through a series of stretch reduction roll stands until the final outside diameter and wall thickness is achieved.

[39] Tube formed by either the seamless or the ERW methods is then cut-to-length. Depending on the API specifications required, OCTG may also be heat-treated at this point. The product is then sent to the finishing line where it is beveled and threaded on both ends. Tubing undergoes a separate process of upsetting and normalizing prior to threading. Finally, a coupling and coupling protector are applied to one end of the pipe and a thread protector is applied to the other end before it is ready for shipment. Finishing operations also include cooling, straightening, facing, testing, coating, and/or bundling.[7]

Product Use and Characteristics

[40] Casing is used to prevent the walls of the bored hole from collapsing, both during drilling and after the well has been completed. Tubing is used to transport oil and gas to the surface.

[41] Subject OCTG are supplied to meet API specification 5CT, in all grades including and not limited to, H40, J55, K55, M65, N80, L80, L80 HC, L80 LT, L80 SS, C90, C95, C110, P110, P110 HC, P110 LT, T95, T95 HC, and Q125, or proprietary grades manufactured as substitutes for, or enhancements to, these specifications. The grade numbers define the minimum yield strength required of the grade in kilopound per square inch (ksi).

[42] OCTG must be able to withstand outside pressure and internal yield pressures within the well. In addition, they must have sufficient joint strength to hold their own weight and must be equipped with threads sufficiently tight to contain the well pressure where lengths are joined. Threading may be performed by the manufacturer or a third party threading operation. Various factors limit the total amount of open hole that can be drilled at any one time, and it may be necessary to set more than one string of OCTG concentrically for certain portions of the well depth.

[43] Heat-treated grades are more sophisticated grades of pipes used in horizontal applications, deeper wells, and more severe environments such as low temperature services, sour service,[8] heavy oil recovery, etc.

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[7] Exhibit 1 (NC) – OCTG Complaint Narrative, paragraphs 16 – 26.

[8] "Sour Service" refers to a well environment containing Hydrogen Sulfide (H2S), which is naturally associated with acidic conditions. http://www.vamservices.com/library/files/SOURSERVICE.pdf.

[44] These grades are made beginning with the use of a specific chemistry in the steel (either in billet for the seamless process or the steel coil in the ERW process) and are further processed with heat-treatment to attain certain combinations of mechanical properties[9] and/or resistance to corrosion and environmental cracking. For example, maximum strength (N80, P110, Q125), high-strength with low ductility (normally proprietary enhancements of API grades), or high-strength combined with resistance to corrosion and environmental cracking (L80, C90, C95, C110, T95 and proprietary enhancements).

[45] Casing and tubing that still require heat-treatment to meet the API 5CT specification are referred to in the industry as "green tubes", as are tubes that require further finishing before they can be used down well. A green tube for a higher strength grade can have a chemistry that meets a lower grade like H40 or J55 that does not require heat-treatment and could just be tested and threaded to meet the lower grade.

Classification of Imports

[46] The subject goods are normally imported under the following 22 Harmonized System (HS) classification codes for OCTG (*Customs Tariff* – 2014):

7304.29.00.11	7304.29.00.69
7304.29.00.19	7304.29.00.71
7304.29.00.21	7304.29.00.79
7304.29.00.29	7306.29.00.11
7304.29.00.31	7306.29.00.19
7304.29.00.39	7306.29.00.21
7304.29.00.41	7306.29.00.29
7304.29.00.49	7306.29.00.31
7304.29.00.51	7306.29.00.39
7304.29.00.59	7306.29.00.41
7304.29.00.61	7306.29.00.49

[47] The subject goods, particularly in the form of green tubes, may also be imported under the following 7 HS classification codes (*Customs Tariff* – 2014):

7304.39.00.10	7306.50.00.90
7304.59.00.10	7306.90.00.10
7306.30.00.29	7306.90.00.20
7306.30.00.39	

[9] Mechanical properties are those that describe how an object performs when a load or stress is applied to it. http://www.corpacsteel.com/resource-center/glossary-of-industry-terms/.

LIKE GOODS AND CLASSES OF GOODS

[48] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods, as goods that are identical in all respects to the other goods, or in the absence of identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[49] OCTG produced by the domestic industry competes directly with, has the same end uses as, and can be substituted for, the subject goods. Therefore, the CBSA has concluded that the OCTG produced by the Canadian industry constitutes like goods to the subject goods. The CBSA is also of the opinion that subject and like goods constitute only one class of goods.

[50] In the Tribunal’s Determination and Reasons – Preliminary Injury Inquiry No. PI-2014-002, issued on October 3, 2014, the Tribunal found **“**that the evidence does not support a conclusion that seamless OCTG and welded OCTG constitute separate classes of goods. The Tribunal, therefore, finds that seamless OCTG and welded OCTG comprise a single class of goods.”[10]

THE CANADIAN INDUSTRY

[51] Tenaris Canada and Evraz Inc. NA Canada (the Complainants) account for a major proportion of the domestic production of like goods. Two other significant domestic producers of OCTG in Canada, namely, Energex Tube, of Welland, Ontario and Welded Tube of Canada, of Concord, Ontario supported this complaint.

IMPORTS INTO CANADA

[52] During the preliminary phase of the investigations, the CBSA refined the estimated volume of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[53] The following table presents the CBSA’s analysis of imports of certain OCTG for purposes of the preliminary determinations and the termination of the subsidy investigation respecting the Republic of Korea and Turkey:

[10] Preliminary Injury Inquiry No. PI-2014-002; Oil Country Tubular Goods, issued on October 3, 2014, paragraph 33, Reasons available online at http://www.citt-tcce.gc.ca/en/node/6925.

Import Volumes of Certain OCTG
(January 1, 2013 to March 31, 2014)

Imports into Canada	% of Total Import Volume
Chinese Taipei	2.5%
India	1.3%
Indonesia	1.9%
Republic of Korea	3.1%
Thailand	1.2%
Philippines	2.4%
Turkey	5.4%
Ukraine	1.1%
Vietnam	2.7%
All Other Countries	78.4%
Total Imports	**100.0%**

REPRESENTATIONS RECEIVED PRIOR TO INITIATION

[54] On July 15, 2014, the Government of the Republic of Korea made representations with respect to the initiation of the subsidy investigation of certain OCTG. The Government of Korea's representations and the CBSA's response are summarized in **Appendix 1**.

[55] On July 17, 2014, the Government of Vietnam made representations with respect to the initiation of the subsidy investigation of certain OCTG. The Government of Vietnam's representations and the CBSA's response are summarized in **Appendix 2**.

[56] On July 18, 2014, the Government of Turkey made representations with respect to the initiation of the subsidy investigation of certain OCTG. The Government of Turkey's representations and the CBSA's response are summarized in **Appendix 3**.

REPRESENTATIONS FROM THE COMPLAINANTS

[57] Counsel for the Complainants made numerous representations with respect to the information submitted by various parties in response to the CBSA's dumping and subsidy RFIs. The Complainant's representations and the CBSA's response are addressed in **Appendix 4**.

INVESTIGATION PROCESS

[58] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of certain OCTG released into Canada during the dumping POI of January 1, 2013 to March 31, 2014.

[59] Regarding the section 20 inquiry, information was requested from all known and potential exporters and producers of OCTG in Vietnam and from the Government of Vietnam.

[60] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known and potential exporters in India, Indonesia, the Republic of Korea, the Philippines, Thailand, Turkey, Ukraine and Vietnam. Information was also requested from the respective government of each of these countries, concerning financial contributions made to exporters or producers of certain OCTG released into Canada during the subsidy POI of January 1, 2013 to March 31, 2014.

[61] In consideration of the current situation in Ukraine, the CBSA extended by four weeks the time permitted for the exporters and for the Government to respond to their RFIs. The CBSA also extended the time permitted for the governments of India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey, and Vietnam to respond to the subsidy RFI in light of the number of requests for extension, as well as the related complexities in respect of the investigations.

[62] Several other parties also requested an extension to respond to their respective RFIs. The CBSA reviewed each request in order to determine whether unforeseen circumstances or unusual burdens justified the granting of an extension and granted an extension where warranted. Where parties requested an extension but the reasons for making the request did not constitute unforeseen circumstances or unusual burdens, the CBSA did not grant the extension and informed the parties that it could not guarantee that submissions received after the due date would be taken into consideration for purposes of the preliminary phase of the investigations.

[63] After reviewing the responses to the RFIs, Supplemental Requests for Information (SRFI) were sent to responding parties to clarify information provided in the submissions and request any additional information needed.

DUMPING INVESTIGATION

[64] The CBSA received substantially complete responses to the dumping RFI from 16 exporters, in addition to one response that was considered less than compete.

Normal Values

[65] Normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with the methodology of paragraph 19(*b*) of SIMA.

[66] In the case of a prescribed country such as Vietnam, if, in the opinion of the President of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market, the normal values are generally estimated on the basis of the methodology set out in section 20 of SIMA using either the selling prices or costs of like goods in a "surrogate" country.

Export Prices

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

Margin of Dumping

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

Preliminary Results of the Dumping Investigation

[69] With respect to the exporters that provided substantially complete responses to the RFI, to the extent possible, company-specific information was used for the preliminary determination in estimating normal values and export prices for goods shipped to Canada.

[70] For those exporters that did not submit a complete response to the RFI, the normal value of the goods was estimated by advancing the export price by the highest amount by which the normal value exceeded the export price on an individual transaction for an exporter that provided a substantially complete response to the RFI, excluding anomalies.

[71] In calculating the estimated margin of dumping for each country, the estimated margins of dumping found in respect of each exporter were weighted according to each exporter's volume of subject goods exported to Canada during the POI.

[72] Estimated margin of dumping details relating to each of the exporters that provided a response to the RFI are presented in a summary table in **Appendix 5** while estimated margin of dumping details relating to each named country are presented in a summary table at the end of this section.

Chinese Taipei

<u>Chung Hung Steel Corporation</u>

[73] Chung Hung Steel Corporation (CHS) is a producer and exporter of the subject goods from Chinese Taipei.

[74] CHS is a publicly-listed company and its head office is located in Kaohsiung, Chinese Taipei. CHS has four manufacturing facilities. CHS provided a substantially complete response to the dumping RFI. SRFIs were sent to CHS for additional information and clarification. The CBSA will continue to collect and analyze CHS's information during the final phase of the investigation.

[75] CHS did not have sufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. As a result, normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the *Special Import Measures Regulations* (SIMR) based on the weighted average profit made on CHS's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[76] For the subject goods exported by CHS to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[77] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for CHS is 2.6%, expressed as a percentage of the total estimated export price.

<u>Tension Steel Industries Co., Ltd.</u>

[78] Tension Steel Industries Co., Ltd. (Tension Steel) is a producer and exporter of the subject goods.

[79] Tension Steel's head office is located in Taipei, Chinese Taipei and it has two manufacturing facilities. Tension Steel provided a substantially complete response to the dumping RFI. SRFIs were sent to Tension Steel for additional information and clarification. The CBSA will continue to collect and analyze Tension Steel's information during the final phase of the investigation.

[80] Tension Steel did not have any domestic sales of like goods. Consequently, the methodology of section 15 of SIMA was not used to estimate the normal values. As a result, the normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on Tension Steel's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[81] For the subject goods exported by Tension Steel to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[82] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for Tension Steel is 3.7%, expressed as a percentage of the total estimated export price.

India

<u>GVN Fuels Limited / Maharashtra Seamless Limited</u>

[83] Maharashtra Seamless Limited (MSL) is the producer of subject goods exported to Canada by its related company, GVN Fuels Limited (GVN), collectively referred to as GVN/MSL. MSL's production facilities are located in Raigad, Maharashtra while MSL's and GVN's corporate offices are jointly located in Gurgaon, Haryana. Due to the relationship between GVN and MSL, the companies filed a joint response to the CBSA's RFI, which was substantially complete.

[84] An SRFI was sent to the companies seeking additional information and clarification to which GVN/MSL provided a joint response. The CBSA will continue to collect and analyze GVN/MSL's information during the final phase of the investigation.

[85] Based on the information provided, there were insufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. Instead, normal values were estimated using the methodology set out in paragraph 19(*b*) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with the subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on GVN/MSL's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[86] For subject goods exported to Canada by GVN/MSL during the POI, export prices were estimated using the methodology set out in section 24 of SIMA, based on the exporter's selling prices less all costs, charges and expenses resulting from the exportation of the goods.

[87] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for GVN/MSL is zero.

Jindal Saw Limited

[88] Jindal Saw Limited (Jindal Saw) is a producer and exporter of the subject goods.

[89] Jindal Saw's head office is located in New Delhi, India. The company provided a substantially complete response to the dumping RFI. Two SRFIs were sent to Jindal Saw for additional information and clarification. The CBSA conducted an on-site verification with Jindal Saw in November 2014 and will continue to analyze Jindal Saw's information during the final phase of the investigation.

[90] Jindal Saw did not have sufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. Normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on Jindal Saw's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[91] For subject goods exported by Jindal Saw to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[92] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for Jindal Saw is zero.

Indonesia

P.T. Citra Tubindo Tbk

[93] P.T. Citra Tubindo Tbk (Citra) is a producer and exporter of subject goods to Canada.

[94] Citra's manufacturing facility is located in Kabil, Batam Island, Indonesia. The company provided a substantially complete response to the dumping RFI. Three SRFIs were sent to Citra for additional information and clarification. The CBSA conducted an on-site verification with Citra in November 2014 and will continue to analyze Citra's information during the final phase of the investigation.

[95] Citra did not have sufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. As a result, normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(i) of the SIMR based on the weighted average profit made on Citra's domestic sales of like goods.

[96] For subject goods exported by Citra to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[97] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for Citra is 24.3%, expressed as a percentage of the total estimated export price.

<u>Petro Amigos Supply Incorporated</u>

[98] Petro Amigos Supply Incorporated (PASI) is a distributor and exporter of subject goods to Canada during the POI. While PASI's head office is located in Houston, Texas, United States of America (USA), the goods exported to Canada by PASI during the POI are of Indonesian origin.

[99] PASI provided a substantially complete response to the dumping RFI. A SRFI was sent to the company for additional information and clarification. The CBSA will continue to analyse and verify information from PASI and the Indonesian producer during the final phase of the investigation.

[100] In situations where goods are shipped indirectly to Canada from the country of origin through one or more other countries, other than goods that pass in transit through another country, subsection 30(2) of SIMA applies and stipulates that the normal value is to be the higher of the normal value in the country of export (i.e. in this case, the USA) or in the country of origin (i.e. in this case, Indonesia).

[101] Regarding normal values in the country of origin, the CBSA did not have sufficient information in regards to the goods. However, a preliminary analysis indicated that the estimated normal values in the country of export (USA) would be higher than the estimated normal values in the country of origin. As a result, estimated normal values for PASI were based on normal values in the country of export. The CBSA will further examine this issue during the final phase of the investigation.

[102] With respect to normal values in the country of export, PASI did not have sufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. As a result, normal values were thus estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on PASI's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[103] PASI's exports of subject goods were to a related importer. As the exporter and importer were associated, a reliability test was performed to determine whether the estimated section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the estimated section 24 export prices with the estimated section 25 "deductive" export prices based on the importer's re-sale price of the imported goods in Canada, less deductions for all additional costs incurred in preparing, shipping and exporting the goods to Canada, all costs included in the resale prices that were incurred in reselling the goods in Canada (including duties and taxes) and an amount for profit. This amount for profit was estimated under paragraph 22(b) of the SIMR, based on sales of goods of the same general category, by vendors in Canada who are at the same or substantially the same trade level as the importer in Canada.

[104] The results of the test suggested that the export prices estimated in accordance with section 24 of SIMA were reliable. Therefore, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the importer's purchase price and the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[105] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for PASI is 0.8%, expressed as a percentage of the total estimated export price.

Philippines

<u>HLD Clark Steel Pipe Co. Inc.</u>

[106] HLD Clark Steel Pipe Co. Inc. (HLD Clark) is a producer and exporter of subject goods to Canada.

[107] HLD Clark's head office is located in Angeles City, the Philippines, and it's a subsidiary of Huludao City Steel Pipe Industrial Co. Ltd. of China. HLD Clark submitted a substantially complete response to the dumping RFI. Two SRFIs were sent to HLD Clark for additional information and clarification. The CBSA conducted an on-site verification with HLD Clark and will continue to analyze HLD Clark's information during the final phase of the investigation.

[108] HLD Clark did not have domestic sales of like goods. Consequently, the methodology of section 15 of SIMA was not used to estimate the normal values. As a result, normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. With respect to the amount for profits, HLD Clark did not have domestic sales of OCTG or other pipe products. Given that HLD Clark is the sole cooperative exporter in the Philippines, a survey was sent to other identified steel pipe producers located in the Philippines to request information regarding the amount for profits made on their domestic sales of steel pipes in the Philippines. None of the identified pipe producers responded to the CBSA's survey. Accordingly, the amount for profits could not be estimated using the methodology of section 11 of the SIMR. The CBSA estimated the amount for profits on the basis of the estimate used at the initiation of the investigation, which was the simple average of the amounts for profits for the other named countries in Asia. The CBSA will continue to collect and analyse information for this purpose during the final phase of the investigation.

[109] For subject goods exported from HLD Clark to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on exporter's selling prices less all costs, charges and expenses resulting from the exportation of the goods.

[110] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for HLD Clark is zero.

Republic of Korea

<u>Hyundai Hysco Co., Ltd.</u>

[111] Hyundai Hysco Co., Ltd. (H. Hysco) is a producer and exporter of subject goods to Canada.

[112] H. Hysco is a publicly-listed company, with its head office located in Seoul, Republic of Korea. During the POI, all subject goods exported to Canada were shipped directly from H. Hysco's factory in Ulsan, Republic of Korea. However, the subject goods were first sold to a subsidiary in the USA, and then to an unrelated vendor in the USA, MS Global Steel, before being ultimately sold to unrelated importers in Canada. The goods were shipped directly from H. Hysco to the unrelated importers in Canada without entering the commerce of the USA. Both H. Hysco and MS Global Steel provided substantially complete responses to the dumping RFI. An SRFI was sent to H. Hysco for additional information and clarification. The CBSA conducted an on-site verification with H. Hysco in November 2014 and will continue to analyze H. Hysco's and MS Global Steel's information during the final phase of the investigation.

