



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China

- On April 4, 2016, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of certain iron mechanical transfer drive components from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated a preliminary subsidy rate of 2.68 percent and 33.94 percent for mandatory respondents NOK (Wuxi) Vibration Control China Co. Ltd. ("NOK Wuxi") and Powermach Import & Export Co., Ltd. (Sichuan) ("Powermach I&E"), respectively. All other producers/exporters in China have been assigned the preliminary subsidy rate of 15.51 percent. In addition, thirty companies which did not respond to the quantity and value questionnaire received a preliminary subsidy rate of 166.77 percent, based on adverse facts available.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- The petitioner for this investigation is TB Wood's Incorporated (PA).
- The products covered by the investigation are iron mechanical transfer drive components, whether finished or unfinished (*i.e.*, blanks or castings). Subject iron mechanical transfer drive components are in the form of wheels or cylinders with a center bore hole that may have one or more grooves or teeth in their outer circumference that guide or mesh with a flat or ribbed belt or like device and are often referred to as sheaves, pulleys, flywheels, flat pulleys, idlers, conveyer pulleys, synchronous sheaves, and timing pulleys. The products covered by this investigation also include bushings, which are iron mechanical transfer drive components in the form of a cylinder and which fit into the bore holes of other mechanical transfer drive components to lock them into drive shafts by means of elements such as teeth, bolts, or screws.

Iron mechanical transfer drive components subject to the investigation are those not less than 4.00 inches (101 mm) in the maximum nominal outer diameter.

Unfinished iron mechanical transfer drive components (*i.e.*, blanks or castings) possess the approximate shape of the finished iron mechanical transfer drive component and have not yet been

machined to final specification after the initial casting, forging or like operations. These machining processes may include cutting, punching, notching, boring, threading, mitering, or chamfering.

Subject merchandise includes iron mechanical transfer drive components as defined above that have been finished or machined in a third country, including but not limited to finishing/machining processes such as cutting, punching, notching, boring, threading, mitering, or chamfering, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the iron mechanical transfer drive components.

Subject iron mechanical transfer drive components are covered by the scope of the investigation regardless of width, design, or iron type (*e.g.*, gray, white, or ductile iron). Subject iron mechanical transfer drive components are covered by the scope of the investigations regardless of whether they have non-iron attachments or parts and regardless of whether they are entered with other mechanical transfer drive components or as part of a mechanical transfer drive assembly (which typically includes one or more of the iron mechanical transfer drive components identified above, and which may also include other parts such as a belt, coupling and/or shaft). When entered as a mechanical transfer drive assembly, only the iron components that meet the physical description of covered merchandise are covered merchandise, not the other components in the mechanical transfer drive assembly (*e.g.*, belt, coupling, shaft).

For purposes of this investigation, a covered product is of “iron” where the article has a carbon content of 1.7 percent by weight or above, regardless of the presence and amount of additional alloying elements.

The merchandise covered by this investigation is currently classifiable under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 8483.30.8090, 8483.50.6000, 8483.50.9040, 8483.50.9080, 8483.90.3000, 8483.90.8080. Covered merchandise may also enter under the following HTSUS subheadings: 7325.10.0080, 7325.99.1000, 7326.19.0010, 7326.19.0080, 8431.31.0040, 8431.31.0060, 8431.39.0010, 8431.39.0050, 8431.39.0070, 8431.39.0080, and 8483.50.4000. These HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the investigation is dispositive.

- In 2014, imports of certain iron mechanical transfer drive components from China were valued at an estimated \$274.3 million.

NEXT STEPS

- Commerce has aligned the CVD investigation with the concurrent antidumping duty investigations, and is scheduled to announce its final determinations on or about August 22, 2016, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of certain iron mechanical transfer drive components from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce’s or the ITC’s final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	NOK (Wuxi) Vibration Control China Co. Ltd.	2.68%
	Powermach Import & Export Co., Ltd. (Sichuan)	33.94%
	Separate Rate Companies (See Attached List)	166.77%
	All Others	15.51%

CASE CALENDAR:

EVENT	DATE
Petition Filed	October 28, 2015
DOC Initiation Date	November 17, 2015
ITC Preliminary Determination	December 14, 2015 [†]
DOC Preliminary Determination	April 1, 2016
DOC Final Determination	August 22, 2016
ITC Final Determination**	October 6, 2016
Issuance of Order***	October 13, 2016

[†]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 from Commerce.

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

IMPORT STATISTICS:

CHINA	2012	2013	2014
Value (USD)	244,408,000	248,339,000	274,303,000

Source: U.S. Census Bureau, Accessed Through Global Trade Atlas. (Htsus 8483.30.8090, 8483.50.6000, 8483.50.9040, 8483.50.9080, 8483.90.3000, 8483.90.8080). Imports of Iron Mechanical Transfer Drive Components May Also Enter Under 7325.10.0080, 7325.99.1000, 7326.19.0010, 7326.19.0080, 8431.31.0040, 8431.31.0060, 8431.39.0010, 8431.39.0050, 8431.39.0070, 8431.39.0080, And 8483.50.4000. These HTSUS Subheadings May Cover A Significant Amount Of Non-Subject Merchandise And Therefore Have Been Excluded For Purposes Of Reporting Import Statistics. Volume Is Not Reported In Official Import Statistics For Imports Entered Under The Above HTSUS Subheadings.

SEPARATE RATES

COMPANY	SUBSIDY RATE
Changzhou Baoxin Metallurgy Equipment Manufacturing Co. Ltd.	166.77%
Changzhou Changjiang Gear Co., Ltd.	166.77%
Changzhou Gangyou Lifting Equipment Co., Ltd.	166.77 %
Changzhou Juling Foundry Co., Ltd.	166.77 %
Changzhou Liangjiu Mechanical Manufacturing Co Ltd.	166.77 %
Changzhou New Century Sprocket Group Company	166.77 %
Changzhou Xiangjin Precision Machinery Co., Ltd.	166.77 %
FIT Bearings	166.77 %
Fuzhou Minyue Mechanical & Electrical Co., Ltd.	166.77 %
Hangzhou Chinabase Machinery Co., Ltd.	166.77 %
Hangzhou Ever Power Transmission Group	166.77 %
Hangzhou Vision Chain Transmission Co., Ltd.	166.77 %
Hangzhou Xingda Machinery Co., Ltd.	166.77 %
Henan Xinda International Trading Co., Ltd.	166.77 %
Henan Zhiyuan Machinery Sprocket Co. Ltd.	166.77 %
Jiangsu Songlin Automobile Parts Co., Ltd	166.77 %
Martin Sprocket & Gear (Changzhou) Co., Ltd.	166.77 %
Ningbo Blue Machines Co., Ltd.	166.77 %
Ningbo Fulong Synchronous Belt Co., Ltd.	166.77 %
Ningbo Royu Machinery Co., Ltd.	166.77 %
Praxair Surface Technologies	166.77 %
Qingdao Dazheng Jin Hao International Trade Co., Ltd.	166.77 %
Quanzhou Licheng Xintang Automobile Parts Co., Ltd. (“XTP Auto Parts”)	166.77 %
Shangyu Shengtai Machinery Co., Ltd.	166.77 %
Shenzhen Derui Sourcing Co., Ltd.	166.77 %
Shengzhou Shuangdong Machinery Co., Ltd.	166.77 %
Shengzhou Xinglong Machinery	166.77 %

Sichuan Reach Jiayuan Machinery Co. Ltd.	166.77 %
Tran-Auto Industries Co. Ltd.	166.77 %
Ubet Machinery	166.77 %