



## FACT SHEET

### Commerce Correction to Preliminary Findings of Unfair Dumping of Drill Pipe from the People's Republic of China

- On August 6, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the antidumping (AD) duty investigation of imports of drill pipe from the People's Republic of China (China). Subsequent to the announcement and release of the preliminary determination, Commerce identified an inadvertent error. Commerce will publish this correction simultaneously with the preliminary determination in the *Federal Register*.
- For the purposes of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than fair value.
- Commerce preliminarily determined that Chinese producers/exporters of drill pipe have sold drill pipe in the United States at margins ranging between 0.00 (*de minimis*) and 429.29 percent.
- The preliminary determination incorrectly stated that Commerce determined a weighted-average dumping margin of 7.64 percent for Baoshan Iron & Steel Co., Ltd., and a dumping margin for the separate rate respondents of 106.82 percent. However, the correct rate for Baoshan Iron & Steel Co., Ltd., is 2.66 percent.
- Mandatory respondents: DP Master Manufacturing Co., Ltd., received a preliminary dumping rate of 206.00 percent; Baoshan Iron & Steel Co., Ltd., received a preliminary dumping rate of 2.66 percent; and Shanxi Yida Special Steel Imp. & Exp. Co., Ltd., received a preliminary dumping rate of 0.00 percent.
- In addition, in the preliminary determination Commerce used Baoshan Iron & Steel Co., Ltd.'s incorrectly stated rate to calculate the separate rate margin. Therefore, the correct weighted-average dumping margin for the separate rate respondents is 104.33 percent.
- Three additional Chinese producers/exporters qualified for a preliminary separate rate of 104.33 percent. All other Chinese producers/exporters of drill pipe received a preliminary China-wide dumping rate of 429.29 percent.
- As a result of this preliminary determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect a cash deposit or bond based on these preliminary rates.
- Additionally, Commerce preliminarily determined that critical circumstances exist for one of the mandatory respondents, DP Master Manufacturing Co., Ltd., the three Chinese producers/exporters who qualified for a separate rate, and the China-wide entity.
- Accordingly, for all producers/exporters of drill pipe from China except for DP-Master, the three separate rate companies, and the China-wide entity, Commerce is directing CBP to suspend liquidation of all entries of drill pipe entered, or withdrawn from warehouse, for

consumption on or after the date of publication of the preliminary determination notice in the *Federal Register*.

- For DP-Master, the separate rate companies, and the PRC-wide entity, Commerce is directing CBP to apply the suspension of liquidation to entries entered, or withdrawn from warehouse for consumption, on or after the date 90 days prior to the date of publication of the preliminary determination notice in the *Federal Register*.
- 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 AD 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.

## **NEXT STEPS**

- Commerce is currently scheduled to make its final determination in December 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 an AD duty order.

**PRELIMINARY DUMPING MARGINS:**

COUNTRY	PRODUCER/EXPORTER	DUMPING RATE	CORRECTED RATE
China	DP Master Manufacturing Co., Ltd. (DP Master)	206.00%	N/A
	Baoshan Iron & Steel Co., Ltd. (Baoshan)	7.64%	2.66%
	Shanxi Yida Special Steel Imp. & Exp. Co., Ltd. (Yida)	0.00%*	N/A
	<b>Separate Rate Respondents</b>		
	Shanxi Fenglei Drilling Tools Co., Ltd.	106.82%	104.33%
	Jiangsu Shuguang Huayang Drilling Tool, Co. Ltd.	106.82%	104.33%
	Jiangyin Long-Bright Drill Pipe Manufacturing Co. Ltd.	106.82%	104.33%
	China Wide	429.29%	N/A

\**de minimis* = less than 1% for developed countries; less than 2% for developing countries.

**CASE CALENDAR:**

EVENT	DEADLINE
Petition Filed	December 31, 2009
DOC Initiation Date	January 20, 2010
ITC Preliminary Determination	February 16, 2010
DOC Preliminary Determination	August 5, 2010
DOC Final Determination	December 20, 2010
ITC Final Determination*	February 3, 2011
Issuance of Order**	February 10, 2011

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

\*\*This will take place only in the event of final affirmative determinations from Commerce and the ITC.

## IMPORT STATISTICS:

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

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.