



FACT SHEET

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

- On January 4, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations on imports of drill pipe from the People's Republic of China (China).
- Dumping occurs when a foreign company sells a product in the United States at less than fair value. Subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.
- Commerce determined that Chinese producers/exporters have sold drill pipe in the United States at margins ranging between 0.00 to 69.32 percent. Commerce also determined that Chinese producers/exporters have received countervailable subsidies of 18.18 percent ad valorem.
- In the AD investigation, mandatory respondent DP Master Manufacturing Co., Ltd. and Jiangyin Liangda Drill Pipe Co., Ltd. received a dumping rate of 69.32 percent. Baoshan Iron & Steel Co., Ltd. and Shanxi Yida Special Steel Imp. & Exp. Co., Ltd. each received a dumping rate of 0.00 percent.
- Three Chinese producers/exporters qualified for a separate rate of 69.32 percent. All other Chinese producers/exporters of drill pipe received a China-wide dumping rate of 429.95 percent.
- In the CVD investigation, mandatory respondent DP Master Manufacturing Co., Ltd., Jiangyin Sanliang Petroleum Machinery Co., Ltd., Jiangyin Liangda Drill Pipe Co., Ltd., Jiangyin Sanliang Steel Pipe Trading Co., Ltd., and Jiangyin Chuangxin Oil Pipe Fittings Co., Ltd. (collectively, DP Master Group),¹ received a net subsidy rate of 18.18 percent. All other Chinese exporters will receive the net subsidy rate of 18.18 percent.
- Additionally, critical circumstances were found with regard to DP Master Manufacturing Co., Ltd. in the CVD investigation, and with respect to the China-wide entity for the AD investigation.
- Accordingly, Commerce directed U.S. Customs and Border Protection (CBP) to suspend liquidation of merchandise entered by all companies starting 90 days prior to the publication of the Preliminary Determination in the CVD investigation of June 11, 2010.
- Should the U.S. International Trade Commission (ITC) issue a final affirmative injury determination, Commerce will also instruct CBP to collect a cash deposit of estimated countervailing duties based on the final net countervailable subsidy rate. Commerce also

¹ Both the AD and CVD investigations refer to their collective mandatory respondent as "DP Master Group" but for investigation purposes, the entities that each group is composed of differ slightly.

directed CBP to suspend liquidation of merchandise entered by the PRC wide entity for the AD investigation 90 days prior to the publication of the Preliminary Determination in the AD investigation of August 18, 2010.

- As a result of the final AD determination, Commerce will instruct CBP to continue to collect cash deposits or bonds equal to the weighted-average dumping margins, adjusted for export subsidies found in the final determination of the companion CVD investigation. DP Master Manufacturing Co., Ltd. received an export subsidy rate of 0.14 percent. Since DP Master Manufacturing Co., Ltd.'s export subsidy CVD rate applies to the three Chinese producers/exporters which qualified for a separate rate, Commerce will instruct CBP to collect an antidumping duty cash deposit or bonding rate of 69.18 percent for DP Master Manufacturing Co., Ltd. and Jiangyin Liangda Drill Pipe Co., Ltd., and 69.18 percent for the separate rate companies.
- 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 subject merchandise is 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.
- Drill pipe includes heavy weight drill pipe and drill collars of iron or steel, and is used in oil drilling applications. Since the preliminary determination, the Department has clarified the language of the scope of these investigations regarding drill pipe green tubes and drill collar green tubes in order to provide a physical and chemical description of drill pipe green tubes.
- 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 these investigations 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

- The ITC is currently scheduled to issue its final injury determinations on or before February 17, 2011.
- If the ITC makes affirmative final determinations that imports of drill pipe from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders.

FINAL DUMPING MARGINS:

PRODUCER/EXPORTER	MARGIN	CASH DEPOSIT
DP Master Manufacturing Co., Ltd., Jiangyin Liangda Drill Pipe Co., Ltd.	69.32%	69.18%*
Baoshan Iron & Steel Co., Ltd.	0.00%	0.00%*
Shanxi Yida Special Steel Imp. & Exp. Co., Ltd.	0.00%	0.00%*
SEPARATE RATE COMPANIES	MARGIN	CASH DEPOSIT
Shanxi Fenglei Drilling Tools Co., Ltd.	69.32%	69.18%*
Jiangsu Shuguang Huayang Drilling Tool, Co., Ltd.	69.32%	69.18%*
Jiangyin Long-Bright Drill Pipe Manufacturing Co., Ltd.	69.32%	69.18%*
China-Wide	429.95 %	429.95 %

*Margin rate minus the export subsidy rate of 0.14 percent.

FINAL SUBSIDY RATES:

PRODUCER/EXPORTER	SUBSIDY RATE
DP Master Manufacturing Co., Ltd., Jiangyin Sanliang Petroleum Machinery Co., Ltd., Jiangyin Liangda Drill Pipe Co., Ltd., Jiangyin Sanliang Steel Pipe Trading Co., Ltd., and Jiangyin Chuangxin Oil Pipe Fittings Co., Ltd. (collectively, DP Master Group)	18.18% <i>ad valorem</i>
All Others	18.18% <i>ad valorem</i>

CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATION
Petition 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 Determination	June 7, 2010	August 5, 2010
DOC Final Determination	January 3, 2011	January 3, 2011
ITC Final Determination	February 17, 2011	February 17, 2011
Issuance of Order*	February 24, 2011	February 24, 2011

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

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.