[113] H. Hysco did not have sufficient domestic sales of like goods during the POI to enable the estimation of normal values using the methodology of section 15 of SIMA. Normal values were thus estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(i) of the SIMR based on the weighted average profit made on H. Hysco's domestic sales of like goods.

[114] For subject goods exported by H. Hysco to Canada, export prices were estimated using the methodology of section 24 of SIMA, based on H. Hysco's selling prices to its subsidiary in the USA, as they were lower than the importer's purchase prices from MS Global Steel. These prices were then adjusted by deducting the costs, charges and expenses resulting from the exportation of the goods.

[115] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for H. Hysco is 5.2%, expressed as a percentage of the total estimated export price.

<u>SeAH Steel Corporation</u>

[116] SeAH Steel Corporation (SeAH) is a producer and exporter of subject goods to Canada.

[117] SeAH is a publicly-listed company and its head office is located in Seoul, Republic of Korea. SeAH provided a substantially complete response to the dumping RFI. The subject goods, which were exported directly from the Republic of Korea to Canada, were sold to the importer in Canada by Pusan Pipe America Inc. (PPA), a subsidiary of SeAH located in the USA. PPA also submitted a substantially complete response to the dumping RFI. Two SRFIs were also sent to SeAH and PPA for additional information and clarification. The CBSA conducted an on-site verification with SeAH's and PPA's and will continue to analyze SeAH's information during the final phase of the investigation.

[118] SeAH did not have domestic sales of like goods. Consequently, the methodology of section 15 of SIMA was not used to estimate the normal values. Normal values were thus estimated using the methodology of paragraph 19(b) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profits made on SeAH's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[119] For subject goods exported from SeAH to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the lesser of SeAH's selling prices to PPA, and the importer's purchase price from PPA adjusted by deducting the costs, charges and expenses resulting from the exportation of the goods.

[120] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for SeAH is 2.0%, expressed as a percentage of the total estimated export price.

Pan Meridian Tubular

[121] Pan Meridian Tubular (PMT) is an exporter of subject goods from the USA. All subject goods exported to Canada by PMT were produced in the Republic of Korea. Subject goods were first shipped to the USA and re-exported to Canada after the goods were further processed in the USA.

[122] PMT is a business division of Pusan Pipe America Inc. and its office is located in Houston, Texas. PMT provided a substantially complete response to the dumping RFI. One SRFI was sent to PMT for additional information and clarification. The CBSA will continue to collect and analyze PMT's information during the final phase of the investigation.

[123] In situations where goods are shipped indirectly to Canada from the country of origin through one or more other countries, other than goods that pass in transit through another country, subsection 30(2) of SIMA applies and stipulates that the normal value is to be the higher of the normal value in the country of export (i.e. in this case, the USA) or in the country of origin (i.e. in this case, the Republic of Korea).

[124] Regarding normal values in the country of origin, the producer did not have domestic sales of like goods. Consequently, the methodology of section 15 of SIMA was not used to estimate the normal values. Normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on the producer's domestic sales of goods that are of the same general category as the goods exported to Canada.

[125] With respect to normal values in the country of export, PMT had domestic sales of like goods in the USA. Normal values were estimated using the methodology of section 15 of SIMA as there were sufficient profitable domestic sales of like goods. Adjustments were made to the domestic selling prices of like goods for delivery costs included in the selling price in accordance with section 7 of the SIMR.

[126] In all cases, the normal values in the country of export were higher than the normal values in the country of origin. As a result, the estimated normal values for the subject goods exported by PMT were based on the normal values in the country of export.

[127] For subject goods exported from PMT to Canada during the POI, the export prices were estimated using the methodology of section 24 of SIMA, based on exporter's selling prices less all costs, charges and expenses resulting from the exportation of the goods.

[128] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for PMT is zero.

Thailand

<u>Thai Oil Pipe Co., Ltd</u>

[129] Thai Oil Pipe Co., Ltd. (TOP) is a producer and exporter of the subject goods exported to Canada from Thailand.

[130] TOP is located in Rayong, Thailand. The company provided a substantially complete response to the Dumping RFI. Two SRFI were sent to TOP for additional information and clarification. The CBSA conducted an on-site verification with TOP in November 2014 and will continue to analyze TOP's information during the final phase of the investigation.

[131] TOP did not have domestic sales of like goods during the POI. Consequently, the methodology of section 15 of SIMA was not used to estimate the normal values for the preliminary determination. As a result, normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. With respect to the amount for profits, TOP did not have domestic sales of certain OCTG or other pipe products during the POI. Given that TOP is the sole cooperative exporter of subject goods in Thailand, a survey was sent to other identified steel pipe producers located in Thailand to request information regarding the amount for profits made on their domestic sales of steel pipes in Thailand. None of the identified pipe producers responded to the CBSA's survey. Accordingly the amount for profits could not be estimated using the methodology of section 11 of the SIMR. The CBSA estimated the amount for profits on the basis of the 2013 financial results of Pacific Pipe Public Company Limited, a welded pipe producer in Thailand. The CBSA will continue to collect and analyse information for this purpose during the final phase of the investigation.

[132] For subject goods exported from TOP to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[133] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for TOP is 15.3%, expressed as a percentage of the total estimated export price.

Turkey

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş.

[134] Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. is a producer of subject goods exported to Canada through its related trading arm, Borusan İstikbal Ticaret T.A.Ş. ("İstikbal"), collectively referred to as BMB.

[135] BMB's head office is located in Istanbul, Turkey. The company provided a substantially complete response to the dumping RFI. One SRFI was sent to BMB for additional information and clarification. The CBSA conducted an on-site verification in November 2014 with BMB and will continue to analyze BMB's information during the final phase of the investigation.

[136] BMB did not have sufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. Normal values were thus estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profits made on BMB's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[137] For subject goods exported from BMB to Canada during the POI, export prices were estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[138] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination the estimated margin of dumping for BMB is zero.

IMCO International Inc.

[139] IMCO International Inc., a national distributor and importer of OCTG headquartered in Burlington, Ontario, exported subject goods originating in Turkey to Canada through its related company, IMCO International Steel Trading Inc., collectively referred to as IMCO. Subject goods were first shipped to the USA and re-exported to Canada after the goods were further processed in the USA.

[140] IMCO submitted substantially complete responses to both the importer RFI and exporter dumping RFIs. IMCO also provided responses to two SRFIs. The CBSA will continue to analyze IMCO's information during the final phase of the investigation. An on-site verification to review the company's submissions is planned in the final phase of the investigation.

[141] In situations where goods are shipped indirectly to Canada from the country of origin through one or more other countries, other than goods that pass in transit through another country, subsection 30(2) of SIMA applies and stipulates that the normal value is to be the higher of the normal value in the country of export (i.e. in this case, the USA) or in the country of origin (i.e. in this case, Turkey).

[142] Regarding normal values in the country of origin, the producer did not have sufficient domestic sales of like goods to enable the estimation of normal values using the methodology of section 15 of SIMA. Normal values were estimated using the methodology of paragraph 19(*b*) of SIMA, as the sum of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance with subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on the producer's domestic sales of goods that are of the same general category as the goods sold to the importer in Canada.

[143] With respect to normal values in the country of export, IMCO did not have sufficient profitable domestic sales in the USA to enable the estimation of normal values using the methodology of section 15 of SIMA. In the absence of sufficient domestic sales, normal values were estimated under paragraph 19(*b*) of SIMA, as the sum of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for administrative, selling and all other costs for IMCO was estimated using information from IMCO International Inc.'s financial statements, together with the expenses incurred by IMCO Steel Trading Inc. The amount for profits was estimated based on sales of goods of the same general category from other producers in the USA in accordance with subparagraph 11(1)(*b*)(iv). The amount for profit was thus estimated on the basis of publicly available financial statements of two U.S. steel producers, using the segmented reporting for tubular sales.

[144] In all cases, the normal values in the country of export are higher than the normal values in the country of origin. As a result, normal values estimated for IMCO are based on the normal values in the country of export.

[145] Export prices for the purposes of the preliminary decision are normally estimated using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods. For subject goods exported by IMCO to Canada during the POI, however, export prices could not be calculated under this methodology as there were no actual sales when the goods were imported by IMCO. As such, export prices were estimated using the methodology of section 25 of SIMA, based on the importer's re-sale price of the imported goods in Canada, less deductions for all additional costs incurred in preparing, shipping and exporting the goods to Canada, all costs included in the resale prices that were incurred in reselling the goods in Canada (including duties and taxes) and an amount for profits. The amount for profits was estimated using financial information from two Canadian distributors of OCTG in Canada during the POI from information submitted on the record.

[146] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for IMCO is 29.4%, expressed as a percentage of the total estimated export price.

Ukraine

<u>Interpipe Limited</u>

[147] Interpipe Limited (Interpipe) is the manufacturer of subject goods that were subsequently exported to Canada by their related company, North American Interpipe, Inc. (NAI), located in Houston, Texas. The subject goods, originating in Ukraine, were first shipped to the USA and subsequently re-exported to Canada. NAI incurred additional production costs, for some of these goods, where further finishing was required prior to shipment to their customers both in Canada and the USA.

[148] Both Interpipe and NAI submitted responses to the Dumping RFIs. The CBSA determined that both responses were initially less than complete. Multiple revisions of the costing and sales information were required, before the submissions, as a whole, were determined to be substantially complete. The CBSA will continue to collect and analyze Interpipe's information during the final phase of the investigation.

[149] In situations where goods are shipped indirectly to Canada from the country of origin through one or more other countries, other than goods that pass in transit through another country, subsection 30(2) of SIMA applies and stipulates that the normal value is to be the higher of the normal value in the country of export (i.e. in this case, the USA) or in the country of origin (i.e. in this case, Ukraine).

[150] As noted previously, multiple revisions were filed by Interpipe and NAI after the initial RFI response. The timing of these additional revisions did not allow the CBSA sufficient time to analyze and estimate normal values in both Ukraine and the USA in order to conduct the comparison envisaged by subsection 30(2) of SIMA. However, a preliminary pricing analysis was conducted which compared Interpipe's weighted average domestic prices with NAI's weighted average domestic prices over the POI for grades with similar dimensions as the OCTG products sold to Canada. The pricing analysis suggested that in all instances, for the products analyzed, the weighted average domestic selling prices charged by NAI in the USA were higher than the prices charged by Interpipe in Ukraine.

[151] Based on that pricing analysis, the CBSA estimated that the normal values for the country of export (USA) would be higher than the estimated normal values in the country of origin (Ukraine) for the purpose of the preliminary determination. As a result, the CBSA estimated the normal values on the basis of the normal values in the country of export. The CBSA will continue to collect and analyse information for the purposes of conducting a proper comparison, as stipulated in subsection 30(2) of SIMA, during the final phase of the investigation.

[152] For the majority of the products, there were sufficient profitable domestic sales to estimate the normal values using the methodology of section 15 of SIMA, based on domestic selling prices of like goods. For the one product where there were insufficient domestic sales, the normal value has been estimated using the methodology of paragraph 19(*b*) of SIMA based on the sum of the cost of production of the good, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was estimated in accordance to subparagraph 11(1)(*b*)(ii) of the SIMR based on the weighted average profit made on NAI's domestic sales of goods that are of the same general category as the subject goods exported to Canada.

[153] For subject goods exported by NAI to the importer in Canada, export prices are estimated using the methodology of section 24 of SIMA, based on the lesser of the importer's purchase price and the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[154] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI. For the preliminary determination, the estimated margin of dumping for NAI is 8.7%, expressed as a percentage of the total estimated export price.

Vietnam

[155] No exporter in Vietnam provided a response to the dumping RFI.

Section 20 Inquiry

[156] In the case of a prescribed country such as Vietnam, normal values are to be determined under section 20 of SIMA where, in the opinion of the President, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.

[157] In a dumping investigation involving goods from a prescribed country, the CBSA proceeds on the presumption that section 20 of SIMA is not applicable to the sector under investigation absent sufficient information to the contrary. The President may form an opinion where there is sufficient information that the conditions set forth in paragraph 20(1)(*a*) of SIMA exist in the sector under investigation.

[158] At the initiation of the dumping investigation, the CBSA had sufficient information, supplied by the Complainants and obtained through its own research, to support the initiation of a section 20 inquiry to examine the extent that the Government of Vietnam determines the price of OCTG in Vietnam. The CBSA sent Section 20 RFIs to the Government of Vietnam and to all known OCTG producers and exporters in that country.

[159] If, in the opinion of the President of the CBSA, it is determined that the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market, the normal values are generally estimated on the basis of the methodology set out in paragraph 20(1)(*c*) of SIMA using either the selling prices or costs of like goods in a "surrogate" country.

[160] The CBSA received a response to the section 20 RFI from the Government of Vietnam and from one processor in that country, Vietubes Corporation Ltd, which were less than complete. An SRFI was sent to the Government of Vietnam seeking additional information and clarification of information provided. No producer or exporter in Vietnam provided a response to the section 20 RFI or the dumping RFI.

[161] During the final phase of the dumping investigation, the CBSA will continue the section 20 inquiry and further analyze all information.

[162] For the purposes of the preliminary determination, given that no producer or exporter submitted a response to the CBSA's RFIs, the margin of dumping was estimated using the highest amount by which an estimated normal value exceeded the estimated export price on an individual transaction (53.2%), expressed as a percentage of export price, as determined for an exporter that provided a complete response to the RFI.

Other Exporters – All Countries

[163] For exporters that did not provide a response to the CBSA's RFI, the margin of dumping is estimated using the highest amount by which an estimated normal value exceeded the estimated export price on an individual transaction (53.2%), expressed as a percentage of export price, as determined for an exporter that provided a complete response to the RFI.

Summary Results - Dumping

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

Summary of Preliminary Results of the Dumping Investigation
Period of Investigation – January 1, 2013 to March 31, 2014

Country	Estimated Volume of Dumped Goods as Percentage of Country Imports	Estimated Margin of Dumping	Estimated Volume of Country Imports as Percentage of Total Imports	Estimated Volume of Dumped Goods as Percentage of Total Imports
Chinese Taipei	100%	21.4%	2.5%	2.5%
India	13.1%	7.9%	1.3%	0.2%
Indonesia	100%	32.3%	1.9%	1.9%
Republic of Korea	99.7%	24.6%	3.1%	3.1%
Philippines	9.5%	6.2%	2.4%	0.2%
Thailand	100%	35.4%	1.2%	1.2%
Turkey	95.5%	35.0%	5.4%	5.2%
Ukraine	100%	10.2%	1.1%	1.1%
Vietnam	100%	53.2%	2.7%	2.7%

[165] Under subsection 35(1) of SIMA, the President is required to terminate an investigation prior to the preliminary determination if he is satisfied that the margin of dumping of the goods of a country is insignificant or that the volume of dumped goods of a country is negligible.

[166] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price is defined as insignificant and a volume of dumped goods is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the dumped goods, except that where the total volume of dumped goods of three or more countries, each of whose exports of dumped goods into Canada is less than 3% of the total volume of goods, is more than 7% of the total volume of goods, the volume of dumped goods of any of those countries is not negligible.

[167] The estimated margins of dumping of certain OCTG from Chinese Taipei, India, Indonesia, the Philippines, the Republic of Korea, Thailand, Turkey, Ukraine and Vietnam, are above 2% and are, therefore, not insignificant.

[168] The volumes of dumped imports from the Republic of Korea and Turkey are above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of dumped imports from the Republic of Korea and Turkey are not negligible.

[169] The volumes of dumped imports from Chinese Taipei, India, Indonesia, the Philippines, Thailand, Ukraine and Vietnam are each less than 3% of the total volume of goods. However, the total volume of dumped imports from these countries equals 9.8% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of dumped imports from each of these countries is not negligible.

SUBSIDY INVESTIGATION

[170] In accordance with section 2 of SIMA, a subsidy exists if there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the *General Agreement on Tariffs and Trade*, 1994, being part of Annex 1A to the World Trade Organization (WTO) Agreement, that confers a benefit.

[171] Pursuant to subsection 2(1.6) of SIMA, there is a financial contribution by a government of a country other than Canada where:

- (a) practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- (b) amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- (c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- (d) the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[172] Where subsidies exist they may be subject to countervailing measures if they are specific in nature. According to subsection 2(7.2) of SIMA a subsidy is considered to be specific when it is limited, in a legislative, regulatory or administrative instrument, or other public document, to a particular enterprise within the jurisdiction of the authority that is granting the subsidy; or is a prohibited subsidy.

[173] A “prohibited subsidy” is either an export subsidy or a subsidy or potion of a subsidy that is contingent, in whole or in part, on the use of goods that are produced or that originate in the country of export. An export subsidy is a subsidy or portion of a subsidy contingent, in whole or in part, on export performance. An “enterprise” is defined as including a group of enterprises, an industry and a group of industries. These terms are all defined in section 2 of SIMA.

[174] Notwithstanding that a subsidy is not specific in law, under subsection 2(7.3) of SIMA a subsidy may also be considered specific having regard as to whether:

- (a) there is exclusive use of the subsidy by a limited number of enterprises;
- (b) there is predominant use of the subsidy by a particular enterprise;
- (c) disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and
- (d) the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[175] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy,” meaning that it is subject to countervailing measures if the persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods under investigation have benefited from the subsidy.

[176] Financial contributions provided by State-Owned Enterprises (SOEs) may also be considered to be provided by the government for purposes of this investigation. A SOE may be considered to constitute “government” for the purposes of subjection 2(1.6) of SIMA if it possesses, exercises, or is vested with governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or some combination thereof.

[177] The following presents the preliminary results of the investigation into the subsidizing of certain OCTG originating in or exported from India, Indonesia, the Philippines, Thailand, Ukraine and the Vietnam, and the results of the investigation into the subsidizing of certain OCTG originating in or exported from the Republic of Korea and Turkey.

India

[178] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of India, as well as to all known exporters/producers of OCTG in India. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of India was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[179] In conducting its investigation, the CBSA requested information respecting 48 identified programs, as listed in **Appendix 6**.

