INTERNATIONAL
TRADE
ADMINISTRATION

FACT SHEET

Commerce Finds Countervailable Subsidization of Imports of Cold-Drawn Mechanical Tubing from the People's Republic of China and India

- On December 5, 2017, the Department of Commerce (Commerce) announced its affirmative final determinations in the countervailing duty (CVD) investigations of imports of cold-drawn mechanical tubing from the People's Republic of China (China) and India.

- The CVD 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 unfair 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 a foreign government 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.

- In the China CVD investigation, Commerce has calculated a final subsidy rate of 21.41 percent for mandatory respondent Jiangsu Hongyi Steel Pipe Co., Ltd. and a final subsidy rate of 18.27 percent for mandatory respondent Zhangjiagang Huacheng Import & Export Co., Ltd. Commerce determined a rate of 19.84 percent for all other Chinese producers and exports.

- In the India CVD investigation, Commerce has calculated a final subsidy rate of 8.02 percent for mandatory respondent Goodluck India Limited and a final subsidy rate of 42.60 percent for mandatory respondent Tube Investments of India Limited. Commerce has determined a rate of 22.41 percent for all other Indian producers and exporters.

- As a result of the final affirmative determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these final rates.

- In the China CVD investigation, Commerce found that "critical circumstances" exist with respect to all-other producers/exporters in China, but not with respect to Jiangsu Hongyi Steel Pipe Co., Ltd., and Zhangjiagang Huacheng Import & Export Co., Ltd. Consequently, Commerce will instruct CBP to impose duties retroactively on entries of cold-drawn mechanical tubing from China from all-other producers/exporters, effective 90 days prior to publication of the preliminary determination in the *Federal Register*.

- The petitioners are ArcelorMittal Tubular Products (OH), Michigan Seamless Tube, LLC (MI), PTC Alliance Corp. (PA), Webco Industries, Inc. (OK), and Zekelman Industries, Inc. (PA).

- The merchandise covered by these investigations is cold-drawn mechanical tubing of carbon and alloy steel (cold-drawn mechanical tubing) of circular cross-section, 304.8 mm or more in length, in actual outside diameters less than 331 mm, and regardless of wall thickness, surface finish, end finish or industry specification. The subject cold-drawn mechanical tubing is a tubular product with a circular cross-sectional shape that has been cold-drawn or otherwise cold-finished after the initial tube formation in a manner that involves a change in the diameter or wall thickness of the tubing, or both. The subject cold-drawn mechanical tubing may be produced from either welded (e.g., electric resistance welded, continuous welded, etc.) or seamless (e.g., pierced, pilgered or extruded, etc.) carbon or alloy steel tubular products. It may also be heat treated after cold working. Such heat treatments may include, but are not limited to, annealing, normalizing, quenching and tempering, stress relieving or finish annealing. Typical cold-drawing methods for subject merchandise include, but are not limited to, drawing over mandrel, rod drawing, plug drawing, sink drawing and similar processes that involve reducing the outside diameter of the tubing with a die or similar device, whether or not controlling the inside diameter of the tubing with an internal support device such as a mandrel, rod, plug or similar device. Other cold-finishing operations that may be used to produce subject merchandise include cold-rolling and cold-sizing the tubing.

- The products subject to the investigation are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. Subject merchandise may also enter under numbers 7306.30.1000 and 7306.50.1000. The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

- In 2016, imports of cold-drawn mechanical tubing from China and India were valued at an estimated $29.4 million and $25 million, respectively.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its final injury determinations on or about January 18, 2018.

- If the ITC makes affirmative final determinations that imports of cold-drawn mechanical tubing from China and/or India materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.

FINAL SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Jiangsu Hongyi Steel Pipe Co., Ltd.	21.41 %
	Zhangjiagang Huacheng Import & Export Co., Ltd.	18.27 %
	All-Others	19.84 %

* *de minimis* = less than 1% for developed countries, less than 2% for developing countries.

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
India	Goodluck Industries Limited	8.02 %
	Tube Investments of India Limited	42.60 %
	All-Others	22.41 %

CASE CALENDAR:

EVENT	CVD INVESTIGATIONS
Petitions Filed	**April 19, 2017**
DOC Initiation Date	**May 9, 2017**
ITC Preliminary Determinations	**June 9, 2017**
DOC Preliminary Determinations	**September 18, 2017**
DOC Final Determinations	**December 4, 2017†**
ITC Final Determinations*	**January 18, 2018**
Issuance of Orders**	**January 25, 2018**

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). These deadlines may be extended under certain circumstances.
†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:

India	2014	2015	2016
Volume (metric tons)	21,184	19,668	22,679
Value (USD)	30,420,154	26,196,056	24,998,287

China	2014	2015	2016
Volume (metric tons)	26,012	24,283	20,954
Value (USD)	42,490,567	38,058,961	29,422,194

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030) Subject merchandise may also enter under HTSUS subheadings 7306.30.1000 and 7306.50.1000. However, these HTSUS subheadings are basket categories that may cover both subject and non-subject merchandise; therefore, these HTSUS subheadings have been excluded for purposes of reporting the above import statistics.