



FACT SHEET

Commerce Preliminarily Finds Subsidization of Drill Pipe from the People's Republic of China

- On June 8, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty investigation on imports of drill pipe from the People's Republic of China.
- For the purposes of a CVD investigation, subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.
- Commerce preliminarily determined that Chinese exporters of drill pipe have received countervailable subsidies of 15.72 percent.
- Mandatory respondent, the DP Master Group, received a preliminary net subsidy rate of 15.72 percent. All other Chinese exporters will receive the preliminary net subsidy rate of 15.72 percent.
- As a result of this preliminary determination, Commerce will instruct U.S. Customs and Border Protection to collect a cash deposit or bond based on this preliminary rate.
- The petitioners for this investigation are: VAM Drilling USA, Inc. (TX); Texas Steel Conversions, Inc. (TX); Rotary Drilling Tools (TX); TMK IPSCO (IL); and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (PA).
- Drill pipe includes heavy weight drill pipe and drill collars of iron or steel, and is used in oil drilling applications.
- The products covered by this investigation are steel drill pipe, and steel drill collars, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes suitable for drill pipe), without regard to the specific chemistry of the steel (*i.e.*, carbon, stainless steel, or other alloy steel), and without regard to length or outer diameter. The scope does not include tool joints not attached to the drill pipe, nor does it include unfinished tubes for casing or tubing covered by any other countervailing duty order.
- The subject products are currently classified in the following Harmonized Tariff Schedule of the United States (HTSUS) categories: 7304.22.0030, 7304.22.0045, 7304.22.0060, 7304.23.3000, 7304.23.6030, 7304.23.6045, 7304.23.6060, 8431.43.8040 and may also enter under 8431.43.8060, 8431.43.4000, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.49.0015, 7304.49.0060, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, and 7304.59.8055. While HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of this investigation is dispositive.

- Prior to February 2, 2007, these imports entered under different tariff classifications, including 7304.21.3000, 7304.21.6030, 7304.21.6045, and 7304.21.6060.
- The combined imports of drill pipe and drill pipe with tool joints attached were valued at an estimated \$119.2 million in 2009.
- The merchandise covered by this investigation also includes drill pipe with tool joints attached, however, such imports enter under a separate HTSUS subheading, and the volume under that HTSUS subheading is measured in pieces rather kilograms. Therefore, the volume data for drill pipe with tool joints attached could not be combined with the volume data for drill pipe, which is measured in kilograms. Based on pieces, imports of drill pipe with tool joints attached increased 24 percent by volume from 2006 to 2008.

NEXT STEPS

- Commerce is currently scheduled to make its final determination in August 2010.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission makes an affirmative final determination that imports of drill pipe from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a countervailing duty order.

Preliminary Subsidy Rate:

PRODUCER/EXPORTER	SUBSIDY RATE
DP Master Manufacturing Co., Ltd. (DP Master), Jiangyin Sanliang Petroleum Machinery Co., Ltd. (SPM); Jiangyin Liangda Drill Pipe Co., Ltd. (Liangda); Jiangyin Sanliang Steel Pipe Trading Co., Ltd. (SSP), and Jiangyin Chuangxin Oil Pipe Fittings Co., Ltd. (Chuangxin) (collectively, DP Master Group)	15.72 percent ad valorem
All Others	15.72 percent ad valorem

CASE CALENDAR:

EVENT	DEADLINE
Petition Filed	December 31, 2009
DOC Initiation Date	January 20, 2010
ITC Preliminary Determination	February 16, 2010
DOC Preliminary Determination	June 7, 2010
DOC Final Determination*	August 23, 2010
ITC Final Determination**	October 7, 2010
Issuance of Order***	October 14, 2010

*This deadline may be extended under the governing statute.

**This will take place only in the event of a final affirmative determination from Commerce.

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IMPORT STATISTICS:

CHINA	2007	2008	2009
Value (USD)	156,727,000	193,785,000	119,242,000

Source: US Bureau of Census, accessed through Global Trade Atlas. (HTSUS 7304.22.0030, 7304.22.0045, 7304.22.0060, 7304.23.3000, 7304.23.6030, 7304.23.6045, 7304.23.6060, 8431.43.8040)

Subject merchandise may also enter under HTSUS subheadings 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.49.0015, 7304.49.0060, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 8431.43.4000 and 8431.43.8060. These additional HTSUS subheadings may include significant amounts of non-subject merchandise and, therefore, have not been used for purposes of reporting import statistics in the above table.

*Volume could not be calculated, as imports of subject merchandise are reported in multiple units of measure.