[180] A substantially complete response to the subsidy RFI was received from the Government of India, as well as from two exporters from India; GVN Fuels Limited / Maharashtra Seamless Limited and Jindal Saw Limited.

[181] The CBSA conducted an on-site verification with the Government of India in November 2014. The CBSA will continue to analyze the companies' and the government's information during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

GVN Fuels Limited / Maharashtra Seamless Limited

[182] Maharashtra Seamless Limited (MSL) is the producer of subject goods exported to Canada by its related company, GVN Fuels Limited (GVN), collectively referred to as GVN/MSL. MSL's production facilities are located in Raigad Maharashtra while MSL's and GVN's corporate offices are jointly located in Gurgaon, Haryana. Due to the relationship between GVN and MSL, the companies filed a joint response to the CBSA's RFI, which was substantially complete. An SRFI was sent to the companies seeking additional information and clarification. GVN/MSL provided a joint response to the SRFI.

[183] For the purposes of the preliminary determination, the CBSA estimated, based on its analysis of the information provided by GVN/MSL and by the Government of India, an amount of subsidy on the basis of the financial benefits received under the following six programs:

Program 20:	Export Promotion Capital Goods Scheme
Program 21:	Duty Exemption/Remission Schemes – Advance Authorization Scheme
Program 21:	Duty Exemption/Remission Schemes – Duty Drawback Scheme
Program 23:	Purchase of Hot-rolled Steel from State-Owned Enterprises for Less Than Fair Market Value

Program 28: Exemption from Electricity Duty through the State Government of Maharashtra (SGOM)
Program 31: Exemption through the SGOM from Sales Tax and Other Levies

[184] For the purposes of the preliminary determination, all six programs are considered to be specific and, therefore, actionable. **Appendix 6** provides descriptions of the programs used by the exporter in the current investigation, and a summary of the legislative basis on which the programs are considered actionable.

[185] The CBSA has estimated that GVN/MSL received an amount of subsidy equal to 2.2%, when expressed as a percentage of the total estimated export price.

<u>Jindal Saw Limited (Jindal Saw)</u>

[186] For the purpose of the preliminary determination, Jindal Saw provided a response to the subsidy RFI that was considered to be substantially complete. Jindal Saw was sent a SRFI for additional information and clarification and Jindal Saw responded with the requested information. The CBSA conducted on-site verification with Jindal Saw in November 2014 and will continue to analyze the company's information during the final phase of the investigation.

[187] For the purposes of the preliminary determination, the CBSA estimated, based on its analysis of the information provided by Jindal Saw and by the Government of India, an amount of subsidy on the basis of the financial benefits received under the following seven programs:

Program 18: Focus Product Scheme
Program 20: Export Promotion Capital Goods Scheme
Program 21: Duty Exemption/Remission Schemes – Advance Authorization Program
Program 21: Duty Exemption/Remission Schemes – Duty Drawback Program
Program 28: Exemption from Electricity Duty through the State Government of Maharashtra (SGOM)
Program 30: Special Incentives of the SGOM for Mega Projects
Program 31: Exemption through the SGOM from Sales Tax and Other Levies
Program 37: Reimbursement of Stamp Duty and Transfer Duty Paid for the Purchase of Land and Buildings and Obtaining Financial Deeds and Mortgages under the SGOAP IIPP

[188] For the purposes of the preliminary determination, all seven programs are considered to be specific and therefore actionable. **Appendix 6** provides descriptions of the programs used by the exporter in the current investigation, and a summary of the legislative basis on which the programs are considered actionable.

[189] The CBSA has estimated that Jindal Saw received an amount of subsidy equal to 7.9%, when expressed as a percentage of the total estimated export price.

All Other Exporters – India

[190] For all other exporters in India that did not provide sufficient information or did not provide information in a timely fashion, the CBSA estimated an amount of subsidy on the basis of the following methodology:

1) the amount of subsidy for the nine programs, as found at the preliminary determination, for the two exporters that provided a complete response to the RFI (Jindal Saw and GVN/MSL) located in India, plus;

2) the average of the amount of subsidy for the nine programs referenced in (1), applied to each of the remaining 39 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[191] Using the above methodology, the estimated amount of subsidy for all other exporters is 40.8%, expressed as a percentage of the total estimated export price.

[192] It is estimated that 100% of the subject goods imported from India are subsidized. The estimated overall weighted average amount of subsidy for India is equal to 12.5% of the total estimated export price of the subject goods.

Indonesia

[193] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of Indonesia, as well as to all known exporters/producers of OCTG in Indonesia. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of Indonesia was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[194] In conducting its investigation, the CBSA requested information respecting 11 identified programs, as listed in **Appendix 7**.

[195] The Government of Indonesia provided an incomplete response to the Subsidy RFI, while one exporter, P.T. Citra Tubindo Tbk, provided a substantially complete response to the subsidy RFI.

P.T. Citra Tubindo Tbk (Citra)

[196] For the purpose of the preliminary determination, Citra provided a response to the Subsidy RFI that was considered to be substantially complete. Citra was sent two SRFIs to allow an opportunity to provide additional information. The CBSA conducted an on-site verification with Citra in November 2014 and will continue to analyze the company's information during the final phase of the investigation.

[197] Notwithstanding an incomplete response from the Government of Indonesia, in consideration of the level of cooperation received from Citra, an individual amount of subsidy has been estimated for this exporter based on the information provided by Citra.

[198] For the purposes of the preliminary determination, the CBSA estimated, based on its analysis of the information provided by Citra, an amount of subsidy on the basis of the financial benefits received under the following program:

Program 2: Deferral of Import Income Tax on Imported Capital Goods, Equipment and Raw Materials for the Production Destined for Export (Bonded Zone Location)

[199] On the basis of the information provided by the exporter, the CBSA has estimated that Citra received an amount of subsidy equal to 1.8%, when expressed as a percentage of the total estimated export price.

All Other Exporters – Indonesia

[200] For all other exporters in Indonesia that did not provide sufficient information or did not provide information in a timely fashion, the CBSA estimated an amount of subsidy on the basis of the following methodology:

1) the amount of subsidy for the program, as found at the preliminary determination, for the sole exporter that provided a substantially complete response to the subsidy RFI (Citra) located in Indonesia, plus;

2) the average amount of subsidy for the program referenced in (1), applied to each of the remaining 10 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[201] Using the above methodology, the estimated amount of subsidy for all other exporters is 17.3%, expressed as a percentage of the total estimated export price.

[202] It is estimated that 100% of the subject goods imported from Indonesia are subsidized. The estimated overall weighted average amount of subsidy for Indonesia is equal to 7.6% of the total estimated export price of the subject goods.

The Philippines

[203] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of the Philippines, as well as to all known exporters/producers of OCTG in the Philippines. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of the Philippines was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[204] In conducting its investigation, the CBSA requested information respecting 12 identified programs, as listed in **Appendix 8**.

[205] The Government of the Philippines provided a late response to the subsidy RFI. While substantially complete, the response was provided too late to be used for the purpose of the preliminary determination. Information was also received from two governmental agencies, i.e. the Philippine Board of Investments (BOI) and the Clark Development Corporation (CDC). However, the information provided by the BOI and the CDC was considered to be incomplete for the purpose of the preliminary determination.

[206] One exporter, HLD Clark Steel Pipe Co. Inc., provided a substantially complete response to the subsidy RFI.

<u>HLD Clark Steel Pipe Co. Inc.(HLD Clark)</u>

[207] For the purpose of the preliminary determination, HLD Clark provided a response to the Subsidy RFI that was considered to be substantially complete. A SRFI was subsequently sent to this exporter requesting additional information and clarification. The CBSA has conducted an on-site verification with HLD Clark in November 2014 and will continue to analyze the company's information during the final phase of the investigation.

[208] Notwithstanding an incomplete response from the Government of the Philippines, in consideration of the level of cooperation received from HLD Clark, an individual amount of subsidy has been estimated for this exporter based on the information provided by HLD Clark.

[209] For the purposes of the preliminary determination, the CBSA estimated, based on its analysis of the information provided by HLD Clark, an amount of subsidy on the basis of the financial benefits received under the following four programs:

Program 1: Exemption of Taxes in Special Economic Zones (SEZs)
Program 3: Exemptions from VAT in SEZs for Purchases from Suppliers in the Customs Territory
Program 5: Exemption in SEZs from Import Taxes and Duties on Importation of Raw Material, Supplies and all other Articles Including Finished Goods
Program 6: Exemption in SEZs from Import Taxes and Duties on Importation of Machinery, Equipment, Supplies and all other Articles including Finished Goods

[210] On the basis of the information provided by the exporter, the CBSA has estimated that HLD Clark received an amount of subsidy equal to 2.3%, when expressed as a percentage of the total estimated export price.

<u>All Other Exporters – the Philippines</u>

[211] For all other exporters in the Philippines that did not provide sufficient information or did not provide information in a timely fashion, the CBSA estimated an amount of subsidy on the basis of the following methodology:

1) the amount of subsidy for the 4 programs, as found at the preliminary determination, for the sole exporter that provided a complete response to the RFI (i.e. HLD Clark) located in the Philippines, plus;

2) the average of the amount of subsidy for the 4 programs referenced in (1), applied to each of the remaining 8 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[212] Using the above methodology, the estimated amount of subsidy for all other exporters is 5.7%, expressed as a percentage of the total estimated export price.

[213] It is estimated that 100% of the subject goods imported from the Philippines are subsidized. The estimated overall weighted average amount of subsidy for the Philippines is equal to 2.7% of the total estimated export price of the subject goods.

Republic of Korea

[214] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of the Republic of Korea, as well as to all known exporters/producers of OCTG in the Republic of Korea. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of the Republic of Korea was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[215] The CBSA conducted an on-site verification with Hyundai Hysco Co., Ltd. during the week of November 10, 2014, and with the Government of the Republic of Korea and SeAH Steel Corporation during the week of November 17, 2014.

[216] Prior to the verification visits, the CBSA estimated amounts of subsidy for the exporters in the Republic of Korea based on the information available at that time. The results of these preliminary calculations indicated that the amount of subsidy for the Republic of Korea was insignificant. Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price is defined as insignificant. Information obtained during the on-site verification with the government and the responding exporters confirmed that the amount of subsidy for the Republic of Korea is insignificant.

[217] Given the proximity of the verification visits to the date by which the President of the CBSA was required to make a decision regarding the subsidy investigation with respect to certain OCTG from the Republic of Korea, the CBSA did not recalculate the overall weighted average amount of subsidy for the Republic of Korea since the recalculation of the overall weighted average amount of subsidy for the Republic of Korea would have resulted in an even lower amount of subsidy. Accordingly, the amount reported for the Republic of Korea is based on the original estimate and includes certain programs which were found to not be actionable following verification.

[218] In conducting its investigation, the CBSA requested information respecting 29 identified programs. During the course of the investigation, nine additional subsidy programs were identified. A full list of the 38 subsidy programs is provided in **Appendix 9**. The Appendix also provides descriptions of the programs used by the exporter in the current investigation, and a summary of the legislative basis on which the programs are considered actionable.

[219] A substantially complete response to the subsidy RFI was received from the Government of the Republic of Korea, as well as from four exporters in the Republic of Korea: Hyundai Hysco Co., Ltd., NEXTEEL Co., Ltd., Daewoo International Co., Ltd., and SeAH Steel Corporation.

Hyundai Hysco Co., Ltd. (H. Hysco)

[220] H. Hysco and its related supplier of input materials, Hyundai Steel Co., Ltd. (H. Steel) provided responses to the Subsidy RFI that were considered to be substantially complete. Through SRFIs, H. Hysco and H. Steel provided additional information and clarification where needed. The CBSA conducted an on-site verification with H. Hysco and met with officials from H. Steel and the Government of the Republic of Korea to confirm and substantiate the information submitted.

[221] Prior to the on-site verifications, the CBSA calculated, based on its analysis of the information provided by H. Hysco, H. Steel and the Government of the Republic of Korea, an amount of subsidy equal to 0.3%, when expressed as a percentage of the total export price,on the basis of the financial benefits received under the following 13 programs:

Program 5:	Incentives for Using Natural Gas
Program 6:	Acquisition Tax Benefits to Companies Located in Industrial Complexes
Program 10:	Electricity Consumption Adjustment Subsidy Program
Program 23:	Tax benefit under the *Restriction of Special Taxation Act* (RSTA), Article 26
Program 24:	Tax Credits for Research and Human Resources Development for “New Growth Engines”
Program 30:	Tax Credit for Research and Human Resources Development per Article 10(1)(3) of the RSTA
Program 31:	Property Tax Benefits to Companies Located in Industrial Complexes
Program 32:	Tax credit for Investment in Facilities for Research and Manpower under Article 11 of the RSTA
Program 33:	Tax credit for Investment in Energy Economizing Facilities under Article 25-2 of the RSTA
Program 34:	Tax credit for Investment in Facilities for Environmental Conservation Under Article 25-3 of the RSTA
Program 35:	VAT and Duty Exemption on Imported Equipment
Program 36:	Korea Import-Export Bank Long-term Preferential Financing
Program 37:	Preferential Long-term Financing from State-run Resource Companies

[222] However based on information obtained during the on-site verification with the Government of the Republic of Korea, H. Hysco, and H. Steel, the CBSA considers only the following two programs to be specific and therefore actionable:

Program 6:	Acquisition Tax Benefits to Companies Located in Industrial Complexes
Program 31:	Property Tax Benefits to Companies Located in Industrial Complexes

[223] Of the other 11 subsidy programs listed above, nine were determined not to be specific and are therefore not actionable. Programs 36 and 37 did not apply to the subject goods.

[224] As mentioned above, the results of these preliminary calculations indicated that the amount of subsidy for the Republic of Korea was insignificant. Given the proximity of the verification visits to the date by which the President of the CBSA was required to make a decision regarding the subsidy investigation with respect to certain OCTG from the Republic of Korea, the CBSA did not recalculate the amount of subsidy for H. Hysco since the recalculation of the amount of subsidy for H. Hysco would have resulted in an even lower amount of subsidy. As such the following amount of subsidy is overstated.

[225] The CBSA calculated that H. Hysco received an amount of subsidy equal to 0.3%, when expressed as a percentage of the total export price.

<u>NEXTEEL Co., Ltd.(NEXTEEL)</u>

[226] NEXTEEL submitted a substantially complete response to the Subsidy RFI. The company also provided a response to an SRFI, which was also sent to the company seeking additional information and clarification.

[227] Prior to the on-site verifications, the CBSA calculated, based on its analysis of the information provided by NEXTEEL and the Government of the Republic of Korea, an amount of subsidy equal to 0.1%, when expressed as a percentage of the export price, on the basis of the financial benefits received under the following seven subsidy programs:

Program 6: Acquisition tax Benefits to Companies Located in Industrial Complex
Program 19: Preferential Financing through the Korea Development Bank (KDB)
Program 21: Export Insurance through the Korea Trade Insurance Corporation (K-Sure)
Program 22: Export Credit Guarantees through the K-Sure
Program 23: Tax benefit under the *Restriction of Special Taxation Act* (RSTA), Article 26
Program 31: Property Tax Benefits to Companies Located in Industrial Complexes
Program 38: Promotion of Regional Specialized Industry

[228] However, based on information obtained during the on-site verification with the Government of the Republic of Korea, the CBSA considers the following five programs to be specific and therefore actionable.

Program 6: Acquisition tax Benefits to Companies Located in Industrial Complex
Program 21: Export Insurance through the Korea Trade Insurance Corporation (K-Sure)
Program 22: Export Credit Guarantees through the K-Sure
Program 31: Property Tax Benefits to Companies Located in Industrial Complexes
Program 38: Promotion of Regional Specialized Industry

[229] Program 19 and Program 23 were found not to be specific and were therefore not actionable.

[230] As mentioned above, the results of these preliminary calculations indicated that the amount of subsidy for the Republic of Korea was insignificant. Given the proximity of the verification visits to the date by which the President of the CBSA was required to make a decision regarding the subsidy investigation with respect to certain OCTG from the Republic of Korea, the CBSA did not recalculate the amount of subsidy for NEXTEEL since the recalculation of the amount of subsidy for NEXTEEL would have resulted in an even lower amount of subsidy. Accordingly, the amount reported for the Republic of Korea is based on the original estimate and includes certain programs which were found to not be actionable following verification. As such the following amount of subsidy is overstated.

[231] The CBSA calculated that NEXTEEL received an amount of subsidy equal to 0.1%, when expressed as a percentage of the total export price.

<u>Daewoo International Co., Ltd. (Daewoo)</u>

[232] Daewoo acted as the exporter of certain subject goods shipped to Canada that were manufactured by NEXTEEL. Daewoo provided a substantially complete response to the Subsidy RFI.

[233] Prior to the on-site verification, the CBSA calculated, based on its analysis of the information provided by Daewoo and the Government of the Republic of Korea, an amount of subsidy equal to 0.1%, when expressed as a percentage of the export price, on the basis of the financial benefits received directly by Daewoo under the following two programs:

Program 23:	Tax benefit under the *Restriction of Special Taxation Act* (RSTA), Article 26
Program 30:	Tax Credit for Research and Human Resources Development per Article 10(1)(3) of the RSTA

[234] However, based on information obtained during the on-site verification with the Government of the Republic of Korea, it was found that these two programs are not specific and are therefore not actionable.

[235] As mentioned above, the results of these preliminary calculations indicated that the amount of subsidy for the Republic of Korea was insignificant. Given the proximity of the verification visits to the date by which the President of the CBSA was required to make a decision regarding the subsidy investigation with respect to certain OCTG from the Republic of Korea, the CBSA did not recalculate the amount of subsidy for Daewoo since the recalculation of the amount of subsidy for Daewoo would have resulted in an even lower amount of subsidy. As such the following amount of subsidy is overstated.

[236] The CBSA calculated that Daewoo received an amount of subsidy equal to 0.1%, when expressed as a percentage of the total export price.

SeAH Steel Corporation (SeAH)

[237] SeAH provided a response to the subsidy RFI that was considered to be substantially complete. Two SRFIs were sent to SeAH for additional information and clarification. The CBSA conducted an on-site verification with SeAH to confirm and substantiate the information submitted.

