# U.S. Says China Violated Trade Law

## Tariffs Imposed as Subsidies to Pipe Makers Called Illegal

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In one of the largest U.S.-China trade cases ever, the U.S. Commerce Department has issued a preliminary finding that Chinese steel pipe producers have received government subsidies in violation of trade law, helping them overrun the competition.

The volume of steel pipes imported from China more than tripled between 2006 and 2008, rising from $632 million to $2.6 billion, according to the Commerce Department.

The subsidies from the Chinese government allowed the firms to overwhelm their U.S. rivals, according to six U.S. companies that filed the complaint along with the United Steelworkers union. The companies alleged that their Chinese rivals received discounts on raw materials and loans from government-owned firms.

To even the playing field, the Commerce Department has ordered that tariffs ranging from an estimated 11 percent to 31 percent be imposed on the steel pipes from China.

The steel pipes at issue in the case are those used primarily by the oil and gas industry. They are known as "oil country tubular goods." By dollar volume of imports in the industry, the case represents the largest U.S.-China trade case ever, attorneys said.

The ruling "means that from this day on that U.S. producers won't have to compete against the government of China," said Roger Schagrin, an attorney who represented the United Steelworkers and four U.S. makers of steel pipe in the case. "They can have a chance to recover."

The tariffs go into effect immediately, but since the finding is preliminary, U.S. Customs and Border Protection officials will collect cash deposits or bonds. If the preliminary finding is not upheld, the money will be returned.

The onset of the global recession appears to have set off an increase in trade disputes around the world.

Globally, new requests for protection from imports in the first half of 2009 are up 18.5 percent over the first half of 2008, according to the World Bank-sponsored Global Antidumping Database organized by Chad P. Bown, a Brandeis University economics professor. That increase follows a 44 percent increase in new investigations in 2008.

While U.S. companies sometimes applaud new trade measures that enable them to compete, some of the companies that import products say they could be hurt by rising tariffs.

"We're worried about increasing costs for people using these products," said Lewis Lebowitz, counsel to the Consuming Industries Trade Action Coalition, a group that advocates for industries that rely on imports. "It's by far the largest trade case that has been filed against China so far. There's just a lot of cases now that are filed against China."