



## FACT SHEET

### **Commerce Finds Dumping of Imports of Certain Cold-Rolled Steel Flat Products from the People's Republic of China and Japan, and Countervailable Subsidization of Imports of Certain Cold-Rolled Steel Flat Products from the People's Republic of China**

- On May 17, 2016, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) investigations of certain cold-rolled steel flat products (cold-rolled steel) from the People's Republic of China (China) and Japan, and the countervailing duty (CVD) investigation of imports of cold-rolled steel from China.
- The AD and CVD laws 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. 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 AD investigation, no company responded to Commerce's requests for information during the respondent-selection phase of the proceeding. Accordingly, all producers/exporters in China received a final dumping margin of 265.79 percent based on adverse facts available.
- In the China CVD investigation, the Government of China, mandatory respondents Angang Group Hong Kong Co., Ltd. and Benxi Iron and Steel (Group) Special Steel Co., Ltd., and Qian'an Golden Point Trading Co., Ltd., a non-cooperative exporter, all failed to respond to Commerce's requests for information. Thus, all imports of cold-rolled steel from China will be subject to a CVD rate of 256.44 percent.
- In the Japan AD investigation, mandatory respondents JFE Steel Corporation and Nippon Steel & Sumitomo Metal Corporation did not respond to Commerce's requests for information. Accordingly, both mandatory respondents received a final dumping margin of 71.35 percent based on adverse facts available. All other producers/exporters in Japan received a final dumping margin of 71.35 percent.
- As a result of the affirmative final AD determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable weighted-average dumping margins. Further, as a result of the affirmative final CVD determination, if the U.S. International Trade Commission (ITC) issues an affirmative injury determination, Commerce will order the resumption of the suspension of liquidation and will require cash deposits for CVD duties equal to the final subsidy rates established during the investigation. Commerce will also adjust the AD cash deposit rates by the amount of the CVD export subsidies, where appropriate. If the U.S. International Trade Commission (ITC) issues negative injury determinations, the 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 previously collected cash deposits will be refunded.

- Commerce found that critical circumstances exist with respect to certain exporters from China and Japan. Where critical circumstances were found, CBP will be instructed to retroactively impose provisional measures on entries of cold-rolled steel flat products effective 90 days prior to publication of the preliminary determinations in the *Federal Register*.
- The petitioners for these investigations are AK Steel Corporation (OH), ArcelorMittal USA LLC (IL), Nucor Corporation (NC), Steel Dynamics, Inc. (IN), and United States Steel Corporation (PA).
- The products covered by these investigations are certain cold-rolled (cold-reduced), flat-rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (“width”) of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, etc.). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

(1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

(2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of these investigations are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or

- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes cold-rolled steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, 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 cold-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of these investigations unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of these investigations:

- Ball bearing steels;<sup>1</sup>
- Tool steels;<sup>2</sup>
- Silico-manganese steel;<sup>3</sup>

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<sup>1</sup> Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

<sup>2</sup> Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

<sup>3</sup> Silico-manganese steel is defined as steels containing by weight: (i) not more than 0.7 percent of carbon; (ii) 0.5 percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

- Grain-oriented electrical steels (GOES) as defined in the final determination of the U.S. Department of Commerce in *Grain-Oriented Electrical Steel From Germany, Japan, and Poland*.<sup>4</sup>
- Non-Oriented Electrical Steels (NOES), as defined in the antidumping orders issued by the U.S. Department of Commerce in *Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan*.<sup>5</sup>

The products subject to these investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6090, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8080, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050. The products subject to the investigations may also enter under the following HTSUS numbers: 7210.90.9000, 7212.50.0000, 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.19.0000, 7226.19.1000, 7226.19.9000, 7226.99.0180, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and U.S. Customs purposes only. The written description of the scope of the investigations is dispositive.

- In the Japan investigation, certain ultra-tempered automotive steel has been excluded from the scope of the investigation.
- In 2015, imports of certain cold-rolled steel flat products from China and Japan were valued at an estimated \$272.3 million and \$138.6 million, respectively, for a combined total of \$410.9 million.

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<sup>4</sup> *Grain-Oriented Electrical Steel From Germany, Japan, and Poland: Final Determinations of Sales at Less Than Fair Value and Certain Final Affirmative Determination of Critical Circumstances*, 79 Fed. Reg. 42,501, 42,503 (Dep't of Commerce, July 22, 2014). This determination defines grain-oriented electrical steel as "a flat-rolled alloy steel product containing by weight at least 0.6 percent but not more than 6 percent of silicon, not more than 0.08 percent of carbon, not more than 1.0 percent of aluminum, and no other element in an amount that would give the steel the characteristics of another alloy steel, in coils or in straight lengths."