[238] Prior to the on-site verifications, the CBSA calculated, based on its analysis of the information provided by SeAH and the Government of the Republic of Korea, an amount of subsidy equal to 0.1%, when expressed as a percentage of the total estimated export price, on the basis of the financial benefits received by SeAH under the following five subsidy programs:

Program 6:	Acquisition Tax Benefits to Companies Located in Industrial Complex
Program 10:	Electricity Consumption Adjustment Subsidy Program
Program 23:	Tax Benefit under the *Restriction of Special Taxation Act* (RSTA), Article 26
Program 30:	Tax Credit for Research and Human Resources Development per Article10(1)(3) of the RSTA
Program 31:	Property Tax Benefits to Companies Located in Industrial Complexes

[239] However, based on information obtained during the on-site verification with the Government of the Republic of Korea and SeAH, it was found that only the following two programs are specific and therefore actionable:

Program 6:	Acquisition Tax Benefits to Companies Located in Industrial Complex
Program 31:	Property Tax Benefits to Companies Located in Industrial Complexes

[240] Programs 10, 23 and 30 were found not to be specific and are therefore not actionable.

[241] As mentioned above, the results of these preliminary calculations indicated that the amount of subsidy for the Republic of Korea was insignificant. Given the proximity of the verification visits to the date by which the President of the CBSA was required to make a decision regarding the subsidy investigation with respect to certain OCTG from the Republic of Korea, the CBSA did not recalculate the amount of subsidy for SeAH since the recalculation of the amount of subsidy for SeAH would have resulted in an even lower amount of subsidy. As such the following amount of subsidy is overstated as it should be nil.

[242] The CBSA calculated that SeAH received an amount of subsidy equal to 0.1%, when expressed as a percentage of the total estimated export price.

All Other Exporters – Republic of Korea

[243] For all other exporters in the Republic of Korea that did not provide sufficient information or did not provide information in a timely fashion, the CBSA calculated an amount of subsidy on the basis of the following methodology:

1) the amount of subsidy calculated for the 17 programs pertaining to the exporters that provided a complete response to the RFI located in the Republic of Korea, plus;

2) the average of the amount of subsidy for the 17 programs referenced in (1), applied to each of the remaining 21 potentially actionable subsidy programs for which sufficient information is not available or has not been provided.

[244] Using the above methodology, the amount of subsidy for all other exporters is 0.7%, expressed as a percentage of the total export price. As previously explained, the amount of subsidy for all other exporters is overstated and includes certain programs which were found to not be actionable following verification.

[245] It is calculated that 100% of the subject goods imported from the Republic of Korea are subsidized. The calculated overall weighted average amount of subsidy for the Republic of Korea is equal to 0.3% of the total export price of the subject goods. However, as previously explained, this amount of subsidy is overstated.

Thailand

[246] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of the Republic of Thailand, as well as to all known exporters/producers of OCTG in Thailand. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of Thailand was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[247] In conducting its investigation, the CBSA requested information respecting seven identified programs, as listed in **Appendix 10**.

[248] The Government of Thailand provided a response to the Subsidy RFI which was less than complete. The Government of Thailand was sent an SRFI for additional information and clarification. The information submitted in the SRFI response requires further clarification and analysis and was therefore not used for purposes of the preliminary determination.

[249] One exporter from Thailand; Thai Oil Pipe Co., Ltd., provided a substantially complete response to the subsidy RFI.

Thai Oil Pipe Co., Ltd. (TOP)

[250] For the purpose of the preliminary determination, TOP provided a response to the subsidy RFI that was considered to be substantially complete. TOP was sent a SRFI for additional information and clarification and TOP responded with the requested information. The CBSA conducted an on-site verification with TOP in November 2014 and will continue to analyze the company's information during the final phase of the investigation.

[251] Notwithstanding the Government of Thailand's response, in consideration of the level of cooperation received from TOP, an individual amount of subsidy has been estimated for this exporter based on the information provided by TOP.

[252] For the purposes of the preliminary determination, the CBSA estimated, based on its analysis of the information provided by TOP, an amount of subsidy on the basis of the financial benefits received by TOP under the following two subsidy programs:

Program 1: Exemption or Reduction of Duties on Imports of Machinery
Program 2: Reduction of Import Duties for Raw or Essential Materials

[253] On the basis of the information provided by the exporter, the CBSA has estimated that TOP received an amount of subsidy equal to 4.1%, when expressed as a percentage of the total estimated export price.

Other Exporters – Thailand

[254] For all other exporters, the CBSA estimated an amount of subsidy on the basis of the following methodology:

1) the amount of subsidy for the two programs, as found at the preliminary determination, for the sole exporter (TOP) located in Thailand that provided a substantially complete response to the subsidy RFI, plus:

2) the average amount of subsidy for the two programs referenced in (1), applied to each of the remaining 5 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[255] Using the above methodology, the estimated amount of subsidy for all other exporters is 13.0%, expressed as a percentage of the total estimated export price.

[256] It is estimated that 100% of the subject goods imported from Thailand are subsidized. The estimated overall weighted average amount of subsidy for Thailand is equal to 8.8% of the total estimated export price of the subject goods.

Turkey

[257] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of Turkey, as well as to all known exporters/producers of OCTG in Turkey. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of Turkey was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[258] A substantially complete response to the subsidy RFI was received from the Government of Turkey. An SRFI was sent to the Government of Turkey to request additional information and the government responded with the requested information. An on-site verification was conducted with the Government of Turkey during the month of November to confirm and substantiate the information provided.

[259] A substantially complete response was also submitted by one exporter; Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (BMB).

[260] In conducting its investigation, the CBSA requested information respecting 51 identified programs, as listed in **Appendix 11**.

[261] However based on information reviewed and verified with the Government of Turkey and with BMB, the CBSA determined that the following programs were not in effect during the POI:

Program 25:	Regional based Organized Industrial Zone (OIZ) and Free Zone (FZ) Energy Support Program
Program 26:	OIZ and FZ Law 5084 – Withholding of Income Tax on Wages and Salaries
Program 27:	OIZ and FZ Law 5084 – Incentive for Employers' Share in Insurance Premiums
Program 28:	OIZ and FZ Law 5084 – Allocation of Free Land
Program 29:	OIZ and FZ Law 5084 – Provision of Electricity for Less than Adequate Remuneration
Program 31:	OIZ -Waste Water Charges

[262] The CBSA determined that the following two programs were already included under Program 37 and 39 respectively and were thus redundant:

Program 50:	Deduction from Taxable Income for Export Revenue - "Preferential Benefits for Turkish OCTG Producers in Located in Free Zones."

Program 51: VAT and Customs Duties Exemptions on Investment

[263] The CBSA determined that the following program was generally available:

Program 45: Social Security Grant Program

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (BMB)

[264] BMB provided a response to the subsidy RFI that was considered to be substantially complete. BMB was sent a SRFI for additional information and clarification and BMB responded with the requested information. The CBSA conducted an on-site verification with BMB during the month of November 2014 to confirm and substantiate the information submitted.

[265] The CBSA determined, based on its analysis of the information provided by BMB and by the Government of Turkey, an amount of subsidy on the basis of the financial benefits received by BMB under the following four subsidy programs:

Program 1:	Investment Encouragement Program – Exemption of Customs Duties on Imported Machinery and Equipment
Program 2:	Investment Encouragement Program – Exemption of Value-added Tax on Domestic and Imported Machinery and Equipment
Program 15:	Turk Eximbank – Short-term Pre-shipment Rediscount Program
Program 46:	Deduction from Taxable Income for Export Revenue

[266] These four programs were found to be specific and therefore actionable. While specific, Program 46 did not confer any benefit. The decision was based on the analysis of the available information. **Appendix 11** provides descriptions of the programs used by the exporter in the current investigation, and a summary of the legislative basis on which the programs are considered actionable.

[267] The CBSA has determined that BMB received an amount of subsidy equal to 0.6%, when expressed as a percentage of the total export price.

Other Exporters – Turkey

[268] For all other exporters in Turkey that did not furnish sufficient information or did not furnish information in a timely fashion, the amount of subsidy is based on:

1) the amount of subsidy for the four programs for the sole exporter that provided a complete response to the RFI (BMB) located in Turkey, plus;

2) the average amount of subsidy for the four programs referenced in (1), applied to each of the remaining 39 potentially actionable subsidy programs for which sufficient information is not available or has not been provided.[11]

[269] Using the above methodology, the amount of subsidy for all other exporters is 4.7%, expressed as a percentage of the total export price.

[270] On the basis of information obtained during the investigation, as verified and analyzed by the CBSA, it is determined that 100% of the subject goods imported from Turkey are subsidized. The estimated weighted average amount of subsidy for Turkey is equal to 1.7% of the total export price of the subject goods.

Ukraine

[271] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of Ukraine, as well as to all known exporters/producers of OCTG in Ukraine. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of Ukraine was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[272] In conducting its investigation, the CBSA requested information respecting nine identified programs, as listed in **Appendix 12**.

[273] The Government of Ukraine provided a response to the subsidy RFI which was less than complete. For the purposes of the preliminary determination, the government's response remained incomplete.

[274] One exporter from Ukraine, Interpipe Limited provided a response to the subsidy RFI, which was also considered to be incomplete for the purposes of the preliminary determination.

[275] During the final phase of the investigation, the CBSA will seek to obtain additional information from the Government of Ukraine and the co-operative exporter, and further examine the previously identified subsidy programs. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

[11] 51 programs were investigated; Programs 25-29 and 31 were not in effect during the POI.

Interpipe Limited (Interpipe)

[276] Interpipe provided a response to the subsidy RFI, which was considered to be less than complete.

[277] Given that the responses by the exporter and the Government were incomplete, the CBSA estimated an amount of subsidy for Interpipe based on the same methodology used at the initiation of the investigation, i.e. by comparing the estimated costs of production of the subsidized goods with their weighted average estimated export prices.

[278] Using this methodology, the estimated amount of subsidy for Interpipe is 9.9%, expressed as a percentage of the total estimated export price.

[279] The CBSA is currently proceeding with its review of the information received to date from Interpipe. Once this review is complete a supplemental subsidy RFI will be sent to Interpipe asking for additional information and clarification.

All Other Exporters – Ukraine

[280] For all other exporters in Ukraine that did not furnish sufficient information or did not furnish information in a timely fashion, the amount of subsidy is estimated based on the same methodology used at the initiation of the investigation, i.e. by comparing the estimated costs of production of the subsidized goods with their weighted average estimated export prices.

[281] Using the above methodology, the estimated amount of subsidy for all other exporters is 9.9%, expressed as a percentage of the total estimated export price.

[282] It is estimated that 100% of the subject goods imported from Ukraine are subsidized. The estimated overall weighted average amount of subsidy for Ukraine is equal to 9.9% of the total estimated export price of the subject goods.

Vietnam

[283] At the initiation of the investigation, the CBSA sent subsidy RFIs to the Government of Vietnam, as well as to all known exporters/producers of OCTG in Vietnam. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain OCTG; and whether any resulting subsidy was specific in nature. The Government of Vietnam was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[284] In conducting its investigation, the CBSA requested information respecting 18 identified programs, as listed in **Appendix 13**.

[285] The Government of Vietnam provided a response to the subsidy RFI which was less than complete. For the purposes of the preliminary determination, the government's response remained incomplete. No exporter from Vietnam provided a response to the subsidy RFI.

<u>All Exporters – Vietnam</u>

[286] No exporter in Vietnam provided a complete response to the subsidy RFI. Thus, for all exporters in Vietnam that did not furnish sufficient information or did not furnish information in a timely fashion, the amount of subsidy is estimated based on the same methodology used at the initiation of the investigation, i.e. by comparing the estimated costs of production of the subsidized goods with their weighted average estimated export prices.

[287] Using the above methodology, the estimated amount of subsidy for all other exporters is 19.0%, expressed as a percentage of the total estimated export price.

[288] It is estimated that 100% of the subject goods imported from Vietnam are subsidized. The estimated overall weighted average amount of subsidy for Vietnam is equal to 19.0% of the total estimated export price of the subject goods.

Summary Results - Subsidy

[289] A summary of the preliminary results of the subsidy investigation respecting all subject goods released into Canada during the subsidy POI follows.

Summary of Results - Subsidy
Period of Investigation - January 1, 2013 to March 31, 2014

Country	Estimated Subsidized Goods as Percentage of Country Imports	Estimated Amount of Subsidy*	Estimated Volume of Country Imports as Percentage of Total Imports	Estimated Volume of Subsidized Goods as Percentage of Total Imports
India	100%	12.5%	1.3%	1.3%
Indonesia	100%	7.6%	1.9%	1.9%
Republic of Korea**	100%	0.3%	3.1%	3.1%
Thailand	100%	8.8%	1.2%	1.2%
The Philippines	100%	2.7%	2.4%	2.4%
Turkey**	100%	1.7%	5.4%	5.4%
Ukraine	100%	9.9%	1.1%	1.1%
Vietnam	100%	19.0%	2.7%	2.7%

* Expressed as a percentage of the export price.

** For the Republic of Korea and Turkey, the amounts of subsidy are insignificant and the subsidy investigation concerning OCTG from the Republic of Korea and Turkey was terminated.

[290] Under subsection 35(1) of SIMA, if, at any time before the President makes a preliminary determination, the President is satisfied that the amount of subsidy on the goods of a country is insignificant or the actual and potential volume of subsidized goods of a country is negligible, the President must terminate the investigation with respect to that country.

[291] Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price is defined as insignificant and a volume of subsidized goods is considered negligible if it accounts for less than 3% of the total volume of subsidized goods that are released into Canada from all countries that are of the same description as the subsidized goods, except that where the total volume of subsidized goods of three or more countries, each of whose exports of subsidized goods into Canada is less than 3% of the total volume of goods, is more than 7% of the total volume of goods, the volume of subsidized goods of any of those countries is not negligible.

[292] However, according to section 41.2 of SIMA, the President is required to take into account Article 27.10 of the WTO *Agreement on Subsidies and Countervailing Measures* when conducting a subsidy investigation. This provision stipulates that a countervailing duty investigation involving a product from a developing country should be terminated as soon as the authorities determine that the overall level of subsidies granted upon the product in question does not exceed 2% of its value calculated on a per unit basis or the volume of subsidized imports represents less than 4% of the total imports of the like product in the importing Member's market, unless subsidized imports from the developing country Members whose individual shares of total imports represent less than 4%, collectively account for more than 9% of the total imports of the like product in the importing member.

[293] SIMA does not define or provide any guidance regarding the determination of a "developing country" for purposes of Article 27.10 of the WTO *Agreement on Subsidies and Countervailing Measures*. As an administrative alternative, the CBSA refers to the *Development Assistance Committee List of Official Development Assistance Recipients* (DAC List of ODA Recipients) for guidance.[12] Since India, Indonesia, the Philippines, Thailand, Turkey, Ukraine and Vietnam are included in the listing, the CBSA extends developing country status to India, Indonesia, the Philippines, Thailand, Turkey, Ukraine and Vietnam for purposes of this investigation.

[294] The estimated amounts of subsidy for India, Indonesia, the Philippines, Thailand, Ukraine and Vietnam are above 2% and are therefore, not insignificant.

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[12] The Organization for Economic Co-operation and Development, DAC List of ODA Recipients from 2011 to 2013, the document is available at:
www.oecd.org/dac/stats/DAC%20List%20used%20for%202012%20and%202013%20flows.pdf

[295] The volumes of subsidized imports from India, Indonesia, the Philippines, Thailand, Ukraine and Vietnam are each less than 4% of the total volume of goods. However, the total volume of subsidized imports from these countries equals 10.6% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of subsidized imports for each of these countries is not negligible.

[296] In the case of the Republic of Korea and Turkey, the amounts of subsidy were considered insignificant as the overall level of subsidies granted upon the product in question does not exceed 1% of its value calculated on a per unit basis for the Republic of Korea and 2% of its value calculated on a per unit basis for Turkey.

DECISIONS

[297] Pursuant to paragraph 35(2)*(a)* of the *Special Import Measures Act* (SIMA), on December 3, 2014, the President of the Canada Border Services Agency (CBSA) terminated the subsidy investigation with respect to certain oil country tubular goods originating in or exported from the Republic of Korea and Turkey.

[298] On the same day, pursuant to subsection 38(1) of SIMA, the President of the CBSA made preliminary determinations of dumping respecting certain oil country tubular goods originating in or exported from Chinese Taipei, India, Indonesia, the Philippines, the Republic of Korea Thailand, Turkey, Ukraine and Vietnam and preliminary determinations of subsidizing respecting such goods from India, Indonesia, the Philippines, Thailand, Ukraine and Vietnam.

PROVISIONAL DUTY

[299] Pursuant to subsection 8(1) of SIMA, provisional duty payable by the importer in Canada will be applied to dumped and subsidized certain OCTG that are released during the period commencing on the day the preliminary determinations are made and ending on the earlier of the day on which the President causes the investigations to be terminated, in accordance with subsection 41(1), or the day on which the Tribunal makes an order or finding. The President considers that the imposition of provisional duty is needed to prevent injury. As noted in the Tribunal's preliminary determination, there is evidence that discloses a reasonable indication that the dumping and subsidizing of certain OCTG have caused injury or are threatening to cause injury to the domestic industry.

[300] Provisional duty is based on the estimated margin of dumping and the estimated amount of subsidy, expressed as a percentage of the export price of the goods. **Appendix 5** contains the estimated margins of dumping, estimated amounts of subsidy and the rates of provisional duty payable on subject goods released from the CBSA on and after December 3, 2014.

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

FUTURE ACTION

The Canada Border Services Agency

[302] The CBSA will continue its investigations of the dumping and subsidizing and the President will make final decisions by March 3, 2015.

[303] If the President is satisfied that the goods were dumped and/or subsidized, and that the margin of dumping or amount of subsidy is not insignificant, final determinations will be made. Otherwise, the President will terminate the investigations and any provisional duty paid or security posted, will be returned to importers.

The Canadian International Trade Tribunal

[304] The Tribunal has begun its inquiry into the question of injury to the Canadian industry. The Tribunal is expected to issue its finding by April 2, 2015.

