



## FACT SHEET

### Commerce Initiates Antidumping Duty (AD) and Countervailing Duty (CVD) Investigations of Drill Pipe from the People's Republic of China

- On January 21, 2010, the Department of Commerce (Commerce) is scheduled to announce its decision whether to initiate AD and CVD investigations on imports of drill pipe from the People's Republic of China.
- For the purposes of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than normal value. For the purposes of CVD investigations, subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.
- The petitioners for these investigations 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 these investigations 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 antidumping or 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 these investigations 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.
- From 2006 to 2008, imports of drill pipe from China increased 106 percent by volume. The combined imports of drill pipe and drill pipe with tool joints attached were valued at an estimated \$195 million in 2008.

- 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**

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or about February 16, 2010.
- If the ITC determines that there is a reasonable indication that imports from China are materially injuring, or threatening material injury to, the domestic industry, the investigations will continue, and Commerce will be scheduled to make its CVD preliminary determination in March 2010 and its AD preliminary determination in June 2010.

**Alleged Dumping Margins:**

COUNTRY	MARGIN
CHINA	429.53% – 496.93%

**Estimated Subsidy Rate:**

COUNTRY	SUBSIDY RATE
CHINA	Above <i>de minimis</i> *

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

## CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATION
Petitions Filed	December 31, 2009	December 31, 2009
DOC Initiation Date	January 20, 2010	January 20, 2010
ITC Preliminary Determination*	February 16, 2010	February 16, 2010
DOC Preliminary Determinations**	March 26, 2010	June 9, 2010
DOC Final Determinations**	June 9, 2010	August 23, 2010
ITC Final Determination***	July 26, 2010	October 7, 2010
Issuance of Orders****	August 2, 2010	October 14, 2010

\* If the ITC makes a negative preliminary determination of injury, the investigations are terminated.

\*\*These deadlines may be extended under the governing statute.

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

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## IMPORT STATISTICS:

CHINA	2006	2007	2008
Volume (net tons)	31,493	45,100	64,900
Volume (pieces)*	10,996	41,172	13,624
Value (US\$1,000)	107,063	155,030	194,520

Source: American Iron and Steel Institute Imports 2. The merchandise subject to the investigation is currently classifiable under the HTSUS subheadings 7304.22.0030, 7304.22.0045, 7304.22.0060, 7304.23.3000, 7304.23.6030, 7304.23.6045, 7304.23.6060, and 8431.43.8040 (2007-2009). HTSUS subheadings 7304.21.3000, 7304.21.6030, 7304.21.6045, and 7304.21.6060 were in effect for subject merchandise for 2006 and are no longer used for subject merchandise. Other HTSUS subheadings listed in the above scope description are basket categories; therefore they have not been used for purposes of determining import statistics.

\*The volume for HTSUS subheading 8431.43.8040 is measured in pieces instead of kilograms so the data could not be combined.