



## FACT SHEET

### **Commerce Preliminarily Finds Countervailable Subsidization of Imports of Melamine from the People's Republic of China and Trinidad and Tobago**

- On April 14, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of melamine from the People's Republic of China (China) and Trinidad and Tobago.
- The CVD law provides U.S. business and workers with a transparent 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, 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.
- In the China investigation, Commerce calculated a preliminarily subsidy rate of 147.62 percent based on adverse facts available for mandatory respondents Far-Reaching Chemical Co., Ltd., M and A Chemicals Corp China, Qingdao Unichem International Trade Co., Ltd., and Zhongyuan Dahua Group Co., Ltd., and a preliminarily subsidy rate of 150.52 percent based on adverse facts available for Shandong Liaherd Chemical Industry Co., Ltd., because the mandatory respondents refused to participate in the investigation. All other producers/exporters in China have been assigned a preliminarily subsidy rate of 148.20 percent.
- In the Trinidad and Tobago investigation, Commerce preliminarily determined that mandatory respondent Methanol Holdings (Trinidad) Ltd. received a subsidy rate of 27.48 percent. All other producers/exporters in Trinidad and Tobago have been assigned a preliminarily subsidy rate of 27.48 percent.
- As a result of the preliminary affirmative determinations, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- The petitioner for these investigations is Cornerstone Chemical Company (LA).
- The merchandise subject to these investigations is melamine (Chemical Abstracts Service (CAS) registry number 108-78-01, molecular formula  $C_3H_6N_6$ ).<sup>1</sup> Melamine is a crystalline powder or granule typically (but not exclusively) used to manufacture melamine formaldehyde resins. All melamine is covered by the scope of these investigations irrespective of purity, particle size, or physical form. Melamine that has been blended with other products is included within this scope when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. For such blends, only the

<sup>1</sup> Melamine is also known as 2,4,6-triamino-s-triazine; 1,3,5-Triazine-2,4,6-triamine; Cyanurotriamide; Cyanurotriamine; Cyanuramide; and by various brand names.

melamine component of the mixture is covered by the scope of these investigations. Melamine that is otherwise subject to these investigations is not excluded when commingled with melamine from sources not subject to these investigations. Only the subject component of such commingled products is covered by the scope of these investigations.

The subject merchandise is provided for in subheading 2933.61.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.

- In 2014, imports of melamine from China and Trinidad and Tobago were valued at an estimated \$14.5 million and \$16.9 million, respectively.

#### NEXT STEPS

- Commerce is scheduled to announce its final determinations on or about August 24, 2015, unless the statutory deadlines are extended.
- If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of melamine from China and/or Trinidad and Tobago materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If either Commerce's or the ITC's final determinations are negative, no CVD orders will be issued. The ITC is scheduled to make its final injury determinations in October 2015.

#### PRELIMINARY SUBSIDY RATES:

| COUNTRY | EXPORTER/PRODUCER                             | SUBSIDY RATES |
|---------|---|---------------|
| China   | Far-Reaching Chemical Co., Ltd.               | 147.62%       |
|         | M and A Chemicals Corp China                  | 147.62%       |
|         | Qingdao Unichem International Trade Co., Ltd. | 147.62%       |
|         | Shandong Liaherd Chemical Industry Co., Ltd.  | 150.52%       |
|         | Zhongyuan Dahua Group Co., Ltd.               | 147.62%       |
|         | All Others                                    | 148.20%       |

| COUNTRY             | EXPORTER/PRODUCER                 | SUBSIDY RATES |
|---------------------|-----------------------------------|---------------|
| Trinidad and Tobago | Methanol Holdings (Trinidad) Ltd. | 27.48%        |
|                     | All Others                        | 27.48%        |

#### CASE CALENDAR:

| EVENT                         | DATE              |
|-------------------------------|-------------------|
| Petitions Filed               | November 12, 2014 |
| DOC Initiation Date           | December 2, 2014  |
| ITC Preliminary Determination | December 29, 2014 |
| DOC Preliminary Determination | April 13, 2015    |
| DOC Final Determination       | August 24, 2015   |
| ITC Final Determination*      | October 8, 2015   |
| Issuance of Order**           | October 15, 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. These deadlines may be extended under certain circumstances.

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

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

#### IMPORT STATISTICS:

| CHINA                | 2012       | 2013       | 2014       |
|----------------------|------------|------------|------------|
| Volume (metric tons) | 2,700      | 10,600     | 13,000     |
| Value (USD)          | 4,181,000  | 14,054,000 | 14,537,000 |
| TRINIDAD AND TOBAGO  | 2012       | 2013       | 2014       |
| Volume (metric tons) | 17,100     | 12,000     | 12,000     |
| Value (USD)          | 21,544,000 | 16,798,000 | 16,917,000 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 2933.61.0000).