[305] If the Tribunal finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional duty collected or security posted will be returned.

[306] If the Tribunal makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of certain OCTG.

[307] If the Tribunal finds that the subsidizing has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional duty collected or security posted will be returned.

[308] If the Tribunal makes a finding that the subsidizing has caused injury, retardation or is threatening to cause injury, countervailing duties in the amount equal to the amount of subsidy on the imported goods will be levied, collected and paid on imports of certain OCTG.

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

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

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

[311] In respect of importations of subsidized goods that have caused injury, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy. In such a case, the amount of countervailing duty applied on a retroactive basis will equal the amount of subsidy on the goods that is a prohibited subsidy. An export subsidy is a prohibited subsidy according to subsection 2(1) of SIMA.

UNDERTAKINGS

[312] After a preliminary determination of dumping, exporters may give a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. Similarly, after a preliminary determination of subsidizing, the government of a country may give a written undertaking to eliminate the subsidy on the goods or to eliminate the injurious effect of the subsidy by limiting the amount of the subsidy or the quantity of goods exported to Canada. Exporters, with the consent of their government, may also undertake to revise their selling prices so that the injurious effect of the subsidy is eliminated.

[313] Acceptable undertakings must account for all or substantially all of the exports to Canada of the dumped and subsidized goods. In the event that an undertaking is accepted, the required payment of provisional duty on the goods would be suspended.

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

[315] SIMA allows all interested parties to make representations concerning any undertaking proposals. The CBSA will maintain a list of interested parties and will notify them should an undertaking proposal be received. Persons wishing to be notified must provide their name, address, telephone, fax, or email address, to one of the officers listed below. Interested parties may also consult the CBSA Web site noted below for information on undertakings offered in these investigations. A notice will be posted on the CBSA Web site when an undertaking proposal is received. Interested parties have nine days from the date the undertaking offer is received to make representations.

PUBLICATION

[316] A notice of these preliminary determinations of dumping and subsidizing will be published in the *Canada Gazette* pursuant to paragraph 38(3)(*a*) of SIMA.

[317] A notice of the termination of the subsidy investigation with respect to the Republic of Korea and Turkey will be published in the *Canada Gazette* pursuant to subparagraph 35(2)(*b*)(ii) of SIMA.

INFORMATION

[318] This *Statement of Reasons* has been provided to persons directly interested in these proceedings. It is also posted on the CBSA's Web site at the address below. For further information, please contact the officers identified as follows:

Mail:	SIMA Registry and Disclosure Unit Trade and Anti-dumping Programs Directorate Canada Border Services Agency 100 Metcalfe Street, 11th floor Ottawa, Ontario K1A 0L8 Canada	
Telephone:	Andrew Manera	613-946-2052
	Barbara Chouinard	613-954-7399
Fax:	613-948-4844	
E-mail:	simaregistry@cbsa-asfc.gc.ca	
Web site:	www.cbsa-asfc.gc.ca/sima-lmsi	

Brent McRoberts
Director General
Trade and Anti-dumping Programs Directorate

Attachments

APPENDIX 1 ‑ REPRESENTATIONS FROM THE GOVERNMENT OF THE REPUBLIC OF KOREA

On July 15, 2014, the Government of the Republic of Korea provided representations with regards to several issues.

Insufficient Evidence

The Government of the Republic of Korea submitted that the World Trade Organization (WTO)'s Agreement on Subsidies and Countervailing Measures (ASCM) sets out the conditions to be met and the procedure to be followed when an authority of a Member State initiates a subsidy investigation. The Government of the Republic of Korea stated that the application for the initiation of a subsidy investigation must include *sufficient evidence of the existence of (a) a subsidy and, if possible, its amount, (b) injury within the meaning of Article VI injury*.

The Government of the Republic of Korea requested that, consistent with the requirements of the CVD Agreement, Canadian authorities should review the accuracy and adequacy of the evidence provided in the application to determine whether the evidence is sufficient to justify the initiation of an investigation.

CBSA Response

The CBSA met the threshold for initiating a subsidy investigation, as required by subsection 31(1) of SIMA. The subsidy investigation was initiated following receipt of a properly documented complaint. This complaint contained the elements required by the definition of the term "properly documented complaint" in subsection 2(1) and the provisions of subsection 31(1) of SIMA.

The CBSA determined that the Complainants provided the information about subsidies in the Republic of Korea that was reasonably available to them. The CBSA also undertook its own research and determined that there was evidence that certain OCTG from the Republic of Korea have been subsidized.

Based on information in the complaint, together with supplementary data available to the CBSA and CBSA import documentation, the President was of the opinion that there was sufficient evidence that certain OCTG from the Republic of Korea was being subsidized. Similarly, the President was satisfied that the evidence disclosed a reasonable indication that the subsidizing had caused and threatened to cause injury. Therefore, the CBSA initiated a subsidy investigation with respect to these goods.

Reasonable Time to Respond

The Government of the Republic of Korea submitted that the Agreement on Subsidies and Countervailing Measures under the Marrakesh Agreement Establishing the World Trade Organization ("CVD Agreement") stresses that all interested parties, including exporters, producers and importers, have enough time to respond to the questions raised by the investigating authorities. Specifically, in paragraph 1 of Article 12.1, it states that "Exporters, foreign producers or interested Members receiving questionnaires used in a countervailing duty investigation shall be given at least 30 days for reply. Due consideration should be given to any request for an extension of the 30-day period and, upon cause shown, such an extension should be granted whenever practicable."

The Government of the Republic of Korea requested that reasonable time be provided to the interested parties to the investigation to prepare the response to the questions or requests of the Canadian investigating authority.

CBSA Response

The CBSA's policy is consistent with the WTO agreements. Exporters, producers, and governments are sent Requests for Information (RFIs) on the date of initiation and given 37 days to respond. Furthermore, the CBSA considers extension requests to respond to the RFI upon cause shown, while exercising its discretion to meet legislated timelines in SIMA. In this investigation a number of parties, including the Government of the Republic of Korea, were granted an extension to the time permitted for providing a response to the RFI.

APPENDIX 2 – REPRESENTATIONS FROM THE GOVERNMENT OF VIETNAM

On July 17, 2014, the Government of Vietnam provided representations with regards to several issues.

Insufficiency of the Public Version of the Complaint

The Government of Vietnam submitted that the information in the public version of the complaint did not provide sufficient information concerning the representation of the domestic industry and the known foreign producers and exporters.

CBSA Response

The CBSA is of the opinion that the non-confidential version of the complaint is in accordance with paragraph 85(1)(*b*) of SIMA and was in sufficient detail to convey a reasonable understanding of the substance of the information.

Declining Volume and Value of Imports from Vietnam

The Government of Vietnam stated that the volume and value of imports into Canada from Vietnam has declined sharply since 2013 and this should be considered by the CBSA in its review.

CBSA Response

At the time of the initiation, the CBSA was satisfied that the estimated volume of subsidized imports from Vietnam was not negligible.

Insufficient Evidence

The Government of Vietnam submitted that the complaint lacked the necessary evidence to justify an initiation of an investigation as certain programs do not reflect the current state of Vietnam's economy, including the expiry of several alleged programs.

CBSA Response

The CBSA met the threshold for initiating a subsidy investigation, as required by subsection 31(1) of SIMA. The subsidy investigation was initiated following receipt of a properly documented complaint. This complaint contained the elements required by the definition of the term "properly documented complaint" in subsection 2(1) and the provisions of subsection 31(1) of SIMA. The information presented by the Complainants, together with supplementary data available to the CBSA and CBSA import documentation, substantiated the Complainants' allegations that certain OCTG from Vietnam have been subsidized.

The CBSA determined that the Complainants provided the information about subsidies in Vietnam that was reasonably available to them. The CBSA also undertook its own research and determined that there was evidence that certain OCTG from Vietnam have been subsidized. Therefore, the CBSA initiated a subsidy investigation with respect to these goods.

APPENDIX 3 ‑ REPRESENTATIONS FROM THE GOVERNMENT OF TURKEY

On July 18, 2014, the Government of Turkey provided representations with regards to the following issue.

Insufficient Evidence

The Government of Turkey submitted that there is no evidence to support the allegations that producers of certain OCTG in Turkey have benefited from subsidies. The Government of Turkey further stated that a number of subsidy programs alleged by the complainants were not specific, not used by OCTG exporters, provided de minimis benefits or had expired and are no longer in force. Accordingly the Government of Turkey submitted that a subsidy investigation should not be initiated.

CBSA Response

The CBSA met the threshold for initiating a subsidy investigation, as required by subsection 31(1) of SIMA. The subsidy investigation was initiated following receipt of a properly documented complaint. This complaint contained the elements required by the definition of the term "properly documented complaint" in subsection 2(1) and the provisions of subsection 31(1) of SIMA. The information presented by the Complainants, together with supplementary data available to the CBSA and CBSA import documentation, substantiated the Complainants' allegations that certain OCTG from Turkey have been subsidized.

The CBSA determined that the Complainants provided the information about subsidies in Turkey that was reasonably available to them. The CBSA also undertook its own research and determined that there was evidence that certain OCTG from Turkey have been subsidized. Therefore, the CBSA initiated a subsidy investigation with respect to these goods.

APPENDIX 4 – REPRESENTATIONS FROM THE COMPLAINANTS

1. Representations Regarding Information Submitted by Respondents to the CBSA's Dumping and Subsidy RFIs

Counsel for the Complainants made numerous representations with respect to the information submitted by various parties in response to the CBSA's dumping and subsidy RFIs.
Listed below are the names of the RFI respondents and the dates comments were provided by counsel for the Complainants.

Dumping and Subsidy RFI Respondent	Date of Receipt
Chinese Taipei	
Chung Hung Steel Corporation	October 1, 2014
Tension Steel Industries Co., Ltd.	September 29, 2014
India	
GVN Fuels Limited and Maharashtra Seamless Limited (combined)	September 12, 2014
Jindal Saw Limited	September 29, 2014
Republic of Korea	
Hyundai Hysco Co., Ltd.	September 16, 2014
SeAH Steel Corporation	September 9, 2014
Philippines	
HLD Clark Steel Pipe Co., Inc.	September 15, 2014 September 26, 2014 November 6, 2014 November 25, 2014
Thailand	
Boly Pipe Co., Ltd.; Thai Oil Pipe Co., Ltd.	October 7, 2014
Thai Oil Pipe Co. Ltd and Star International Oil Holdings Ltd. (combined)	October 9, 2014
Turkey	
Borusan Mannesmann Boru Sanayi ve Ticaret AS	November 24, 2014
IMCO International Inc.	September 12, 2014 September 19, 2014 November 24, 2014
Ukraine	
Interpipe Ukraine and North American Interpipe Inc. (combined)	October 29, 2014
Vietnam	
Vietubes Corporation Ltd.	September 10, 2014

CBSA Response

The CBSA has reviewed all of the company specific comments submitted by counsel for the complainants and has taken them into consideration when requesting supplemental information or clarification from respondents and during the course of verifications scheduled with selected exporters.

2. General Representations Regarding Information Submitted by Respondents to the CBSA's Dumping and Subsidy RFIs

In addition to company specific issues raised by counsel for the Complainants, on November 12, 2014, counsel also provided the CBSA comments of a general nature pertaining to a larger number of companies.

Non-OCTG Products Should Not be Used to Establish an Amount for Profits for OCTG Products When Determining Normal Values

Counsel provided comments and submitted evidence to support its argument that non-OCTG products should not be used to establish an amount for profits for OCTG products when determining normal values using the cost plus profit methodology of paragraph 19(*b*) of SIMA. Counsel argues that OCTG is a highly-specialized, value-added product that commands a higher profit level than other tubular products due to the different market it is sold in and the different market forces at play in that market.

CBSA Response

The CBSA has, to the extent possible, estimated the amount for profits based on domestic sales of like goods (i.e. OCTG products). Where this information was not available, and where possible, the CBSA has estimated the amount for profits based on domestic sales of goods of the same general category (i.e. OCTG of varying grades or non-OCTG tubular products as the case may be) in accordance with section 11 of the SIMR. Where the amount for profits could not be estimated under section 11 of the SIMR, the amount for profits was estimated using the information available.

Major Inputs Supplied by Associated Companies at Market Prices

Counsel also submitted comments encouraging the CBSA to continue pursuing the collection of information regarding major inputs supplied by associated companies to ascertain whether these inputs are being furnished at market prices. Counsel encouraged the CBSA to seek this information through supplemental RFIs and, in cases where this information is not supplied, to apply a Ministerial Specification.

CBSA Response

The CBSA has pursued, and will continue to pursue during the final phase of the investigation, the collection of cost of production information, as well as any other information, required to establish normal values under SIMA.

Purchases of Hot-rolled Coil from Erdemir for Less Than Fair Market Value

Counsel provided comments concerning the alleged provision of hot-rolled coil at less than fair market value (LTFMV) by the Government of Turkey in respect of sales of hot-rolled sheet through steel producer Erdemir to producers of OCTG in Turkey.

CBSA Response

Ordu Yardımlaşma Kurumu (OYAK) is a private pension fund established by law in 1961 with the objective of providing retirement benefits to member of the Turkish Armed Forces. It was established as a "Military Personnel Assistance and Pension Fund" and as a corporate entity with financial and administrative autonomy.

The Erdemir Group of Companies is composed of "Ereğli Demir ve Çelik Fabrikaları T.A.Ş." (Erdemir) and its subsidiaries. The immediate parent and ultimate controlling party of Erdemir is "ATAER Holding A.Ş." ATAER Holding A.Ş., is a wholly owned subsidiary of OYAK.

Erdemir is a publically listed company on the Istanbul Stock Exchange; other major shareholders include ArcelorMittal one of the world's largest steel companies. Erdemir is a parent company to Isdemir, a supplier of hot-rolled coil in Turkey. ATAER Holding A.Ş acquired Erdemir in 2006 as part of a state privatization of Erdemir through a public auction.[13]

A review of the information available on the record and the results of verification with Erdemir, OYAK and the Government of Turkey indicate that Erdemir appears to operate and function according to commercial principles, consistent with the behaviour expected of a profit-driven steel company, responsible to its public shareholders.

OYAK itself operates as a private pension fund, with no operational funding from the government established to generate revenue to provide retirement benefits to its members. OYAK generates its revenue from member dues and investments. The evidence does not disclose that OYAK is exercising any government function or directing Erdemir to operate in any manner inconsistent with normal commercial operations.

[13] CBSA Exhibit 358 (NC), page 6; Exhibit 151 (NC), page 1.

In addition to the preceding considerations, the information available does not indicate that the cooperative exporter Borusan received any quantifiable benefit in purchasing hot-rolled coil from Erdemir/Isdemir. That is, the available information does not provide evidence which would demonstrate that Borusan received a preferential price through Erdemir/Isdemir of its hot-rolled coil purchases for the production of subject goods during the POI, in comparison to any appropriate benchmark.

Insufficient Evidence Regarding the Acquisition of the Assets of Hanbo Steel by Hyundai Hysco and Hyundai Steel

Counsel for the Complainants has on several occasions expressed concerns with the quality of the information submitted by the Government of the Republic of Korea, by the exporter of subject goods, Hyundai Hysco Co. Ltd., and by the exporter's related producer of input materials, Hyundai Steel Co. Ltd. (together "the Hyundai Consortium"), in respect of the alleged sale of state assets at less than fair market value. The transaction in question was the 2004 acquisition by the Hyundai Consortium of Hanbo Steel's bankrupt cold-rolled steel mill from the Korea Asset Management Corporation (KAMCO), a government-owned institution.

CBSA Response

Notwithstanding counsel's concerns, the CBSA is satisfied that sufficient information was available, including extensive documentation provided by the Hyundai Consortium to confirm that the sale process, carried out under the supervision of Korea's Bankruptcy Court, was done through public auction in a fair and objective manner.[14] Provided as well were evaluations of the fair market value of the assets by both the seller[15] and the buyer.[16] The documentation supplied also indicated that Hyundai Consortium's bid price for the assets was the highest offered,[17] and was almost double that which was proposed by an investor six months previously.

The CBSA has concluded that the above-described sale of state assets was not at less than fair market value and did not result in actionable subsidies being provided to the exporter.

[14] Exhibit 145 (pro) – H. Steel Subsidy RFI response, Exhibit E-Program 1-4; Exhibit E-Program 1-9;
[15] Exhibit 145 (pro) – H. Steel Subsidy RFI response, Exhibit E-Program 1-1;
[16] Exhibit 402 (pro) – H. Hysco Subsidy RFI response, Exhibit E.1-2(2);
[17] Exhibit 145 (pro) – Hyundai Steel Subsidy RFI response, Exhibit E-Program 1-10

APPENDIX 5 – SUMMARY OF THE ESTIMATED MARGINS OF DUMPING, ESTIMATED AMOUNTS OF SUBSIDY, AND PROVISIONAL DUTIES PAYABLE

Imports of subject goods released from the CBSA, on or after December 3, 2014, will be subject to provisional duties at the rates specified below.

Exporter	Estimated Margin of Dumping*	Estimated Amount of Subsidy*	Total Provisional Duty Payable*
Chinese Taipei			
Chung Hung Steel Co.	2.6%	N/A	2.6%
Tension Steel Industries	3.7%	N/A	3.7%
All other exporters – Chinese Taipei	53.2%	N/A	53.2%
India			
Jindal Saw Ltd.	0.0%	7.9%	7.9%
GVN Fuels Ltd.	0.0%	2.2%	2.2%
All other exporters - India	53.2%	40.8%	94.0%
Indonesia			
P.T. Citra Tubindo Tbk	24.3%	1.8%	26.1%
Petro Amigos Supply Inc. (USA)	0.8%	1.4%	2.2%
All other exporters - Indonesia	53.2%	17.3%	70.5%
Republic of Korea**			
Hyundai Hysco Co. Ltd.	5.2%	0.3%	5.2%**
NEXTEEL Co. Ltd.	53.2%	0.1%	53.2%**
Daewoo International Co.	53.2%	0.1%	53.2%**
SeAH Steel Co.	2.0%	0.1%	2.0%**
Pan Meridian Tubular (USA)	0.0%	0.1%	0.0%**
All other exporters – Rep. of Korea	53.2%	0.7%	53.2%**
Thailand			
Thai Oil Pipe Co. Ltd.	15.3%	4.1%	19.4%
All other exporters – Thailand	53.2%	13.0%	66.2%
The Philippines			
HLD Clark Steel Pipe Co. Ltd.	0.0%	2.3%	2.3%
All other exporters – The Philippines	53.2%	5.7%	58.9%
Turkey**			
Borusan Mannesmann Boru Sanavi	0.0%	0.5%	0.0%**
IMCO International Inc. (from USA)	29.4%	0.4%	29.4%**
All other exporters – Turkey	53.2%	5.0%	53.2%**
Ukraine			
North American Interpipe (USA)	8.7%	9.9%	18.6%
All other exporters – Ukraine	53.2%	9.9%	63.1%
Vietnam			
All exporters –Vietnam	53.2%	19.0%	72.2%

* Expressed as a percentage of the export price.