<sup>5</sup> *Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan: Antidumping Duty Orders*, 79 Fed. Reg. 71,741, 71,741-42 (Dep't of Commerce, Dec. 3, 2014). The orders define NOES as "cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term 'substantially equal' means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B800 value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied."

## NEXT STEPS

- The ITC is scheduled to make its final injury determination in the investigations of colled-rolled steel from China and Japan on June 30, 2016.
- If the ITC makes affirmative final determinations that imports of cold-rolled steel from China and/or Japan materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.
- Commerce’s final determinations in the investigations of cold-rolled steel from Brazil, India, Korea, Russia, and United Kingdom have been extended, and they are scheduled to be announced on or about July 13, 2016.

## FINAL DUMPING MARGINS:

| COUNTRY | EXPORTER/PRODUCER | DUMPING MARGIN |
|---------|-------------------|----------------|
| China   | China-Wide Rate   | 265.79%        |

| COUNTRY            | EXPORTER/PRODUCER                         | DUMPING MARGINS |
|--------------------|---|-----------------|
| Japan <sup>6</sup> | JFE Steel Corporation                     | 71.35%          |
|                    | Nippon Steel & Sumitomo Metal Corporation | 71.35%          |
|                    | All Others                                | 71.35%          |

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<sup>6</sup> On December 10, 2015, we selected Hitachi as a voluntary respondent. Subsequently, Petitioners provided a revised scope confirming that certain ultra-tempered automotive steel strip is excluded from the scope of the Japan investigation. Based on record evidence, all of Hitachi’s reported home market and U.S. sales and production costs covered certain ultra-tempered automotive steel strip that is excluded from the scope of the Japan investigation.

**FINAL SUBSIDY RATES:**

| <b>COUNTRY</b> | <b>EXPORTER/PRODUCER</b>                                    | <b>SUBSIDY RATES</b> |
|----------------|---|----------------------|
| <b>China</b>   | <b>Angang Group Hong Kong Co., Ltd</b>                      | <b>256.44%</b>       |
|                | <b>Benxi Iron and Steel (Group) Special Steel Co., Ltd.</b> | <b>256.44%</b>       |
|                | <b>Qian'an Golden Point Trading Co., Ltd.</b>               | <b>256.44%</b>       |
|                | <b>All Others</b>   | <b>256.44%</b>       |

**CASE CALENDAR:**

| <b>EVENT</b>                          | <b>CVD INVESTIGATION</b>       | <b>AD INVESTIGATIONS</b>        |
|---------------------------------------|--------------------------------|---------------------------------|
| <b>Petition Filed</b>                 | <b>July 28, 2015</b>           | <b>July 28, 2015</b>            |
| <b>DOC Initiation Date</b>            | <b>August 17, 2015</b>         | <b>August 17, 2015</b>          |
| <b>ITC Preliminary Determination</b>  | <b>September 11, 2015</b>      | <b>September 11, 2015</b>       |
| <b>DOC Preliminary Determination</b>  | <b>December 15, 2015</b>       | <b>February 29, 2016</b>        |
| <b>DOC Final Determination</b>        | <b>May 9, 2016<sup>†</sup></b> | <b>May 16, 2016<sup>†</sup></b> |
| <b>ITC Final Determination</b>        | <b>June 30, 2016</b>           | <b>June 30, 2016</b>            |
| <b>Issuance of Order<sup>**</sup></b> | <b>July 7, 2016</b>            | <b>July 7, 2016</b>             |

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 deadline is set forth in section 735(a) of the Act. These deadlines may be extended under certain circumstances.

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

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

## IMPORT STATISTICS:

| <b>CHINA</b>         | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|----------------------|-------------|-------------|-------------|
| Volume (metric tons) | 252,300     | 242,700     | 792,300     |
| Value (USD)          | 179,781,000 | 155,799,000 | 513,816,000 |
| <b>JAPAN</b>         |             |             |             |
| <b>JAPAN</b>         | <b>2012</b> | <b>2013</b> | <b>2014</b> |
| Volume (metric tons) | 129,700     | 140,300     | 130,700     |
| Value (USD)          | 157,287,000 | 158,414,000 | 142,610,000 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8015, 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050.

The above HTSUS subheadings may cover both subject and non-subject merchandise.

Imports of cold-rolled steel flat products may also enter under 7210.90.9000, 7212.50.0000, 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.19.0000, 7226.19.1000, 7226.19.9000, 7226.99.0180, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.