



## FACT SHEET

### Commerce Preliminarily Finds Countervailable Subsidization of Imports of Large Diameter Welded Pipe from China, India, Korea, and Turkey

- On June 20, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determinations of the countervailing duty (CVD) investigations of imports of large diameter welded pipe from China, India, Korea, and Turkey.
- The CVD law provides U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods by foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- In the China investigation, Commerce has calculated a preliminary subsidy rate of 198.49 percent for the mandatory respondents, Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, Panyu Chu Kong Steel Pipe Co. Ltd. and all other Chinese producers and exporters, based on the application of adverse facts available.
- In the India investigation, Commerce has calculated a preliminary subsidy rate of 541.15 percent for mandatory respondents, Bhushan Steel and Welspun Trading Limited, based on the application of adverse facts available. Commerce preliminarily calculated a rate of 541.15 percent for all other Indian producers and exporters.
- In the Korea investigation, Commerce has calculated a preliminary subsidy rate of 0.01 percent (*de minimis*) for mandatory respondent Husteel Co., Ltd., 0.44 percent (*de minimis*) for mandatory respondent Hyundai Steel Company and 3.31 percent for mandatory respondent SeAH Steel Corporation based on partial adverse facts available. Commerce preliminarily calculated a rate of 3.31 percent for all other Korean producers and exporters.
- In the Turkey investigation, Commerce has calculated a preliminary subsidy rate of 3.76 percent for mandatory respondent HDM Celik Boru Sanayi ve Ticaret A.S. and 1.08 percent for mandatory respondent Borusan Mannesmann Boru Sanayi ve Ticaret A.S. Commerce preliminarily calculated a rate of 1.89 percent for all other Turkish producers and exporters.
- As a result of the affirmative preliminary determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on any preliminary rates that are above *de minimis*.

- The petitioners are American Cast Iron Pipe Company (Birmingham, AL), Berg Steel Pipe Corp. (Panama City, FL), Berg Spiral Pipe Corp. (Mobile, AL), Dura-Bond Industries (Steelton, PA), Greens Bayou Pipe Mill, LP (Houston, TX), JSW Steel (USA) Inc. (Baytown, TX), Skyline Steel (Parsippany, NJ), Stupp Corporation (Baton Rouge, LA), and Trinity Products LLC (Fallon, MO).
- The merchandise covered by the **China, India, and Korea** investigations is welded carbon and alloy steel pipe (including stainless steel pipe), more than 406.4 mm (16 inches) in nominal outside diameter (large diameter welded pipe), regardless of wall thickness, length, surface finish, grade, end finish, or stenciling. Large diameter welded pipe may be used to transport oil, gas, slurry, steam, or other fluids, liquids, or gases. It may also be used for structural purposes, including, but not limited to, piling. Specifically, not included in large diameter welded pipe produced only to specifications of the American Water Works Association (AWWA) for water and sewage pipe.

Large diameter welded pipe used to transport oil, gas, or natural gas liquids is normally produced to the American Petroleum Institute (API) specification 5L. Large diameter welded pipe may also be produced to American Society for Testing and Materials (ASTM) standards A500, A252, or A53, or other relevant domestic specifications, grades and/or standards. Large diameter welded pipe can be produced to comparable foreign specifications, grades and/or standards or to proprietary specifications, grades and/or standards, or can be non-graded material. All pipe meeting the physical description set forth above is covered by the scope of these investigations, whether or not produced according to a particular standard.

Subject merchandise also includes large diameter welded pipe that has been further processed in a third country, including but not limited to coating, painting, notching, beveling, cutting, punching, welding, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope large diameter welded pipe.

The large diameter welded pipe that is subject to these investigations is currently classifiable in Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6010, 7305.31.6090, 7305.39.1000 and 7305.39.5000. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.

The merchandise covered by the **Turkey** investigation is welded carbon and alloy steel pipe (including stainless steel pipe), more than 406.4 mm (16 inches) in nominal outside diameter (large diameter welded pipe), regardless of wall thickness, length, surface finish, grade, end finish, or stenciling. Large diameter welded pipe may be used to transport oil, gas, slurry, steam, or other fluids, liquids, or gases. It may also be used for structural purposes, including, but not limited to, piling. Specifically, not included is large diameter welded pipe produced only to specifications of the American Water Works Association (AWWA) for water and sewage pipe.

