



FACT SHEET

Commerce Finds Dumping and Countervailable Subsidization of Imports of Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China

- On November 13, 2014, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of carbon and certain alloy steel wire rod from the People's Republic of China (China).
- The AD and CVD laws provide U.S. businesses and workers with a transparent and internationally-accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce determined that imports of carbon and certain alloy steel wire rod from China have been sold in the United States at dumping margins ranging from 106.19 percent to 110.25 percent.
- Commerce also determined that producers/exporters of carbon and certain alloy steel wire rod from China have received countervailable subsidies ranging from 178.46 percent to 193.31 percent.
- In the AD investigation, mandatory respondents Benxi Iron and Steel Group Imp. and Exp. Corp. Ltd. and Tangshan Iron and Steel Group Co. Ltd. failed to respond to Commerce's requests for information and were deemed to be part of the China-wide entity. Accordingly, they received a final dumping margin of 110.25 percent. Separate rate applicants Hunan Valin Xiangtan Iron & Steel Co., Ltd. (Hunan Valin), Jiangsu Shagang International Trade Co., Ltd. (Shagang), and Rizhao Steel Wire Co., Ltd. (Rizhao) each received a final dumping margin of 106.19 percent. All other producers/exporters in China received the China-wide margin of 110.25 percent.
- In the CVD investigation, mandatory respondent Benxi Beiyong Iron & Steel Group Import & Export Corp., Benxi Beiyong Iron & Steel (Group) Co., Ltd., and 13 affiliates¹ (collectively Benxi Steel) received a final subsidy rate of 193.31 percent. Mandatory respondent Hebei Iron & Steel Co. Ltd. Tangshan Branch (Hebei Iron & Steel) received a final subsidy rate of 178.46 percent. All other producers/exporters in China were assigned a final subsidy rate of 185.89 percent.

¹These affiliates are: Benxi Steel Group Corporation; Beitai Iron & Steel (Group) Co., Ltd.; Benxi Northern Steel Rolling Co., Ltd.; Benxi Beifang Gaosu Steel Wire Rod Co., Ltd.; Benxi Beitai Gaosu Steel Wire Rod Co., Ltd.; Benxi Northern Steel Co., Ltd.; Benxi Beifang Second Rolling Co., Ltd.; Benxi Beitai Ductile Iron Pipes Co., Ltd.; Benxi Iron and Steel (Group) Metallurgy Co., Ltd.; Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.; Benxi Iron & Steel (Group) Co., Ltd.; Bei Tai Iron and Steel Group Imp. and Exp. (Dalian) Co., Ltd.; and Bengang Steel Plate Co., Ltd.

- The final AD rates for all exporters other than Hunan Valin, Shagang, and Rizhao were based on adverse facts available because exporters that were considered to be part of the China-wide entity did not respond to Commerce's request for information.
- The final CVD rates for Benxi Steel and Hebei Iron & Steel were based on adverse facts available because Benxi Steel withdrew from the investigation following the preliminary determination and Hebei Iron & Steel did not respond to Commerce's request for information.
- For the final determinations, Commerce determined that critical circumstances exist with respect to imports of the subject merchandise from all exporters except Hunan Valin, Shagang, and Rizhao in the AD investigation, and from all exporters in the CVD investigation.
- As a result of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable weighted-average dumping margins offset by the appropriate amount of export subsidies found in the CVD final determination of 13.01 percent. Based on Commerce's final critical circumstances finding in the AD investigation, Commerce will instruct CBP to require cash deposits on any unliquidated entries of the subject merchandise from exporters other than Hunan Valin, Shagang, and Rizhao entered, or withdrawn from warehouse for consumption, on or after the date 90 days prior to the publication date of Commerce's preliminary determination.
- In the CVD investigation, as a result of the expiration of provisional measures, Commerce discontinued the suspension of liquidation as of November 5, 2014. However, as a result of the final affirmative CVD determination, Commerce will order the resumption of the suspension of liquidation and require a cash deposit for CVD duties equal to the final subsidy rates, if the U.S. International Trade Commission (ITC) issues a final affirmative injury determination. Based on Commerce's final critical circumstances finding in the CVD investigation, Commerce will instruct CBP to require cash deposits on any unliquidated entries of the subject merchandise from all exporters entered, or withdrawn from warehouse for consumption, on or after the date 90 days prior to the publication date of Commerce's preliminary determination, except during the period between the expiration of provisional measures and the publication date of the ITC's final injury determination.
- If the ITC issues a negative injury determination, both investigations will be terminated and no producers or exporters will be subject to future cash deposits for either AD or CVD duties. In such an event, all cash deposits already collected will be refunded.
- The petitioners for these investigations are ArcelorMittal USA LLC (IL), Charter Steel (WI), Evraz Pueblo (formerly Evraz Rocky Mountain Steel) (CO), Gerdau Ameristeel US Inc. (FL), Keystone Consolidated Industries, Inc. (TX), and Nucor Corporation (NC).
- The merchandise covered by these investigations is certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately circular cross section, less than 19.00 mm in actual solid cross-sectional diameter. Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; or (e) concrete reinforcing bars and rods. Also excluded are free cutting steel (also known as free machining steel) products (i.e., products that contain by weight one or more of the following

