



FACT SHEET

Commerce Preliminarily Finds Subsidization of Light-Walled Rectangular Pipe and Tube from the People's Republic of China

- On November 27, the Department of Commerce announced its affirmative preliminary determination in the countervailing duty investigation on imports of light-walled rectangular pipe and tube (rectangular pipe) from the People's Republic of China (China).
- Commerce preliminarily determined that Chinese producers/exporters received net countervailable subsidies ranging from 0.27 (*de minimis*) percent to 77.85 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 these preliminary rates.
- The petitioners for this investigation are Allied Tube & Conduit Corp. (IL); Atlas Tube (MI); Bull Moose Tube Company (MO); California Steel and Tube (CA); EXLTUBE (MO); Hannibal Industries (CA); Leavitt Tube Company LLC (IL); Maruichi American Corp. (CA); Searing Industries (CA); Southland Tube (AL); Vest, Inc. (CA); Welded Tube; and Western Tube and Conduit (CA).
- The merchandise covered by this investigation is certain welded carbon quality light-walled steel pipe and tube, of rectangular (including square) cross section, having a wall thickness of less than 4mm. Carbon quality steel includes both carbon steel and alloy steel which contains only small amounts of alloying elements. Rectangular pipe can be used for fencing, window guards, and railing for the construction industry. It is not used for the conveyance of liquid or gas.
- Rectangular pipe is currently classifiable under the Harmonized Tariff Schedule of the United States (HTSUS) under the subheadings 7306.61.50.00 and 7306.61.70.60. While HTSUS subheadings are provided for convenience and customs purposes, Commerce's written description of the scope of this investigation is dispositive.
- From 2004 to 2006, imports of rectangular pipe from China increased nearly 840 percent by volume, and were valued at an estimated \$44.1 million in 2006.

NEXT STEPS

- Commerce is currently scheduled to make its final determination on April 7, 2008.
- If Commerce makes a final determination that Chinese producers/exporters have received countervailable subsidies in this investigation, and the U.S. International Trade Commission (ITC) makes a final affirmative determination that imports from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a countervailing duty order.

Preliminary Countervailable Subsidy Rates:

| PRODUCER/EXPORTER | SUBSIDY RATE |
|--|-----------------------------|
| Zhangjiagang Zhongyuan Pipe-making Co., Ltd. | 2.99% |
| Qingdao Xiangxing Steel Pipe Co., Ltd. | 77.85% |
| Kunshan Lets Win Steel Machinery Co., Ltd. | 0.27 (<i>de minimis</i>)% |
| All Others | 2.99% |

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

Case Calendar:

| EVENT | DATE |
|-------------------------------|-------------------|
| Petitions Filed | June 27, 2007 |
| DOC Initiation Date | July 17, 2007 |
| ITC Preliminary Determination | August 13, 2007 |
| DOC Preliminary Determination | November 26, 2007 |
| DOC Final Determination* | April 7, 2008 |
| ITC Final Determination** | May 22, 2008 |
| Issuance of Order*** | May 29, 2008 |

* Aligned with the antidumping proceeding.

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

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Import Statistics:

| CHINA | 2004 | 2005 | 2006 |
|--------------|-----------|------------|------------|
| Volume (kg) | 8,037,121 | 37,014,106 | 75,532,234 |
| Value (\$US) | 5,161,114 | 25,054,036 | 44,105,142 |

Source: U.S. International Trade Commission, Dataweb (HTSUS 7306.60.50.00 and 7306.61.50.00)