** For the Republic of Korea and Turkey, the amounts of subsidy are insignificant and the subsidy investigation concerning OCTG from the Republic of Korea and Turkey was terminated. Therefore, the provisional duty for these two countries is based on the estimated margin of dumping only.

APPENDIX 6 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - INDIA

This appendix consists of a revised listing of 48 potentially actionable subsidy programs that were reviewed by the CBSA in the current subsidy investigation. This is followed by descriptions of the programs used by the responding exporters in the current investigation, and a summary of the legislative basis on which the programs are considered potentially actionable.

Program 1. Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts and Packing Material in Special Economic Zones (SEZs)
Program 2. Export Income Tax Exemptions in SEZs
Program 3. Exemption in SEZs from Minimum Alternate Tax
Program 4. Exemption in SEZs from Payment of Central Sales Tax on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts and Packing Material
Program 5. Exemption in SEZs from Service Tax
Program 6. Discounted Land Fees and Leases in SEZs
Program 7. Discounted Electricity Rates in SEZs
Program 8. Exemption in SEZs from State Sales Tax and Other Levies as Extended by State Governments
Program 9. Duty-Free Importations for Companies Designated as Export Oriented Units (EOUs)
Program 10. Reimbursement to EOUs of Central Sales Tax
Program 11. Duty Drawback for EOUs on Fuel Procured from Domestic Oil Companies
Program 12. Credit for Service Tax paid by EOUs
Program 13. Exemptions from Income Tax for EOUs
Program 14. Assistance to States for Developing Export Infrastructure and Allied Activities
Program 15. Market Access Initiative
Program 16. Market Development Assistance
Program 17. Brand Promotion and Quality
Program 18. Focus Product Scheme
Program 19. Pre-Shipment, Post-Shipment and Other Preferential Financing
Program 20. Export Promotion Capital Goods Scheme
Program 21. Duty Exemption/Remission Schemes
Program 22. Purchase of Iron Ore From State-owned Enterprises for Less Than Fair Market Value
Program 23. Purchase of Hot-rolled Steel and Billets From State-owned Enterprises for Less Than Fair Market Value
Program 24. 80 –IB Income Deduction Program
Program 25. 80-IA Income Tax Deduction Program
Program 26. Steel Development Fund Loans
Program 27. Steel Development Fund R&D Grants
Program 28. Exemption from Electricity Duty through the State Government of Maharashtra (SGOM)

Program 29. Refund from the SGOM of Octroi duty or entry tax (in lieu of Octroi)
Program 30. Special Incentives of the SGOM for Mega Projects
Program 31. Exemption through the SGOM from Sales Tax and Other Levies
Program 32. Reimbursement of the Cost of Land in Industrial Estates and Development Areas under the State Government of Andhra Pradesh Industrial Investment Promotion Policy (SGOAP IIPP)
Program 33. Reimbursement of Power Costs under the SGOAP IIPP
Program 34. Subsidy for Expenses Incurred for Quality Certification under the SGOAP IIPP
Program 35. Subsidy for Expenses Incurred in Patent Registration under the SGOAP IIPP
Program 36. Subsidy for Cleaner Production Measures under the SGOAP IIPP
Program 37. Reimbursement of Stamp Duty and Transfer Duty Paid for the Purchase of Land and Buildings and Obtaining Financial Deeds and Mortgages under the SGOAP IIPP
Program 38. Reimbursement of Value Added Tax, CST, and State Goods and Services Tax under the SGOAP IIPP
Program 39. Provision by the SGOAP IIPP of Infrastructure for Industries Located More than 10 Kilometers from Existing Industrial Estates or Development Areas at less than Fair Market Value
Program 40. Subsidies from the SGOAP IPP for Mega Projects
Program 41. Andhra Pradesh Industrial Investment's Allotment of Land for Less than Fair Market Value by the Andhra Pradesh Industrial Infrastructure Corporation (APIIC)
Program 42. APIIC Provision of Deposit Works other than General Governmental Infrastructure
Program 43. State Government of Gujarat (SGOG) Exemptions and Deferrals on Sales Tax for Purchases of Goods
Program 44. SGOG VAT Remission Scheme
Program 45. SGOG Critical Infrastructure Project
Program 46. SGOG Scheme for Assistance to Industrial Parks/Industrial Estates Set Up by Private Institutions
Program 47. Reduced VAT Rates for Inputs and Raw Materials from the State Government of Haryana (SGOH)
Program 48. SGOH Preferential Loans for Large Scale Industries Located in Industrial Estates

<u>Subsidy Programs Used by the Responding Exporters</u>

Responses to the subsidy RFI were received from the Government of India and from two exporters, Jindal Saw Limited and Maharashtra Seamless Ltd. In its original response to the CBSA's subsidy RFI, the Government of India provided general descriptions of the alleged subsidy programs identified by the CBSA and submitted copies of the relevant supporting laws, regulations and policies. The Government of India also confirmed the amounts for subsidy provided by the two co-operating exporters. In a supplemental RFI the Government of India was asked to provide additional information. While the Government of India provided some additional information in response to the supplemental RFI, it also indicated that, in a number of cases, centralized information for many programs was not available.

The CBSA's review of the responses provided by the Government of India and by the responding exporters has indicated that sufficient information was provided to make a preliminary determination and to estimate the amount of subsidy on a program basis.

Program 18: Focus Product Scheme

This program was established as per Chapter 3.15 of India's Foreign Trade Policy (2009-2014), which was issued by the Ministry of Commerce and Industry in 2010. The stated objective of the program is to encourage the export of products that have high export or employment potential, so as to offset any infrastructure inefficiencies and costs associated with the marketing of these products. Under this program, exports of certain notified products to all countries are entitled to a duty credit equivalent to 2% of the FOB value of exports made as of August 27, 2009.

Information obtained during the preliminary phase of the investigation indicates that the Focus Product Scheme is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. The information available also indicates that it may be a specific subsidy under paragraph 2(7.2)(*b*) of SIMA as it may be contingent upon export performance and, therefore, may constitute a prohibited subsidy as defined in subsection 2(1) of SIMA. This will be further analyzed in the final phase of the investigation.

During the POI one of the responding exporters received benefits under this program.

Program 20: Export Promotion Capital Goods Scheme

This scheme was designed for modernization and technological upgrade of the production base in the country. This program is governed under Foreign Trade Policy 2009-2014. This scheme allows the import of capital goods for pre-production, production and post-production, at zero rate or 3% customs duty, subject to an export obligation equivalent to 6 times of the duty saved on the imported capital goods.

Information obtained during preliminary phase of the investigation indicates that the Export Promotion Capital Goods Scheme is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption.

This program could be considered specific under paragraph 2(7.2)(*b*) of SIMA as available information indicates that it may be contingent upon export performance and may therefore be a prohibited subsidy as defined in subsection 2(1) of SIMA. This will be further analyzed in the final phase of the investigation.

Both of the responding exporters received benefits under this program during the POI.

Program 21: Duty Exemption/Remission Schemes (Duty Drawback Scheme)

The Duty Drawback Scheme provides rebates of duties or taxes chargeable on any imported or excisable materials and input services used in the manufacture of exported goods. This includes duty free import of inputs, fuel, energy sources, oil and catalysts required for export product under the provisions of paragraph 4.1.3.of the India Foreign Trade Policy. Import duty exemptions on inputs for exported production are not countervailable so long as the exemption extends only to inputs consumed in the production of the exported product, making normal allowances for waste. However the government must have in place and apply a system to confirm which inputs were consumed in the production of the exported products and in what amounts. The Duty Drawback Scheme as explained by the Government of India indicated that an all-industry average rate is generally applied to the value-added industry, which includes the steel sector. Information was not provided to support that the Government of India has an effective system in place to track rates, confirm that the actual inputs involved are consumed, including normal allowances for waste for the purposes intended.

Information obtained during the preliminary phase of the investigation indicates that the Duty Drawback Program is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption.

The information available also indicates that this program could be considered specific under paragraph 2(7.2)(*b*) of SIMA as available information indicates that it may be contingent upon export performance and may therefore be a prohibited subsidy as defined in subsection 2(1) of SIMA. This will be further analyzed in the final phase of the investigation.

During the POI both of the responding exporters received benefits under this program.

Program 21: Duty Exemption/Remission Schemes (Advance Authorization Scheme)

Advance Authorization Scheme is a Duty Exemption Scheme that enables the duty-free importation of inputs required for the production of goods to be exported or for deemed exports. Inputs must be used in the manufacture of exported products or for the replenishment of inputs used in products that have been already exported. The scheme is specifically addressed under Paragraph 4.1 of the Foreign Trade Policy (“FTP”) 2009-2014. Eligibility is not strictly contingent upon export performance; it is available for inputs even if the final products are not exported, as in the case of deemed exports under Chapter 8 of the Foreign Trade Policy.

The CBSA will continue to examine this subsidy during the final phase of the investigation. For purposes of the preliminary determination, the information available indicates that the Advance Authorization Scheme is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. This program could be considered specific under paragraph 2(7.2)(*b*) of SIMA as available information indicates that it may be contingent upon actual or deemed export performance and may therefore be a prohibited subsidy as defined in subsection 2(1) of SIMA. This will be further analyzed in the final phase of the investigation.

During the POI, both of the responding exporters received benefits under this program.

Program 23: Purchase of Hot-rolled Steel and Billets From State-owned Enterprises for Less Than Fair Market Value

This program relates to the acquisition cost of the input materials from state-owned enterprises (SOE). The information submitted by one of the responding exporters contained a breakdown of its input material purchases from Steel Authority of India Limited (SAIL), an SOE. SAIL did not provide information to the CBSA and, as such, the CBSA has treated SAIL as a government entity.

The Government of India, in its response to the subsidy RFI, asserted that steel is a de-regulated sector in India with selling prices wholly determined by the market dynamics of supply and demand. The Government of India further stated that state-owned enterprises are commercial ventures whose operations are free from any kind of direct or indirect government control.

Notwithstanding the information provided by the Government of India, the CBSA conducted its own independent analysis of the purchase prices of input materials from an SOE. In absence of sufficient information from other exporters in India to establish an appropriate domestic benchmark price for input materials, the CBSA referred to domestic prices of hot-rolled steel sheet in India as reported by Metal Bulletin for purposes of establishing the fair market value of hot-rolled steel sheet in India. As such, the CBSA compared the purchase prices for input materials reported by one of the two responding exporters to the prices reported in Metal Bulletin. The analysis showed that the responding exporter received prices lower than the benchmark prices and, therefore, received a benefit relating to its purchases of input materials from an SOE.

Information obtained during the preliminary phase of the investigation indicates that the Purchase of Hot-rolled Steel and Billets From State-owned Enterprises for Less Than Fair Market Value is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*a*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. The information available also indicates that this program may be a specific subsidy under paragraph 2(7.2)(*b*) of SIMA as it is available only to purchasers of hot-rolled steel and billets and, therefore, potentially constitutes a prohibited subsidy as defined in subsection 2(1) of SIMA.

During the POI, one of the responding exporters received benefits under this program.

Program 28: Exemption from Electricity Duty through the State Government of Maharashtra (SGOM)

Under paragraph 5.3 of the Mega Project of Maharashtra Package Scheme of Incentives 2007, both new and existing companies undertaking expansion/diversification are exempted from payment of electricity duty if located in "zones C, D, D+ Talukas and No Industry Districts." This benefit is effectively based on a 5% refund of the Value Added Tax and a refund of 2% of the Central Sales Tax. Both of the responding exporters had production facilities located in zone "C", each company met the stipulated capital investment thresholds, and both received an exemption of electricity duty. The electricity duty exemption for eligible companies is for a period of 7 years from the date of commencement of commercial production.

The exemption from electricity duty program is part of a Package Scheme of Incentives (PSI) offered by the SGOM that provides certain incentives for industries in the state of Maharashtra, to encourage dispersal of industries outside the Bombay-Thane-Pune belt and to attract industries to the developing and underdeveloped areas of the state. The scheme is amended from time to time with the last amendment occurring in 2013. Eligibility is not contingent upon export performance or the use of domestic over imported goods. The CBSA is continuing to review the details of this package of programs.

For purposes of the preliminary determination, the information available indicates that the exemption from electricity duty is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption.

The exemption of electricity duty would potentially be considered to be a specific subsidy under paragraph 2(7.2)(*a*) of SIMA as it is limited pursuant to an instrument or document to a specific enterprise that met the stipulated capital investment thresholds, within the authority of the jurisdiction, in this case being located in a specific geographic location of its jurisdiction.

During the POI, both of the responding exporters received benefits under this program.

Program 30: Special Incentives of the State Government of Maharashtra (SGOM) for Mega Projects

As explained earlier, the purpose of the Mega Project of Maharashtra Package Scheme of Incentives 2007, offered by the SGOM, is to attract industries to the economically backward regions in the state of Maharashtra. One of the two responding exporters, located in one of the zones defined under this program, was approved for and received tax benefits during the POI.

For purposes of the preliminary determination, the information available indicates that the tax benefits under the Package Scheme of Incentives (PSI) is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption.

The Package Scheme of Incentives (PSI) would potentially be considered a specific subsidy under paragraph 2(7.2)(*a*) of SIMA as it is limited pursuant to an instrument or document to a specific enterprise that met the stipulated capital investment thresholds, within the authority of the jurisdiction, in this case being located in a specific geographic location of its jurisdiction.

During the POI, one of the responding exporters received benefits under this program.

Program 31: Exemption through the SGOM from Sales Tax and Other Levies

This is another program under the State Government of Maharashtra's Package Scheme of Incentives that provides certain incentives for industries in Maharashtra to attract industries to the developing and underdeveloped areas of the state. The exemption from sales tax and other levies permits a payment deferral of sales tax. Under this program, sales tax owing is deferred for a period of 10 years. After 10 years, the deferred tax is due and paid to the state government. The benefit is effectively an interest free loan from the government, and the benefit is the interest the company would have had to pay if it had instead borrowed the amount from a bank. This program also allows for the exemption of stamp duty for the registration of land leased from the Maharashtra Industrial Corporation.

During the POI, both of the responding exporters had production facilities located in zone "C", each company met the stipulated capital investment thresholds. Both exporters received benefits under this program.

For purposes of the preliminary determination, the information available indicates that the exemption through the SGOM from sales tax under the Package Scheme of Incentives (PSI) is potentially actionable as a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption.

This program would potentially be considered a specific subsidy under paragraph 2(7.2)(*a*) of SIMA as it is limited pursuant to an instrument or document to a specific enterprise that met the stipulated capital investment thresholds, within the authority of the jurisdiction, in this case being a specific geographic location of its jurisdiction.

During the POI, both of the responding exporters received benefits under this program.

APPENDIX 7 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - INDONESIA

As noted in the body of this document, the Government of Indonesia did not submit a complete response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct an analysis of the programs for the preliminary determination. However, in recognition of the amount of cooperation and the volume of information provided by the responding exporter, the CBSA has estimated an amount of subsidy for the responding exporter based on the information provided in its response to the subsidy RFI.

This appendix consists of a listing of 11 potentially actionable subsidy programs which were reviewed by the CBSA in the current subsidy investigation.

Potentially Actionable Subsidy Programs Identified by the CBSA

Questions concerning these programs were included in the RFIs sent to the Government of Indonesia and to all known exporters of the subject goods in Indonesia. Without a complete response to the government subsidy RFI from the Government of Indonesia, the CBSA does not have detailed descriptions of these programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation.

Program 1.	Tax Deduction to Labour Intensive Industries in the Upstream Oil and Gas Sector
Program 2.	Deferral of Import Income Tax on Imported Capital Goods, Equipment and Raw Materials for Production Destined for Export (Bonded Zone Location)
Program 3.	Tax Holiday Package for the Large Pioneer Sector Investments
Program 4.	Reduction of Net Income of 30% of the Investment, Charged for Six Years Respectively at 5 Percent Each Year under Regulation No. 144 of 2012 (Reg.144)
Program 5.	Accelerated Depreciation Under Reg.144
Program 6.	Reduction of Foreign Dividend Income Tax Under Reg.144
Program 7.	Extension of Loss Carry-forward Allowances Under Reg.144
Program 8.	Five Percent Income Tax Reduction for Certain Publicly Traded Companies
Program 9.	Import Duty Exemption for Companies Using Machines With Qualifying Local Content
Program 10.	Coal Provided at Less Than Fair Market Value Through Domestic Market Obligation to Industries Such as Steel and Cement Companies
Program 11.	Electricity Provided at Less Than Fair Market Value Through Domestic Market Obligation by State Owned Electricity Company

APPENDIX 8 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - THE PHILIPPINES

As noted in the body of this document, the Government of the Philippines did not submit a complete response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct an analysis of the programs for the preliminary determination. However, in recognition of the amount of cooperation and the volume of information provided by the responding exporter, the CBSA has estimated an amount of subsidy for the responding exporter based on the information provided in its response to the subsidy RFI.

This appendix consists of a listing of 12 potentially actionable subsidy programs which were reviewed by the CBSA in the current subsidy investigation.

Potentially Actionable Subsidy Programs Identified by the CBSA

Questions concerning these programs were included in the RFIs sent to the Government of the Philippines and to all known exporters of the subject goods in the Philippines. Without a complete response to the government subsidy RFI from the Government of the Philippines, the CBSA does not have detailed descriptions of these programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation.

