

US slaps new duties on Chinese steel

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The US will impose tough new duties on Chinese steel piping imports, raising tensions with its biggest trading partner and emerging geopolitical rival.

With Chinese piping imports worth \$2.8bn in 2008, the case is the biggest against China brought before the International Trade Commission, a US trade body, but follows other US actions to counter a flood of goods that Washington claims China is exporting at below market prices.

The Chinese Ministry of Commerce said it was "strongly dissatisfied with and resolutely opposed" to the piping duties. "US domestic industry has been seeking opportunities to win trade relief and protection, and shifted the blame for its hardships onto imports," the ministry said. "Finding that Chinese oil well pipes have damaged US industry is a mistaken step that ignores the facts."

The ITC's ruling will hit Chinese companies with additional taxes ranging from 10 per cent to 16 per cent, and backs an earlier claim from the commerce department that argued that the US steel industry was being harmed by Chinese dumping. The US government has been under intense pressure to protect domestic industries to stem the flow of job losses.

"While the Chinese have been eating our lunch, this ruling doesn't allow them to have our dinner also," said Tom Danjczek, president of the US Steel Manufacturers Association.

Through its decision, the ITC is siding with US steel piping producers who argue subsidised Chinese imports have been harmful or could threaten the industry. The ruling will be passed on to the commerce department, which will impose the additional tax. "Nothing can create jobs faster in the United States than making China trade fairly," said Roger Schagrin, a lawyer representing the US steel industry.

According to the Steel Manufacturers Association, China's trade practices had cut US steel pipe and tube production 40 per cent in the past year and cost thousands of jobs. In spite of those claims, four of the six ITC commissioners based their ruling on the threat of future harm to the industry rather than on existing damages.

Steel piping is widely used by the oil industry for drilling and was in great demand last year when oil prices surged. The commerce department estimated that between 2006 and 2008 Chinese pipe imports surged 203 per cent. Daniel Porter, a lawyer representing 11 of China's largest steel pipe exporters, said the decision was not fair because US steel pipe producers notched record profits in 2008 when they could not keep up with demand, which fell in 2009 along with oil prices.

"We're obviously disappointed," Mr Porter said, noting that his clients would consider appealing the case to the World Trade Organisation. "Demand collapsed, but that's not the fault of the Chinese. In our view, the Chinese were just responding to the market."

Friction between the US and China has been building this year after disputes over tariffs on tyres, cars and chickens. China denounced a move by the US earlier this year to tax imports of Chinese car and light truck tyres as a "serious act of trade protectionism".

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