elements: 0.1 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium). All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope. The products under investigation are currently classifiable under HTSUS subheadings 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3093; 7213.91.4500, 7213.91.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6030, and 7227.90.6035 of the HTSUS. Products entered under subheadings 7213.99.0090 and 7227.90.6090 of the HTSUS also may be included in this scope if they meet the physical description of subject merchandise above. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these proceedings is dispositive.

- In 2013, imports of carbon and certain alloy steel wire rod from China were valued at an estimated \$313 million.

NEXT STEPS

- The ITC is scheduled to make its final injury determination on or before December 26, 2014.
- If the ITC makes an affirmative final determination that imports of carbon and certain alloy steel wire rod from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes a negative determination of injury, the investigations will be terminated.

FINAL DUMPING MARGINS:

COUNTRY	EXPORTER/PRODUCER	DUMPING MARGINS	CASH DEPOSIT RATE*
China	Rizhao Steel Wire Co., Ltd./Rizhao Steel Wire Co., Ltd.	106.19%	93.18%
	Hunan Valin Xiangtan Iron & Steel Co., Ltd./Hunan Valin Xiangtan Iron & Steel Co., Ltd.	106.19%	93.18%
	Jiangsu Shagang International Trade Co., Ltd./Zhangjiagang Shajing Steel Co. Ltd.	106.19%	93.18%
	Jiangsu Shagang International Trade Co., Ltd./Zhangjiagang Runzhong Steel Co., Ltd.	106.19%	93.18%
	Jiangsu Shagang International Trade Co., Ltd./Zhangjiagang Hongxing Gaoxian Co., Ltd.	106.19%	93.18%
	Jiangsu Shagang International Trade Co., Ltd./Zhangjiagang Rongsheng Steel-Making Co., Ltd.	106.19%	93.18%
	Jiangsu Shagang International Trade Co., Ltd./Jiangsu Runzhong High-Tech Co., Ltd.	106.19%	93.18%
	Jiangsu Shagang International Trade Co., Ltd./Zhangjiagang Hongchang Gaoxian Co., Ltd.	106.19%	93.18%
	China-Wide Rate	110.25%	97.24%

*The cash deposit rates account for the export subsidy rate of 13.01 percent

FINAL SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES*
China	Benxi Steel	193.31%
	Hebei Iron & Steel	178.46%
	China-Wide Rate	185.89%

* The subsidy rates and the cash deposit rates are the same.

CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATION
Petition Filed	January 31, 2014	January 31, 2014
DOC Initiation Date	February 20, 2013	February 20, 2014
ITC Preliminary Determination	March 25, 2014	March 25, 2014
DOC Preliminary Determination	June 30, 2014	August 29, 2014
DOC Final Determination	November 12, 2014	November 12, 2014
ITC Final Determination	December 26, 2014†	December 26, 2014†
Issuance of Order**	January 2, 2015	January 2, 2015

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended (the Act). For AD investigations, the deadlines are set forth in sections 733(b) and 735(a) of the Act.

†Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

**This will take place only in the event of final affirmative determinations by Commerce and the ITC.

IMPORT STATISTICS:

CHINA	2011	2012	2013
Volume (metric tons)	130	219,500	561,400
Value (USD)	143,000	137,614,000	312,998,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3093, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, and 7227.90.6085). Some HTSUS subheadings are basket categories and may cover both subject and non-subject merchandise. Carbon and alloy steel wire rod may also enter under HTSUS 7213.99.0090 and 7227.90.6090, which may cover significant amounts of non-subject merchandise. Therefore, these HTSUS subheadings have not been used for purposes of reporting import statistics. Note: In 2014, HTSUS subheading 7227.90.6085 was replaced with four new subheadings, two of which cover subject merchandise (7227.90.6030 and 7227.90.6035).