

# US mulls import penalties on Chinese steel pipes

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WASHINGTON — The United States launched a probe Wednesday to look into slapping penalties on imported Chinese steel pipes in a move that could widen a trade spat between the two key powers.

Washington has decided to "initiate antidumping and countervailing duty investigations on imports" of Chinese "seamless" pipes used to convey water, steam, chemicals, oil products and natural gas, the Commerce Department said in a statement.

The pipes were allegedly backed by unfair subsidies.

Dumping occurs when a foreign company sells a product in the United States at less than normal value. Subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.

The move came less than a month after US President Barack Obama imposed punitive duties on Chinese-made tires, igniting the first trade spat of his presidency.

An angry Beijing lodged a complaint at the World Trade Organization and retaliated by launching a probe into possible unfair trade practices involving imports of US car products and chicken meat.

Beijing charged that Washington's move violated WTO rules but Obama has denied that it amounted to protectionism.

The Commerce Department said a "preliminary injury determination" on the steel pipe probe was expected to be made by the quasi-judicial US International Trade Commission on November 2.

"If the ITC determines that there is a reasonable indication that imports are materially injuring, or threatening material injury to, the domestic industry, the investigations will continue, and Commerce will be scheduled to make its preliminary CVD (countervailing duty) determination in December 2009 and its preliminary AD (antidumping) determinations in February 2010," it said.

Also last month, the United States made a preliminary decision to impose tariffs as much as 31 percent on another kind of steel pipe imported from China and used mostly in oil and gas wells.

The move, following claims they were backed by unfair subsidies, drew a quick and angry response from Beijing, which called it "protectionist."