Large diameter welded pipe used to transport oil, gas, or natural gas liquids is normally produced to the American Petroleum Institute (API) specification 5L. Large diameter welded pipe may also be produced to American Society for Testing and Materials (ASTM) standards A500, A252, or A53, or other relevant domestic specifications, grades and/or standards. Large diameter welded pipe can be

produced to comparable foreign specifications, grades and/or standards or to proprietary specifications, grades and/or standards, or can be non-graded material. All pipe meeting the physical description set forth above is covered by the scope of this investigation, whether or not produced according to a particular standard.

Subject merchandise also includes large diameter welded pipe that has been further processed in a third country, including but not limited to coating, painting, notching, beveling, cutting, punching, welding, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope large diameter welded pipe.

Excluded from the scope are any products covered by the existing countervailing duty order on welded line pipe from the Republic of Turkey. *See Welded Line Pipe from the Republic of Turkey: Countervailing Duty Order*, 80 FR 75054 (December 1, 2015).

The large diameter welded pipe that is subject to this investigation is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6010, 7305.31.6090, 7305.39.1000 and 7305.39.5000. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

- In 2017, imports of large diameter welded pipe from China, India, Korea, and Turkey were valued at an estimated \$29.2 million, \$294.7 million, \$150.9 million, and \$57.3 million, respectively.

## **NEXT STEPS**

- Commerce is scheduled to announce its final determinations on or about November 6, 2018.
- If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of large diameter welded pipe from China, India, Korea, and/or Turkey materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If either Commerce's or the ITC's final determinations are negative, no CVD orders will be issued. The ITC is scheduled to make its final injury determinations approximately 45 days after Commerce issues its final determinations, if affirmative.

**PRELIMINARY SUBSIDY RATES:**

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Hefei Zijin Steel Tube Manufacturing Co.	198.49%
	Hefei Ziking Steel Pipe	198.49%
	Panyu Chu Kong Steel Pipe Co. Ltd.	198.49%
	All Others	198.49%

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
India	Bhushan Steel	541.15%
	Welspun Trading Limited	541.15%
	All Others	541.15%

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Korea	Husteel Co., Ltd.	0.01% ( <i>de minimis</i> )
	Hyundai Steel Company	0.44% ( <i>de minimis</i> )
	SeAH Steel Corporation	3.31%
	All Others	3.31%

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATE
Turkey	Borusan Mannesmann Boru Sanayi ve Ticaret A.S.	1.08%
	HDM Celik Boru Sanayi ve Ticaret A.S.	3.76%
	All Others	1.89%

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

## CASE CALENDAR:

EVENT	CVD INVESTIGATIONS
Petitions Filed	January 17, 2018
DOC Initiation Date <sup>^</sup>	February 9, 2018
ITC Preliminary Determinations	March 6, 2018
DOC Preliminary Determinations	June 19, 2018
DOC Final Determinations*	November 5, 2018
ITC Final Determinations**	December 20, 2018
Issuance of Orders***	December 27, 2018

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended (the Act). These deadlines may be extended under certain circumstances.

\*This deadline may be extended under the governing statute.

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

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

<sup>^</sup> As explained in the Memorandum for the Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018, Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20 through January 22, 2018. Therefore, the initiation date for these investigations has been tolled by three days and all other deadlines have been adjusted accordingly.

CHINA	2015	2016	2017
Volume (metric tons)	47,447	19,011	32,059
Value (USD)	37,877,396	12,952,478	29,182,870
INDIA	2015	2016	2017
Volume (metric tons)	46,349	29,682	355,740
Value (USD)	44,863,573	25,994,228	294,738,474
KOREA	2015	2016	2017
Volume (metric tons)	227,916	174,452	184,866
Value (USD)	187,218,815	150,306,695	150,872,938
TURKEY	2015	2016	2017
Volume (metric tons)	115,629	108,546	56,690
Value (USD)	136,213,672	116,081,404	57,274,624

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6010, 7305.31.6090, 7305.39.1000, and 7305.39.5000. Note: Currently there are AD and CVD orders on welded line pipe from Turkey and an AD order on welded line pipe from Korea. These three orders cover welded line pipe not more than 24 inches in nominal outside diameter. The above import statistics include HTSUS subheadings that may also be covered under the AD and CVD orders; therefore, the above import statistics for imports of large diameter welded pipe from Korea and Turkey may be overstated.