BEFORE THE
UNITED STATES TRADE REPRESENTATIVE

IN THE MATTER OF:	)	Investigation No. TA-201-73
Certain Steel	)	

REPLY COMMENTS OF

CONFAB, S.A. ("CONFAB")

REGARDING

POTENTIAL ACTION UNDER SECTION 203 OF THE TRADE ACT OF 1974 WITH REGARD TO IMPORTS OF CERTAIN STEEL

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January 15, 2002

Reply Comments of
CONFAB, S.A. ("CONFAB")
regarding

POTENTIAL ACTION UNDER SECTION 203 OF THE TRADE ACT OF 1974 WITH REGARD TO IMPORTS OF CERTAIN STEEL

These comments are submitted on behalf of CONFAB. S.A. ("CONFAB"), a Brazilian exporter of welded large diameter large pipe ("welded LDLP"), in response to questions raised by members of the Trade Policy Staff Committee ("TPSC") in a meeting on January 11, 2002.[1]

In its written comments of January 4, CONFAB argued that the President should exclude from his remedy determination certain welded LDLP products.[2] In the January 11 meeting, members of the TPSC queried CONFAB concerning the position of U.S. welded LDLP producers on CONFAB's request. CONFAB wishes to draw the TPSC's attention to comments submitted by members o the U.S. welded non-OCTG industry (which includes producers of welded LDLP) on December 7, 2001. In those comments, two producers of welded LDLP (Stupp Corporation and American Steel Pipe) indicated that they did not object to the exclusion from any remedy of those products excluded by the U.S. Department of Commerce ("Commerce") from the scope of its antidumping investigations on welded LDLP from Japan and Mexico.[3] Moreover, there continues to be no indication on the record than any other welded

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1 Welded LDLP is a product contained within the product category, "welded tubular products other than OCTG," or "welded non-OCTG." This product category was designated "Product Category 20" by the International Trade Commission ("ITC") in its recently concluded Section 201 investigation.

2 These products may be described as follows: High-specification large-diameter welded line pipe, API grades X65 and X70, 18" and greater in outside diameter, with wall thickness 0.562" and greater.

3 Letter from Schagrin Associates to Gloria Blue, USTR, Dec. 7, 2001, pg. 2.

LDLP producer (such as Berg Steel Pipe, Napa Pipes, and SAW Pipes USA) objects to exclusion of the products that Commerce excluded from the scope of its investigation.

As CONFAB indicated in its comments of January 4, there are other welded LDLP products covered by its exclusion request that Commerce did not exclude from the scope of its investigation. In their December 7 submission, U.S. producers do not address these products directly, but simply note that they oppose any exclusion of products that Commerce did not exclude from its investigations.[4] These producers, however, fail to address the arguments of CONFAB and major U.S. purchasers of welded LDLP that the U.S. industry is currently incapable of supplying the U.S, market for these products. Nor do they present any evidence whatsoever that they will be able to meet the increasing demand in the near future for welded LDLP.

Given the unrefuted evidence on the record that U.S. welded LDLP producers cannot supply the market for welded LDLP, there is no basis for imposing a trade-restrictive remedy on these products. Rather, if the President believes a remedy is necessary for welded LDLP, he should employ a forward-looking remedy that takes into account the anticipated needs of U.S. purchasers of this product, and that recognizes that oil and gas pipeline projects need to remain a robust source of demand for welded LDLP.[5] Only by applying such a remedy can the President's actions under Section 203 be reconciled with the effective implementation of his National Energy Policy.

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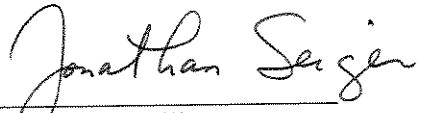
[4] Id., p. 4.

[5] Such a remedy would be particularly appropriate in this case given the fact that three of six ITC commissioners did not find that the welded non-OCTG industry was seriously injured.

Respectfully submitted,



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