Program 1.	Exemption of Taxes in Special Economic Zones (SEZs)
Program 2.	Provision of Land for Less than Fair Market Value in SEZs
Program 3.	Exemptions from VAT in SEZs for Purchases from Suppliers in the CustomsTerritory
Program 4.	Exemption from Real Property Tax in SEZs
Program 5.	Exemption in SEZs from Import Taxes and Duties on Importation of Raw Material, Supplies and all other Articles Including Finished Goods
Program 6.	Exemption in SEZs from Import Taxes and Duties on Importation of Machinery, Equipment, Supplies and all other Articles Including Finished Goods
Program 7.	Exemption in SEZs from Branch Profit Remittance Tax of 15%
Program 8.	Income Tax Holiday Provided by the Board of Investment (BOI)
Program 9.	Exemption from Taxes and Duties on Imported Capital Equipment, Spare Parts and Accessories Provided by the BOI
Program 10.	Exemption from Wharfage Dues and Any Export Tax, Duty, Impost and Fee Provided by the BOI
Program 11.	Tax Credits for BOI Registered Companies
Program 12.	Tax Deductions for BOI Registered Companies for Labour Expenses

APPENDIX 9 – SUMMARY OF FINDINGS FOR NAMED SUBSIDY PROGRAMS - REPUBLIC OF KOREA

At the initiation of the investigation, a total of 29 potentially actionable subsidy programs were identified by the CBSA. Complete responses to the subsidy RFI were received from the Government of the Republic of Korea and four exporters. Based on the review of the responses from the Government of the Republic of Korea and the responding exporters, nine additional subsidy programs were identified. Of the total 38 identified subsidy programs, 17 subsidy programs were used by the responding exporters during the POI.

This appendix consists of a listing of the 38 subsidy programs that were reviewed by the CBSA in the current subsidy investigation. This is followed by descriptions of the programs used by the responding exporters in the current investigation. Summaries of the legislative basis on which the programs are considered actionable or non-actionable are also provided below.

As explained in the Subsidy Investigation section of this *Statement of Reasons*, prior to the verification visits, the CBSA estimated amounts of subsidy for the exporters in the Republic of Korea based on the information available at that time. The results of these preliminary calculations indicated that the amount of subsidy for the Republic of Korea was insignificant. Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price is defined as insignificant. Information obtained during the on-site verification with the government and the responding exporters confirmed that the amount of subsidy for the Republic of Korea is insignificant. The information also indicated that some of the programs included in the calculations were not actionable.

Given the proximity of the verifications visits to the date by which the President of the CBSA was required to make a decision regarding the subsidy investigation with respect to certain OCTG from the Republic of Korea, the CBSA did not recalculate the overall weighted average amount of subsidy for the Republic of Korea since the recalculation of the overall weighted average amount of subsidy for the Republic of Korea would have resulted in an even lower amount of subsidy. Accordingly, the amount reported for the Republic of Korea is based on the original estimate and includes certain programs which were found to not be actionable following verification.

Program 1. Sale of State Assets at less than Fair Market Value
Program 2. Relocation Support from Government of North Jeonla Province
Program 3. Facilities Investment Support from Government of North Jeonla Province
Program 4. Training Support from Government of North Jeonla Province
Program 5. Incentives for Using Natural Gas
Program 6. Acquisition Tax Benefits to Companies Located in Industrial Complexes
Program 7. Discounted Land for Plants in Asan Bay
Program 8. Grants for Companies in Asan Bay
Program 9. Excessive Exemption of Asan Bay Harbour Fee
Program 10. Electricity Consumption Adjustment Subsidy Program
Program 11. Provision of Discounted Electricity to the Korean Steel Industry

Program 12. Subsidies under the "Towards High-end Steel Products and Commercializing Know-hows of Steel Mill Constructions" Strategy
Program 13. Corporate Bond Stabilization Policy
Program 14. Subsidies Provided under the Root Industry Promotion Plan
Program 15. Subsidies to Exporters through Support of Affiliated Shipping Companies
Program 16. Korea Export-Import Bank Short-Term Export Credit
Program 17. Korea Export-Import Bank Export Factoring
Program 18. Korea Export-Import Bank Export Loan Guarantees
Program 19. Preferential Financing through the Korea Development Bank
Program 20. Preferential Financing through the Industrial Bank of Korea
Program 21. Korea Trade Insurance Corporation Export Insurance
Program 22. Korea Trade Insurance Corporation Export Credit Guarantees
Program 23. Tax Benefits under the *Restriction of Special Taxation Act* Article 26
Program 24. Tax Credits for Research and Human Resources Development for "New Growth Engines"
Program 25. Tax Credits for Research and Human Resources Development for "Original Technologies"
Program 26. Corporation Tax Exemption on Dividend Income from Investment in Overseas Resource Development
Program 27. Targeted Facilities Subsidies through Korea Finance Corporation
Program 28. Government of Korea Green and New Growth Finance Subsidies
Program 29. Promotion of Specialized Enterprises for Parts and Materials

Programs Added in the Preliminary Phase of the Investigation:

Program 30: Tax credit for Research and Human Resources Development per Article 10(1)(3) of the RSTA
Program 31: Property Tax Benefits to Companies Located in Industrial Complexes
Program 32: Tax Credit for Investment in Facilities for Research and Manpower under Article 11 of the RSTA
Program 33: Tax credit for Investment in Energy Economizing Facilities under Article 25-2 of the RSTA
Program 34: Tax credit for Investment in Facilities for Environmental Conservation under Article 25-3 of the RSTA
Program 35: VAT and Duty Exemption on Imported Equipment
Program 36: Korea Import-Export Bank long-term Preferential Financing
Program 37: Preferential Long-term Financing from State-run Resource Companies
Program 38: Promotion of Regional Specialized Industry

Subsidy Programs Used by the Responding Exporters

The CBSA's review of the responses provided by the Government of the Republic of Korea and by the responding exporters has indicated that sufficient information was provided to calculate the amount of subsidy on a program basis.

Program 5: Incentives for Using Natural Gas

This program was administered by the Korea Gas Corporation. The Government of the Republic of Korea provides a monetary benefit for companies that increase their natural gas consumption from one year to the next. The stated purpose of this program, which is provided pursuant to Article 20 of the Urban Gas Business Act, is to raise the efficiency of enterprises in Korea by encouraging the construction of facilities that use natural gas.

During the POI, one of the responding exporters participated in this program. Verified information indicates that this program is generally available to any entity that consumes natural gas for its business, or that has newly established or expanded facilities that use natural gas. Therefore, this program is not specific pursuant to subsection 2(7.1) of SIMA.

Program 6: Acquisition Tax Benefits to Companies Located in Industrial Complexes

The official name of the program is "Developing Industrial Complexes and Maximizing its Utilization". Its purpose is to promote the development of the under-developed areas in the Republic of Korea and pursue the innovation within the industries through the provision of industrial sites and appropriate allocation of the industries nationwide.

This program was established in January 1990. However, the Government of the Republic of Korea indicated that it began providing benefits under this program only after April 2007. The Program is administered under Article 45 of the *Industrial Sites and Development Act*, as well as Article 78 of the *Restriction of Special Local Taxation Act* (RSLTA) and its Enforcement Decree. This program is administered by the municipal governments of the Industrial Complexes. Pursuant to the RSLTA, acquisition tax are exempted or reduced for entities listed in the Appendix 2 of the RSLTA.

During the POI, three of the responding exporters received benefits under this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are exempted or deducted , and confer a benefit to the recipient equal to the amount of the exemption/reduction.

Acquisition tax exemptions provided to enterprises located in industrial complex were found to be limited, in law, to a group of enterprises, and was considered to be specific pursuant to paragraph 2(7.2)(*a*) of SIMA, i.e. as it is limited, pursuant to a legislative, regulatory, or administrative instrument or other public document.

Program 10: Electricity Consumption Adjustment Subsidy Program

This program was introduced in April 1990 to address emergencies in supplying electricity in Korea during summer seasons. This program was administrated by Korea Electric Power Corporation (KEPCO). Under this program, any company who signed contractual agreements with KEPCO and reduced electricity consumption during the designated period can receive electricity discounts based on the terms of their agreements with KEPCO.

During the POI, two of the responding exporters participated in this program. Under this program, electricity discounts are provided to all companies who applied and signed agreements with KEPCO. It is not limited to any specific industry or geographical area to which the subject goods can be attributed to. Therefore, this program was determined to be not specific pursuant to subsection 2(7.1) of SIMA.

Program 19: Preferential Financing through the Korea Development Bank

This program was introduced by the Korea Development Bank (KDB). The purpose of this program is to lend money to companies in need of investments in their facilities and business operations. The program is offered as an operational function of the KDB, but not under any specific legislation. Under this program, long-term loans are provided by the KDB to its clients for purposes of enlarging or purchasing manufacturing facilities including land, factory facility and machinery, and/or short-term loans are provided to manufacturing enterprises for the needs of their business operations.

During the POI, one of the responding exporters participated in this program. However, it was found that the material terms of the loans were determined by market forces and were not preferential. Therefore, this program was determined not to be providing benefits to the exporters of subject goods.

Program 21: Korea Trade Insurance Corporation Export Insurance

This program was introduced by the Korea Trade Insurance Corporation (K-Sure). The purpose of this program is to provide insurance coverage to exporters in case of non-payments with respect to importer risk, letter of credit (L/C) risk, import country risk, etc. The program is offered as an operational function of the K-Sure, but not under any specific legislation.

During the POI, one of the responding exporters received benefits under this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*a*) of SIMA, i.e. a practice of government that involves a direct transfer of funds. Under this program, export insurance provided by the K-Sure was considered to be a prohibited subsidy, pursuant to subsection 2(1) of SIMA, as it is contingent, in whole or in part, on export performance.

Program 22: Korea Trade Insurance Corporation Export Credit Guarantees

This program was introduced by K-Sure. The purpose of this program is to provide export credit guarantees. In order to be eligible for this program, applying companies must have outstanding loans from banks to purchase raw material and to manufacture goods based on L/C. The program is offered as an operational function of the K-Sure, but not under any specific legislation.

During the POI, one of the responding exporters received benefits under this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*a*) of SIMA, i.e. a practice of government that involves a direct transfer of funds. Under this program, export credit guarantees provided by the K-Sure were considered to be a prohibited subsidy, pursuant to subsection 2(1) of SIMA, as it is contingent, in whole or in part, on export performance.

Program 23: Tax Benefits under the *Restriction of Special Taxation Act* (RSTA) Article 26

This program was introduced to encourage job creation. Pursuant to Article 26 of the RSTA and its Enforcement Decree, a tax deduction is provided to companies that make investments in employment creation. This program is administered by the National Tax Service.

During the POI, four of the responding exporters benefited from this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are exempted or deducted, and confer a benefit to the recipient equal to the amount of the exemption/deduction.

Under this program, a tax credit is provided to all companies who incur expenses related to the hiring of employees in the tax year. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined not to be specific pursuant to subsection 2(7.1) of SIMA.

Program 24: Tax Credit for Research and Development Expenses for "New Growth Engines" per Article 10(1)(1) of the RSTA

Under this program administered by the National Tax Service, a tax credit is provided to enterprises in respect of R&D activities that qualify as "New Growth Engines" under RSTA Enforcement Decree Article 9. Companies engaging in such R&D may deduct 20% of their expenses (30% for small and medium enterprises) from taxes payable in a given year.

During the POI, one of the responding exporters benefited from this program. It constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are exempted or deducted, and confer a benefit to the recipient equal to the amount of the exemption/deduction.

Under this program, a tax credit is provided to all companies who incur expenses related to the qualifying R&D functions. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined not to be specific pursuant to subsection 2(7.1) of SIMA.

Program 30: Tax credit for Research and Human Resources Development per Article 10(1)(3) of the RSTA

This program is also administered by the National Tax Service. Pursuant to Article 10(1)(3) of the RSTA, a tax deduction is provided to companies that make investments in general research and human resources development. The tax deduction is granted in cases where an enterprise incurs greater expenses for general research and human resources development in a taxation year than were incurred in the average of the four preceding years.

During the POI, three of the responding exporters received benefits under this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are exempted or deducted, and confer a benefit to the recipient equal to the amount of the exemption/deduction.

Under this program, a tax credit is provided to all companies who incur general research and human development expenses in the tax year. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined not to be specific pursuant to subsection 2(7.1) of SIMA.

Program 31: Property Tax Benefits to Companies Located in Industrial Complexes

The official name of the program is "Developing Industrial Complexes and Maximizing its Utilization". Its purpose is to promote the development of the under-developed areas in the Republic of Korea and pursue the innovation within the industries through the provision of industrial sites and appropriate allocation of the industries nationwide.

This program was established in January 1990. However, the Government of the Republic of Korea indicated that it began providing benefits under this program only after April 2007. The Program is administered under Article 45 of the *Industrial Sites and Development Act*, as well as Article 78 of the RSLTA and its Enforcement Decree. This program is administered by the municipal governments of the Industrial Complexes. Pursuant to the RSLTA, property tax are exempted or reduced for entities listed in the Appendix 2 of the RSLTA.

During the POI, three of the responding exporters received benefits under this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are exempted or deducted, and confer a benefit to the recipient equal to the amount of the exemption/deduction.

Property tax exemptions or deductions provided to enterprises located in industrial complex were found to be limited, in law, to a group of enterprises, and was considered to be specific pursuant to paragraph 2(7.2)(*a*) of SIMA, i.e. as it is limited, pursuant to a legislative, regulatory, or administrative instrument or other public document.

Program 32: Tax credit for Investment in Facilities for Research and Manpower under Article 11 of the RSTA

Through the expansion of research and manpower development, the program aims to improve the competitive power of businesses and to create positive growth in the economy. Pursuant to Article 11 of the RSTA and its Enforcement Decree, a tax credit is provided to companies that make investments in facilities for research and manpower development or in facilities for the commercialization of new technology. This program is administered by the National Tax Service.

During the POI, one of the responding exporters benefited from this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are exempted or deducted, and confer a benefit to the recipient equal to the amount of the exemption/deduction.

Under this program, a tax credit is provided to all companies who incur expenses related to research and manpower development in the tax year. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined to be not specific pursuant to subsection 2(7.1) of SIMA.

Program 33: Tax credit for Investment in Energy Economizing Facilities under Article 25-2 of the RSTA

Under this program, corporations or individuals, who invest in the energy-saving facilities that are listed under the Enforcement Decree of the RSTA, may deduct 10% of the eligible investment from their taxes payable. This program is administered by the National Tax Service.

During the POI, one of the responding exporters benefited from this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Under this program, a tax credit is provided to all companies who incur energy-saving expenses in the tax year. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined not to be specific pursuant to subsection 2(7.1) of SIMA.

Program 34: Tax credit for Investment in Facilities for Environmental Conservation under Article 25-3 of the RSTA

This program was introduced to encourage environmental conservation. Pursuant to Article 25-3 of the RSTA, a tax credit is provided to companies that make investments in a wide range of facilities to prevent or reduce air, noise and water pollution, as well as in fuel supply facilities for non-polluting or low-polluting automobiles. This program is administered by the National Tax Service.

During the POI, one of the responding exporters benefited from this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Under this program, a tax credit is provided to all companies who incur expenses related to environmental conservation in the tax year. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined not to be specific pursuant to subsection 2(7.1) of SIMA.

Program 35: VAT and Duty Exemption on Imported Equipment

It was confirmed during verification that there is no program in the Republic of Korea respecting VAT exemptions on imported equipment.

However, under Article 37 of the *Enforcement of Customs Act*, exemption from customs duties is provided for certain goods for scientific research, as listed in the Article.

During the POI, one of the responding exporters benefited from this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Under this program, exemption from customs duties is provided to all companies and individuals who import the list equipment. It is not limited to any specific industry or geographical area to which the subject goods can be attributed. Therefore, this program was determined not to be specific pursuant to subsection 2(7.1) of SIMA.

Program 36: Korea Import-Export Bank Long-term Preferential Financing

Information submitted to the CBSA indicated that the Korea Import-Export Bank provided preferential financing to one of the responding exporters during the period of investigation.

However, verification of the material submitted revealed that this financing was offered in respect of investments in an activity not related to the production or sale of subject goods and was conducted outside of Republic of Korea.

The CBSA determined, therefore, that no actionable subsidies were provided to the exporter as a result of financing from the Korea Import-Export Bank.

Program 37: Preferential Long-term Financing from State-run Resource Companies

Similarly, information submitted to the CBSA indicated that a state-run oil company had provided preferential financing to one of the responding exporters during the period of investigation.

Verification of the material submitted revealed that this financing was offered in respect of activities unrelated to the subject goods, which were conducted outside of the Republic of Korea.

As a result, the CBSA determined that no actionable subsidies were provided to the exporter as a consequence of the financing from the state-run oil company.

Program 38: Promotion of Regional Specialized Industry

This program was administrated by the Korea Institute for Advancement of Technology (KIAT) under a project entitled “Development of High Strength ERW Steel Pipe with Heavy wall thickness for Shale Gas Development”. The purpose of this program is to promote regional specialized industry. In order to be eligible for this program, enterprises must have businesses in specialized industry sectors in local regions located outside the capital.

During the POI, one of the responding exporters received benefits under this program, which constitutes a financial contribution pursuant to paragraph 2(1.6)(*a*) of SIMA, i.e. a practice of government that involves a direct transfer of funds. Under this program, grants provided to enterprises located in local regions were found to be limited to a group of enterprises, pursuant to paragraph 2(7.2)(*a*) of SIMA.

APPENDIX 10 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - THAILAND

As noted in the body of this document, the Government of Thailand did not submit a complete response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct an analysis of the programs for the preliminary determination. However, in recognition of the amount of cooperation and the volume of information provided by the responding exporter, the CBSA has estimated an amount of subsidy for the responding exporter based on the information provided in its response to the subsidy RFI.

This appendix consists of a listing of seven potentially actionable subsidy programs which were reviewed by the CBSA in the current subsidy investigation.

Potentially Actionable Subsidy Programs Identified by the CBSA

Questions concerning these programs were included in the RFIs sent to the Government of Thailand and to all known exporters of the subject goods in Thailand. Without a complete response to the government subsidy RFI from the Government of Thailand, the CBSA does not have detailed descriptions of these programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation.

