



FACT SHEET

Commerce Initiates Antidumping Duty Investigation of Imports of 4th Tier Cigarettes from Korea

- On January 8, 2020, the Department of Commerce (Commerce) announced the initiation of an antidumping duty (AD) investigation of imports of 4th tier cigarettes from Korea.
- The AD law provides U.S. businesses and workers with a transparent, quasi-judicial, 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.
- The petitioner is the Coalition Against Korean Cigarettes, whose members are Xcaliber International (Pryor, OK) and Cheyenne International (Grover, NC).
- The scope of this investigation is provided in Appendix I.
- In 2018, imports of 4th tier cigarettes from Korea were valued at an estimated \$72.9 million.
- The Initiation Decision Checklist is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. Please refer to case number A-580-905.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or before February 3, 2020.
- If the ITC determines that there is a reasonable indication that imports of 4th tier cigarettes from Korea materially injure, or threaten material injury to, the domestic industry in the United States, the investigation will continue and Commerce will be scheduled to announce its preliminary determination on May 27, 2019, although this date may be extended. If the ITC's determination is negative, the investigation will be terminated.

ALLEGED DUMPING MARGINS:

COUNTRY	DUMPING MARGINS
Korea	7.10 to 113.06 percent

CASE CALENDAR:

EVENT	AD INVESTIGATION
Petition Filed	December 18, 2019
ITA Initiation Date	January 7, 2020
ITC Preliminary Determination*	February 3, 2020†
ITA Preliminary Determination	May 26, 2020
ITA Final Determination	August 10, 2020†
ITC Final Determination**	September 24, 2020
Issuance of Order***	October 1, 2020

NOTE: Commerce's 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. These deadlines may be extended under certain circumstances.

* If the ITC makes a negative preliminary determination of injury, the investigation is terminated.

**This will take place only in the event of a final affirmative determination from Commerce.

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

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

IMPORT STATISTICS:

KOREA	2016	2017	2018
Volume (thousand units)	2,549,520	2,250,791	2,514,610
Value (USD)	93,559,041	79,493,968	72,884,235

Source: U.S. Census Bureau, accessed through Global Trade Atlas (Harmonized Tariff Schedule of the United States (HTSUS) subheading 2402.20.8000).

Appendix I:

The merchandise covered by this investigation is certain tobacco cigarettes, commonly referred to as “4th tier cigarettes.” The subject cigarettes are composed of a tobacco blend rolled in paper, have a nominal minimum total length of 7.0 cm but do not exceed 12.0 cm in total nominal length, and have a nominal diameter of less than 1.3 cm. These sizes of cigarettes are frequently referred to as “Kings” and “100’s,” but subject merchandise that meets the physical description of the scope is included regardless of the marketing description of the size of the cigarettes. Subject merchandise typically has a tobacco blend that consists of 10% or more tobacco stems.

Subject merchandise is typically sold in packs of 20 cigarettes per pack which generally includes the marking “20 Class A Cigarettes” but are included regardless of packaging. 4th tier cigarette packages are typically sold in boxes without a rounded internal corner and without embossed aluminum foil inside the pack.

Both menthol and non-menthol cigarettes and cigarettes with or without a filter attached are covered by the scope of this investigation.

Merchandise covered by this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheading 2402.20.8000. This HTSUS subheading is provided for convenience and customs purposes; the written description of the scope of the investigation is dispositive.