U.S. Trade Panel Backs Duties on Chinese Pipe Imports

By Mark Drajem
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The U.S. International Trade Commission ruled that domestic steel pipe makers are being harmed by competition from China, a decision that will lead to tariffs of more than 100 percent on imports of that product.

The decision, in a 5 to 0 vote, marks the first time the U.S. will impose duties to compensate for tax breaks and other government subsidies to Chinese competitors.

The finding by the independent trade body means that tariffs on the imports of the pipe used in plumbing and fencing set in a decision last month by the Commerce Department will take effect.

``This marks a fundamental shift in U.S.-China trade relations,'' said Gilbert Kaplan, a lawyer for U.S. pipe makers. ``It's the first time we've confronted their subsidies by putting duties on imports.''

The duties would effectively block all imports from China of these pipes, Kaplan said. China is likely to challenge the duties at the World Trade Organization, he said.

U.S. makers of other steel products may now be able to bring complaints against China using this precedent, said Roger Schagrin, another lawyer representing the U.S. industry.

Illinois Senator Barack Obama, the presumptive Democratic nominee for president, in a statement today reacting to the decision, said, ``The United States must always use the full range of multilateral and bilateral tools to insist that China and all other nations abide by the rules that govern the economic policies of nations.''

Two Types of Tariffs

Two types of tariffs will apply to the Chinese pipe: countervailing duties, used to counter subsidies, will average 37.2 percent; and anti-dumping duties, to compensate for goods sold overseas at prices below those at home, will be 69.2 percent on 31 of the largest producers. Other companies face higher duties.

The ITC decision is a win for companies such as Ipsco Inc., owned by the Swedish steelmaker SSAB AB, and Sharon, Pennsylvania-based Sharon Tube Co.

China has passed Canada to become the largest U.S. trading partner. The U.S. trade deficit with China reached $256 billion last year, the largest gap between two nations in history.

Trade in the pipe products has surged, too.

From 2004 to 2006, imports of Chinese-made circular welded carbon pipe increased to $332 million from $138 million.

Final Hurdle

The decision today by the independent trade panel was the last of four hurdles domestic producers had to clear to get duties imposed.

In the first case that targeted Chinese subsidies – over coated paper -- the panel ruled that American companies weren't being harmed by imports, a decision that meant the tariffs didn't go into effect.

The Shuangjie Group and Jiangsu Yulong Steel Pipe Co. withdrew their participation in the Commerce Department's investigation of the case and received an 85.55 percent anti-dumping tariff, the department said last month.

In the subsidy investigation, the Commerce Department calculated final duties for Weifang East Steel Pipe Co. at 29.57 percent and the Kingland Group at 44.86 percent. Shuangjie declined to participate and got a 615.9 percent tariff.

--*Editors: Bill Schmick, Brigitte Greenberg.*