Program 1. Exemption or Reduction of Duties on Imports of Machinery
Program 2. Reduction of Import Duties for Raw or Essential Materials
Program 3. Exemption from Corporate Income Tax
Program 4. Exemption of Payment of Surcharge under the Industrial Estate Authority of Thailand Act on Import Duty
Program 5. Exemption of Payment of Surcharge under the Industrial Estate Authority of Thailand Act on Value Added tax on Machinery, Equipment, Tools and Supplies
Program 6. Excess VAT Refund on Export of Goods
Program 7. Export Packing Credits

APPENDIX 11 – SUMMARY OF FINDINGS FOR NAMED SUBSIDY PROGRAMS - TURKEY

At the initiation of the investigation, a total of 51 potentially actionable subsidy programs were identified by the CBSA. Complete responses to the subsidy RFI were received from the Government of the Republic of Turkey (Turkey) and one exporter. Based on the review of the responses from the Government of Turkey and the responding exporter, of the total 51 identified subsidy programs, four subsidy programs were used by the responding exporter during the POI.

This appendix consists of a listing of 51 potentially actionable subsidy programs that were reviewed by the CBSA in the current subsidy investigation. This is followed by descriptions of the programs used by the responding exporters in the current investigation. Summaries of the legislative basis on which the programs are considered potentially actionable or non-actionable is also provided below.

Program 1. Investment Encouragement Program – Exemption of Customs Duties on Imported Machinery and Equipment
Program 2. Investment Encouragement Program – Exemption of Value-added Tax on Domestic and Imported Machinery and Equipment
Program 3. Investment Encouragement Program – Interest Support
Program 4. Investment Encouragement Program – Social Security Premium Support
Program 5. Investment Encouragement Program – Corporate or Income Tax Reduction
Program 6. Investment Encouragement Program – Land Allocation
Program 7. Turk Eximbank – Pre-shipment Export Credit Program
Including Sub-programs:
a. Priority Development Areas Export Credit Program
b. Free Trade Zone Pre-shipment Foreign Currency Export Credit Program
Program 8. Turk Eximbank Pre-shipment TL Export Credits
Program 9. Turk Eximbank Pre-shipment FX Export Credits
Program 10. Turk Eximbank – Foreign Trade Companies Short-term TL Export Credit Program
Program 11. Turk Eximbank – Foreign Trade Companies Short-term FX Export Credit Program
Program 12. Turk Eximbank – Pre-export TL Credit Program
Including Sub-program:
a. Free Trade Zone Pre-export Foreign Currency Export Credit Program
Program 13. Turk Eximbank – Pre-export Credit TL & FX Programs for Small and Medium-scale Enterprises
Program 14. Turk Eximbank - Post-Shipment Rediscount Credit (PSRC) Program (Formerly: Short-term Export Credit Discount Program) [18]
Program 15. Turk Eximbank – Rediscount (RD) Program (Formerly: Short-term Pre-shipment Rediscount Program)

[18] CBSA Exhibit 210 – Government of Turkey Subsidy RFI response, page 105.

Program 16.	Turk Eximbank – Specific Export Credit Program
Program 17.	Turk Eximbank – International Transportation Marketing Credit Program
Program 18.	Turk Eximbank – Credit Program for Participating in Overseas Trade Fairs
Program 19.	Turk Eximbank – International Islamic Trade Finance Corporation-backed Production Finance Credit Program
Program 20.	Turk Eximbank – Export Finance Intermediation Loan Agreement
Program 21.	Turk Eximbank – The European Investment Bank Credit Program
Program 22.	Turk Eximbank – International Loans (Formerly: Buyers' Credit and Guarantee Program)
Program 23.	Turk Eximbank – Short-term Export Credit Insurance Program
Program 24.	Turk Eximbank – Medium & Long-term Export Credit Insurance Program
Program 25.	Regional Based Organized Industrial Zone (OIZ) and Free Zone (FZ) Energy Support Program
Program 26.	OIZ and FZ Law 5084 - Withholding of Income Tax on Wages and Salaries
Program 27.	OIZ and FZ Law 5084 – Incentive for Employers' Share in Insurance Premiums
Program 28.	OIZ and FZ Law 5084 – Allocation of Free Land
Program 29.	OIZ and FZ Law 5084 – Provision of Electricity for Less Than Adequate Remuneration
Program 30.	OIZ – Exemption from Property Tax, and Other Exemptions
Program 31.	OIZ –Waste Water Charges
Program 32.	OIZ – Exemptions from Customs Duties, Value-added Tax, and Payments for Public Housing Fund
Program 33.	OIZ – Credits for Research and Development Investments, Environmental Investments, Certain Technology Investments
Program 34.	OIZ – Exemption from Building and Construction Charges
Program 35.	OIZ – Exemption from Amalgamation and Allotment Transaction Charges
Program 36.	Free Zones Law – Provision of Buildings and Land Use Rights for Less Than Adequate Remuneration
Program 37.	Free Zones Law – Corporate Income Tax Exemption
Program 38.	Free Zones Law – Stamp Duties and Fees Exemptions
Program 39.	Free Zones Law – Customs Duties Exemptions
Program 40.	Free Zones Law – Value-added Tax Exemptions
Program 41.	Goods/Services Provided by the Government of Turkey at Less than Fair Market Value - Provision of Natural Gas
Program 42.	Goods/Services Provided by the Government of Turkey at Less than Fair Market Value - Provision of Coal
Program 43.	Research and Development – Tax Breaks and Other Assistance
Program 44.	Research and Development – Product Development Support – Under Secretary of Foreign Trade (UFT)– Now Ministry of Economy
Program 45.	Social Security Grant Program
Program 46.	Deduction from Taxable Income for Export Revenue
Program 47.	Inward Processing Certificate Exemption
Program 48.	National Restructuring Plan & Subsidies to Vertically Integrated & Associated OCTG producers Under the National Restructuring Plan
Program 49.	Provision of Hot-rolled Steel for Less than Fair Market Value

Program 50. Deduction from Taxable Income for Export Revenue – Preferential Benefits for Turkish OCTG Producers Located in Free Zones
Program 51. VAT and Customs Duties Exemptions on Investment

Subsidy Programs Used by the Responding Exporter

The responses provided by the Government of Turkey and by the responding exporter contained sufficient information to determine the amount of subsidy on a program basis.

Programs 1 and 2: Investment Encouragement Program – Exemption of Customs Duties on Imported Machinery and Equipment; Exemption of Value-added Tax on Domestic and Imported Machinery and Equipment under Decree No. 2012/3305

These two Investment Encouragement Programs (IEP) were established and implemented by the Ministry of Economy (MoE) and are currently based on the provisions of the Council of Ministers' Decree No. 2012/3305 which has been in force since June 15, 2012.

The government policy behind IEP is to steer savings into high added value investments, to boost production and employment, to encourage regional, large scale and strategic investments with high research and development content for increasing international competitiveness, to increase foreign direct investments, to reduce regional development disparities, to promote investments for clustering, environment protection and R&D.

The IEP consists of 4 separate incentive schemes: Regional Investment Incentive Scheme (RIIS), Large Scale Investment Incentive Scheme (LSIIS), Strategic Investment Incentive Scheme (SIIS) and General Investment Incentive Scheme (GIIS). The scope of each scheme varies with different aspects of support measures, which are listed under Programs 1 to 6.

Program	Support Measures	General Investment Incentive Scheme	Regional Investment Incentive Scheme	Large Scale Investment Incentive Scheme	Strategic Investment Incentive Scheme
1	Customs Duty Exemption	✓	✓	✓	✓
2	VAT Exemption	✓	✓	✓	✓
3	Interest Support		✓		✓
4	Social Security Premium Support (Employer's Share)		✓	✓	✓
5	Tax Reduction		✓	✓	✓
6	Land Allocation		✓	✓	✓

Annex 4 to the Decree No. 2012/3305 describes the investments which are not supported as well as the investments which are supported under certain conditions.

The GIIS is available for all regions when the investment amount exceeds 1 Million TL in Region I and II, and 500,000 TL in Regions III, IV, V and VI. Producers of subject merchandise (classified under the 7304 and 7306 HS Codes) are only eligible to benefit from GIIS

Within this framework, investments may be exempted from customs duties and taxes on domestic and imported machinery and equipment.

During the POI, the benefit received under these programs by the responding exporter constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

It is determined to be a specific subsidy under paragraph 2(7.3)(*d*) of SIMA as it is granted in a manner in which discretion is exercised by the granting authority indicating that the subsidy is not generally available.

The amount of subsidy was calculated in accordance with subsection 27.1(2) of the SIMR, in that the financial contribution to the exporter, in respect of any amount of duty and taxes owed and due to the government that was deducted, was treated as a grant under section 27 of the SIMR.

Program 15: Turk Eximbank – Rediscount Program (RP) - Previously Short-Term Pre-Shipment Rediscount Program

The program has been established at October 12, 1999, as a pre-shipment financing facility. Under RP, funds, which are provided by the Central Bank of the Republic of Turkey (CBRT), are allocated to exporters, manufacturer-exporters and export – oriented manufacturer at the pre- shipment stage. This program follows from the Turkish Eximbank Law, Principles and Articles of Association and "Implementation Principles for Rediscount Program." [19]

During the POI, the benefit received under this program by the responding exporter constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption. This program is administered by the Export Credit Bank of Turkey, and is a loan provided to companies for expenses incurred preparing goods for export.

It is determined to be a specific subsidy under paragraph 2(7.2)(*b*) of SIMA as it is contingent upon export performance and therefore constitutes a prohibited subsidy as defined in subsection 2(1) of SIMA.

[19] CBSA Exhibit 210 – Exhibit 9 of Government of Turkey Subsidy RFI response.

The amount of subsidy was calculated in accordance with section 28 of the SIMR, as the amount of interest paid on the preferential loans was lower than the interest that would have been payable for comparable commercial loans.

Program 46: Deduction from Taxable Income for Export Revenue

According to Article 40, Clause 1 of *Income Tax Law No. 193* dated January 6, 1961, which was amended by *Law No. 4108* dated June 2, 1995, all taxpayers may have an additional deduction of a lump sum amount from their gross income resulting from exports, construction, maintenance, assembly and transportation activities abroad. This amount may not exceed 0.5% of the proceeds they earned in foreign exchange from such activities. This deduction is presumed to cover the expenditures without documentation but incurred from exports, construction, maintenance, assembly and transportation activities abroad.

This program constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption. This program is contingent upon export and constitutes a prohibited subsidy. Therefore, this program has been determined to be specific, pursuant to paragraph 2(7.2)(*b*) of SIMA.

During the POI, there was no benefit received by the cooperative exporter under this program. Although the cooperative exporter did receive this lump sum deduction, there was no benefit quantifiable as the exporter had no taxable income and would have had no taxable income regardless of whether they claimed this lump sum or not.

Program 47: Inward Processing Certificate Exemption

This program was established on December 31, 1995, under *Resolution No. 2005/8391*.[20] The objective of the program is to give the Turkish industry the access to raw materials at world market prices and the chance to compete in the international markets. The program is administered by the Ministry of Economy.

The program allows manufacturers/exporters in Turkey to obtain raw materials and intermediate unfinished goods that are used in the production of the exported goods without paying customs duty including Value Added Tax and being subject to commercial policy measures.

[20] CBSA Exhibit 210 – Government of Turkey subsidy RFI response, page 307; Exhibit 56.

Regulations 35 and 35.01 of the *Special Import Measures Regulations* pertain to the determination of the amount of subsidy when the subsidy takes the form of an exemption or remission of duties and taxes in excess of that permitted under SIMA. These provisions relate to the definition of "subsidy" found in paragraph 2(1)(*a*) of SIMA. This provision provides that a subsidy does not include the amount of any duty or internal tax imposed on any goods by the government of the country of origin or export which is exempted or relieved because the goods have been exported.

A subsidy for this program arises when the exemption or relief is in an amount greater than the amount of duty or taxes that would be paid if the goods had been consumed domestically rather than being exported.

This program was investigated and it was determined that the GOT has adequate controls in place to ensure all export commitments are met. Therefore, this program was determined to not be providing a benefit to the exporters and producers of subject goods.

<u>Investigated Programs no Longer in Effect:</u>

The information provided on the subsidies under investigation was reviewed and it was determined that the following programs were not in effect during the POI:

Program 25. Regional based Organized Industrial Zone (OIZ) and Free Zone (FZ) Energy Program[21]
Program 26. OIZ and FZ Law 5084 – Withholding of Income Tax on Wages and Salaries[22]
Program 27. OIZ and FZ Law 5084 – Incentive for Employers' Share in Insurance Premiums[23]
Program 28. OIZ and FZ Law 5084 – Allocation of Free Land[24]
Program 29. OIZ and FZ Law 5084 – Provision of Electricity for Less than Adequate Remuneration

[21] CBSA Exhibit 210 – GOT Subsidy RFI response, page 158 and GOT Exhibit 19.
[22] CBSA Exhibit 210 – GOT Subsidy RFI response, page 161 and GOT Exhibit 19.
[23] CBSA Exhibit 210 – GOT Subsidy RFI response, page 168 and GOT Exhibit 19.
[24] CBSA Exhibit 210 – GOT Subsidy RFI response, page 179 and GOT Exhibit 19.

Investigated Programs Found to not be Subsidy Programs:

The following was found to not be a subsidy program during the verification with the Government of Turkey:

Program 31. OIZ -Waste Water Charges

The following programs were found to be already included under Programs 37 and 39 respectively and were thus redundant:

Program 50. Deduction from Taxable Income for Export Revenue - "Preferential Benefits forTurkish OCTG Producers in Located in Free Zones."
Program 51. VAT and Customs Duties Exemptions on Investment

Investigated Program Found to be Generally Available:

Program 45. Social Security Grant Program

The authority for this program was provided as Article 81 Clauses (a) and (ı) of the Law No. 5510.[25] This program is administered by the Social Security Institution.

This regulation aims to increase employment level throughout Turkey without discrimination on sectors and regions by reducing costs of insurance premiums to the employers and intends to reduce the unregistered employment. The program effectuates these aims by providing support for employer's share in insurance premiums. [26]

During the POI, the benefit received under this program by the responding exporter constitutes a financial contribution pursuant to paragraph 2(1.6)(*b*) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

The program does not make any discrimination on sectors and regions. Accordingly, the eligibility is not limited to any enterprise or group of enterprises, or to any industry or group of industries.[27]

Accordingly, this program was determined to not be specific pursuant to subsection 2(7.1) of SIMA.

[25] CBSA Exhibit 210 – Exhibit 53 of Government of Turkey RFI response.
[26] CBSA Exhibit 210 – Government of Turkey subsidy RFI response, page 293
[27] CBSA Exhibit 356 – Government of Turkey supplemental RFI response, Question 6

APPENDIX 12 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - UKRAINE

As noted in the body of this document, the Government of Ukraine did not submit a complete response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct an analysis of the programs for the preliminary determination. Further, the responding exporter also submitted incomplete information.

This appendix consists of a listing of nine potentially actionable subsidy programs which were reviewed by the CBSA in the current subsidy investigation.

Potentially Actionable Subsidy Programs Identified by the CBSA

Questions concerning these programs were included in the RFIs sent to the Government of Ukraine and to all known exporters of the subject goods in Ukraine. Without a complete response to the government subsidy RFI from the Government of Ukraine, or from exporters from Ukraine, the CBSA does not have detailed descriptions of these programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation.

Program 1. Acquisition of State Assets at Less than Fair Market Value
Program 2. The 2013 Government of Ukraine Stimulus Plan for US$5 billion
Program 3. Limits to Increases in Electricity Tariffs Under the 2013 Rescue Plan for Steel and Mining Companies (2013 Rescue Plan)
Program 4. Limits to Increases in Transportation Fees Under the 2013 Rescue Plan
Program 5. Implementation of Measures to Expand Markets Under the 2013 Rescue Plan
Program 6. Provision of State Guarantees for Private Projects Under the 2013 Rescue Plan
Program 7. Dniprosteel Rescue Fund
Program 8. State Program for Enhancement of Economic Development in 2013-2014
Program 9. Provision of Electricity at Less than Fair Market Value

APPENDIX 13 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - VIETNAM

As noted in the body of this document, the Government of Vietnam did not submit a complete response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct an analysis of the programs for the preliminary determination. Further, no exporter in Vietnam submitted a response to the subsidy RFI.

This appendix consists of a listing of 18 potentially actionable subsidy programs which were reviewed by the CBSA in the current subsidy investigation.

Potentially Actionable Subsidy Programs Identified by the CBSA

Questions concerning these programs were included in the RFIs sent to the Government of Vietnam and to all known exporters of the subject goods in Vietnam. Without a complete response to the government subsidy RFI from the Government of Vietnam, or from exporters in Vietnam, the CBSA does not have detailed descriptions of these programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation

Program 1. Land-Use Levy Exemptions or Reductions
Program 2. Land Rent Exemptions or Reductions
Program 3. Tax Exemptions and Reductions for Encouraged Sectors
Program 4. Tax Exemptions and Reductions for Investment in Disadvantaged Regions
Program 5. Tax Exemptions and Reductions for Investments in Economic Zones or High-Tech Industrial Parks
Program 6. Tax Exemptions and Reductions for Foreign-Invested Enterprises
Program 7. Additional Income Tax Preferences for Exporters
Program 8. Accelerated Depreciation of Fixed Assets
Program 9. Preferential Provisions for Carry-forward of Losses
Program 10. Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets
Program 11. Export Support Loans at Preferential Rates
Program 12. Excessive Duty Exemptions for Imported Raw Materials for Exported Goods
Program 13. Import Duty Exemption on Equipment and Machinery Imported to Create Fixed Assets
Program 14. Interest Rate Support Program under the State Bank of Vietnam
Program 15. Preferential Lending under the Viet Bank Export Loan Program
Program 16. Grants to Firms that Employ More than 50 Employees
Program 17. Assistance to Enterprises Facing Difficulties due to Objective Reasons
Program 18. Acquisition of State Assets at Less Than Fair Market Value