

CAPITAL WIRELINES

Drillers face new anti-dumping threat by US OCTG manufacturers

Brian T Petty, Senior Vice President-Government Affairs

OCTG Anti-Dumping Case Filed (Washington) – After having just won a crucial victory in the fight to exclude drill pipe components from the scope of penalties recently imposed by **President Bush** against foreign steel and steel products, the drilling industry faces a new threat posed by the filing of an “anti-dumping” case by domestic manufacturers of OCTG. In response, IADC Senior Vice President-Government Affairs **Brian T Petty** sent the following letter to the International Trade Commission:

“I understand that there will be a preliminary hearing at the International Trade Commission that takes place on April 19, 2002, and that the purpose of the hearing will be to address recently filed anti-dumping and countervailing duty cases against a wide variety of countries. I also understand that these cases will include unfinished drill pipe imported by U.S. drill pipe manufacturers.

“I will not be able to attend this important hearing. However, I wanted to express the International Association of Drilling Contractors’ (IADC) opposition to these cases as they apply to drill pipe. The ability of U.S. drill pipe manufacturers to have access to the drill pipe tubes necessary to meet the contract drilling industry’s increasing specifications is of vital importance to IADC. At least two of the three principal U.S. drill pipe manufacturers obtain their green drill pipe tubes from foreign sources and I do not believe there is any evidence that either one of these companies are utilizing imports to undersell or underprice their competition. They utilize these foreign sources in order to ensure the quality of finished drill pipe.

“I also understand that the petition as filed would combine drill pipe with tubing and casing as a single like product. IADC believes this would be a significant mistake and contrary to every other decision the ITC has made in this regard. Indeed, as recently as the OCTG sunset reviews completed in 2001, the ITC differentiated imports of unfinished drill pipe from Mexico and Argentina from tubing and casing from those same countries. Drill pipe is separate and distinct from tubing and casing, and the performance characteristics, quality and specifications for drill pipe tubes are very different from tubing and casing.

“Drill pipe is used over and over again while tubing and casing is not. Drill pipe is subject to extreme forces while drilling a well, as it is continually rotated and inserted and reinserted in the well. The growing prevalence of top drive rigs also places extreme forces on drill pipe. It is for these reasons that drilling contractors have continually increased the standards and specifications of the drill pipe they require. Today, the vast majority of drill pipe purchased by IADC members must meet standards above minimum American Petroleum Institute (API) specifications. These increased standards are absolutely necessary so that the drill pipe tubes comprising part of the finished drill pipe do not fail due to metal fatigue or other reasons, which are of utmost concern as the wells being drilled become more complicated and potentially hazardous.

“In summary, IADC strongly urges the Commission to analyze drill pipe tubes as a separate like product and remove it from the current investigation.”

IADC and dominant domestic drill pipe fabricator **Grant Prideco** are hopeful that this request for exclusion from this latest protectionist effort by the domestic OCTG industry will be granted. ■