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## Trade Briefs

### AD/CVD Case Filed Against Imports of Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China

On September 16, two U.S. producers filed a petition seeking the imposition of antidumping (AD) and countervailing (CVD) duties against certain seamless carbon and alloy steel standard, line, and pressure pipe from China.

The AD/CVD petition was filed by two U.S. producers, United States Steel Corporation and V&M Star L.P. The precise figures are business proprietary and not yet available, but the petition claims that Petitioners' share of U.S. production of seamless pipe exceeded 50 percent during every calendar year 2006 to 2008.

The specific merchandise identified as the target of the petition is identified as follows: seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes and redraw hollows produced, or equivalent, to the American Society for Testing and Materials A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and the American Petroleum Institute 5L specifications and meeting the physical parameters described below, regardless of application, with the exception of the exclusions discussed below. Specifically included within the scope are seamless pipes and redraw hollows, less than or equal to 16 inches in outside diameter, regardless of wall-thickness, manufacturing process (hot-finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (bare lacquered or coated).

The petition further elaborates on the specifications, characteristics, and uses of the subject merchandise. It also specifically excludes boiler tubing and mechanical tubing, if such products are not produced to [the above specifications] are not used in standard, line, or pressure pipe applications. It also excludes finished and unfinished oil country tubular goods, if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are included in the scope when used in standard, line, or pressure applications.

The petition identifies numerous subsidy programs that it claims were potentially utilized by Chinese producers and exporters of certain seamless carbon and alloy steel standard, line, and pressure pipe. The petition's subsidy allegations are broken down into seven distinct categories: (1) preferential loans and interest rates; (2) debt-to-equity swaps, equity infusions, and loan forgiveness; (3) income tax and other direct tax benefit programs; (4) indirect tax and tariff exemption programs; (5) government provision of goods and services for less than adequate remuneration; (6) grant programs; and (7) subsidies to seamless pipe producers located in economic development zones. Many of the allegations are similar to those previously made.

The petition alleges seven distinct preferential lending programs: (1) policy lending of the seamless pipe industry; (2) export loans; (3) treasury bond loans; (4) Honorable Enterprises Program; (5) preferential loans for SOEs; (6) preferential loans for key projects and technologies; and (7) loans and interest subsidies provided pursuant to the

Northeast Revitalization Program. The Department has previously investigated or is presently investigating each of the preferential lending programs alleged in the petition.

The petition alleges the repayment or forgiveness of loans by the GOC in return for equity interests at concessionary terms. It specifically cites activities by the four “asset management corporations” with regard to Hengyang Valin and TPCO. The equity infusion allegation is based on the Department’s prior investigation of equity infusions into Baosteel and its current investigation of TPCO (via the “Bohai Fund”). The petition goes into great depth on the amount of information not available to petitioners to support the allegation of equity infusions, particularly with regard to TPCO.

For its allegation into loan and interest forgiveness, the petition again cites to TPCO and the preliminary determination in OCTG from China, arguing that the Department preliminary found a benefit in that case. Lastly under this category, the petition alleges exemptions for SOEs from distributing dividends to the state, asserting a GOC policy that SOEs do not have to pay dividends to the government (i.e., their owner) even where they earn a profit.

The petition alleges six tax programs: (1) income tax credits for domestically owned companies purchasing domestically produced equipment; (2) preferential income tax policy for enterprises in the northeast region; (3) forgiveness of tax arrears for enterprises in the old industrial basis of northeast China; (4) reduction in or exemption from fixed assets investment orientation regulatory tax; and (5) preferential income tax subsidies for FIEs.

The petition alleges five indirect tax and tariff exemption programs: (1) stamp tax exemption on share transfers under non-tradable share reform; (2) tax and fee subsidies to encourage the merger or restructuring of SOEs; (3) export incentive payments characterized as “VAT rebates”; (4) import tariff and VAT exemptions for FIEs and certain domestic enterprises using imported equipment in encouraged industries; and (5) VAT and tariff exemptions for purchases of fixed assets under the Foreign Trade Development Fund.

The petition alleges six distinct input subsidies: (1) provision of steel rounds for LTAR; (2) export restrictions on steel rounds; (3) provision of land-use rights for LTAR; (4) provision of land to SOEs for LTAR; (5) provision of land at LTAR to companies located in development zones; (6) provision of electricity for LTAR; (7) local and provincial government provision of electricity and water at LTAR to enterprises located in certain geographic locations; (8) provision of coking coal for LTAR; and (9) export restrictions on coke. These are familiar allegations examined in prior investigations.

The petition alleged seven direct grant programs: (1) the State Key Technology Project Fund; (2) export assistance grants; (3) subsidies for development of Famous Export Brands and China World Top Brands; (4) sub-central government programs to promote Famous Export Brands and China World Top Brands; (5) export interest subsidies; (6) grants to loss-making SOEs; (7) programs to rebate antidumping legal fees; (8) and Foreign Trade Development Fund Grants.

The petition alleged subsidies conferred to companies located in Economic and Technological Development Zones, specifically the Tinajin Binhai New Area (TPCO in particular) and the Tianjin Economic and Technological Development Area (again, TPCO in

particular). Both are alleged to provide significant tax benefits, among others in the latter case. The petition also alleged the existence of subsidies conferred to companies in High-Tech Industrial Development Zones (WSP, in particular).

The petition highlights the following facts as evidence of material injury by reason of dumped and subsidized imports from China:

- the volume of imports from China has increased substantially, from 158,128 NT in 2006 to 366,091 NT in 2008, an increase of 132 percent;
- underselling by Chinese producers has been significant, resulting in a suppressing and depressing effect on U.S. prices;
- the surge in imports from China, and the resulting inventory overhang that came with decline in demand, have resulted in lost sales and revenues by the U.S. domestic industry.

The petition's injury section further alleges that there is significant evidence that subject imports threaten material injury to the domestic industry:

- Chinese producers have significant volume of unused capacity and imminent, substantial increases in production capacity, both of which indicate the likelihood of substantially increased imports;
- The Chinese imports have undersold the domestic like product throughout the period of investigation, increasing the likelihood that there will be continued demand for imports from China,
- Given the sharp rise in subject imports, it is highly likely that there is a large inventory of subject merchandise that will threaten the domestic industry with additional material injury;
- Because the EU recently imposed AD duties on China, the U.S. industry will be threatened with increased imports in the future.

## Dumping Watch

### Preliminary Results of CVD Case regarding Chinese OCTG

On September 15, the Department of Commerce (DOC) gave notice of preliminary results in its investigation of countervailable subsidies on oil country tubular goods (OCTG) from China.

The DOC preliminarily determines that countervailable subsidies are being provided to producers and exporters of Chinese OCTG. The DOC has calculated the following subsidy rates: 24.33% for Jiangsu Changbao Steel Tube Co.; 10.90% for Tianjin Pipe (Group) Co.; 24.92% for Wuxi Seamless Pipe Co.; 30.69% for Zhejiang Jianli Enterprise Co.; and 21.33% for all others.

### Federal Register Notices

#### *International Trade Administration*

**[A-427-801] Ball Bearings and Parts Thereof From France:** Initiation of Antidumping Duty Changed-Circumstances Review *74 FR 47920*, September 18, 2009.

**[A-580-839] Certain Polyester Staple Fiber from the Republic of Korea:** Extension of Time Limit for the Final Results of the 2007-2008 Antidumping Duty Administrative Review *74 FR 47919*, September 18, 2009.

**[A-570-890] Wooden Bedroom Furniture from the People's Republic of China:** Extension of the Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review *74 FR 47919*, September 18, 2009.

**[C-357-819] Ni-Resist Piston Inserts from Argentina:** Final Affirmative Countervailing Duty Determination *74 FR 47922-47923*, September 18, 2009.

**[C-489-502] Welded Carbon Steel Standard Pipe and Tube from Turkey:** Notice of Rescission of Countervailing Duty Administrative Review, In Part *74 FR 47921-47922*, September 18, 2009.

**[A-549-822] Certain Frozen Warmwater Shrimp From Thailand:** Final Results and Partial Rescission of Antidumping Duty Administrative Review *74 FR 47551-47555*, September 16, 2009.

**[A-475-059] Pressure Sensitive Plastic Tape From Italy:** Notice of Initiation of Antidumping Duty Changed Circumstances Review *74 FR 47555-47557*, September 16, 2009.

**[A-570-904] Certain Activated Carbon From the People's Republic of China:** Notice of Partial Rescission of Antidumping Duty Administrative Review *74 FR 47558-47559*, September 16, 2009.

**[A-552-802] Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam:** Extension of Preliminary Results of Antidumping Duty New Shipper Review *74 FR 47190-47191*, September 15, 2009.

**[A-552-802] Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam:** Final Results and Final Partial Rescission of Antidumping Duty Administrative Review *74 FR 47191-47197*, September 15, 2009.

**[A-331-802] Certain Frozen Warmwater Shrimp from Ecuador:** Final Results of Antidumping Duty Administrative Review *74 FR 47201-47204*, September 15, 2009.

**[A-533-810] Stainless Steel Bar From India:** Final Results of Antidumping Duty Administrative Review *74 FR 47198-47201*, September 15, 2009.

**[C-475-819] Certain Pasta from Italy:** Final Results of the 12th (2007) Countervailing Duty Administrative Review *74 FR 47204-47206*, September 15, 2009.

**The Manufacturing Council: Meeting of The Manufacturing Council** *74 FR 47208*, September 15, 2009.

**[C-570-944] Certain Oil Country Tubular Goods From the People's Republic of China:** Preliminary Affirmative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination *74 FR 47210-47225*, September 15, 2009.

**[C-489-806] Certain Pasta From Turkey:** Preliminary Results of Countervailing Duty Changed Circumstances Review *74 FR 47225-47229*, September 15, 2009.

**[A-570-941] Certain Kitchen Appliance Shelving and Racks from the People's Republic of China:** Amended Final Determination of Sales at Less Than Fair Value and Notice of Antidumping Duty Order *74 FR 46971-46973*, September 14, 2009.

**Application(s) for Duty-Free Entry of Scientific Instruments** *74 FR 46973*, September 14, 2009.

**[C-570-942] Certain Kitchen Appliance Shelving and Racks From the People's Republic of China:** Countervailing Duty Order *74 FR 46973-46975*, September 14, 2009.

**[C-570-953] Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China:** Postponement of Preliminary Determination in the Countervailing Duty Investigation *74 FR 46978*, September 14, 2009.

**Quarterly Update to Annual Listing of Foreign Government Subsidies on Articles of Cheese Subject to an In-Quota Rate of Duty** *74 FR 46978-46979*, September 14, 2009.

*International Trade Commission*

**[Investigation No. 337-TA-621] In the Matter of Certain Probe Card Assemblies, Components Thereof and Certain Tested DRAM and NAND Flash Memory Devices and Products Containing Same;** Notice of Commission Determination To Review a Final Initial Determination in Part and Set a Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest, and Bonding *74 FR 47822-47823*, September 17, 2009.

**[Investigation No. 337-TA-634] In the Matter of Certain Liquid Crystal Display Modules, Products Containing Same, and Methods Using the Same;** Notice of Commission Decision Not To Review a Final Initial Determination Finding a Violation of Section 337; Request for Written Submissions Regarding Remedy, Bonding, and the Public Interest *74 FR 47616-47617*, September 16, 2009.

**[Inv. No. 337-TA-687] In the Matter of Certain Video Displays, Components Thereof, and Products Containing Same;** Notice of Investigation *74 FR 47616*, September 16, 2009.

**[Investigation No. 337-TA-556 (Remand)] In the Matter of Certain High-Brightness Light-Emitting Diodes and Products Containing Same;** Notice of a Commission

Determination Not To Review an Initial Determination Terminating the Investigation 74 FR 47273, September 15, 2009.

*Office of the U.S. Trade Representative*

**Generalized System of Preferences (GSP): Initiation of a Review To Consider the Designation of the Republic of Maldives as a Beneficiary Developing Country Under the GSP** 74 FR 47983-47985, September 18, 2009.

**The Week Ahead**

- The ITC has no votes or hearings scheduled for this week.