



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Certain Hot-Rolled Steel Flat Products from Brazil and No Countervailable Subsidization of Imports from the Republic of Korea and the Republic of Turkey

- On January 11, 2016, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigation of imports of certain hot-rolled steel flat products from Brazil, and its negative preliminary determinations in the CVD investigations of imports of certain hot-rolled steel flat products the Republic of Korea (Korea), and the Republic of Turkey (Turkey).
- 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 Brazil investigation, Commerce preliminarily determined that mandatory respondents Companhia Nacional Siderurgica (CSN) and Usinas Siderurgicas de Minas Gerais SA (Usiminas) both received a subsidy rate of 7.42 percent. All other producers/exporters in Brazil have been assigned a preliminary subsidy rate of 7.42 percent.
- In the Korea investigation, Commerce preliminarily determined that mandatory respondents POSCO and Daewoo International Corporation and Hyundai Steel Co., Ltd. received subsidy rates of 0.17 percent and 0.63 percent, respectively, which are both *de minimis*. Because the preliminary determination is negative, no “all others” rate has been applied to any other producers/exporters in Korea.
- In the Turkey investigation, Commerce preliminarily determined that mandatory respondents Colakoglu Dis Ticaret A.S. and Eregli Demir ve Celik Fabrikalari T.A.S. received subsidy rates of 0.38 percent and 0.23 percent, respectively, which are both *de minimis*. Because the preliminary determination is negative, no “all others” rate has been applied to any other producers/exporters in Turkey.
- As a result of the preliminary affirmative determination for Brazil, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on the preliminary rates established for producers and exporters of certain hot-rolled steel flat products from Brazil. As a result of the negative preliminary determinations, no cash deposit will be required for imports of certain hot-rolled steel flat products from Turkey and Korea.
- Based on an allegation filed in the Brazil case, Commerce found that critical circumstances exist with regard to certain producers/exporters from Brazil of hot-rolled steel.

- Where critical circumstances were found with respect to Brazil, CBP will collect such cash deposits retroactively on entries of certain hot-rolled steel flat products up to 90 days prior to publication of the preliminary determination *Federal Register* notice.
- Critical circumstances are found when there has been a surge in imports over a relatively short period of time in anticipation of the possible imposition of antidumping or CVD duties. In the CVD context, a finding that exporters received subsidies that are inconsistent with the WTO Agreement on Subsidies and Countervailing Measures is also required.
- The petitioners for these investigations are AK Steel Corporation (OH), ArcelorMittal USA LLC (IL), Nucor Corporation (NC), SSAB Enterprises, LLC (IL), Steel Dynamics, Inc. (IN), and United States Steel Corporation (PA).
- The products covered by these investigations are certain hot-rolled, flat-rolled steel products, with or without patterns in relief, and 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 thickness, and 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 of 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 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 unless the resulting measurement makes the product covered by the existing anti-dumping¹ or countervailing duty² orders on Certain Cut-To-Length Carbon Quality Steel Plate Products From the Republic of Korea (A-580-836; C-580-837), 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

¹ *Notice of Amendment of Final Determinations of Sales at Less Than Fair Value and Antidumping Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate Products From France, India, Indonesia, Italy, Japan and the Republic of Korea*, 65 FR 6585 (February 10, 2000).

² *Notice of Amended Final Determinations: Certain Cut-to-Length Carbon-Quality Steel Plate From India and the Republic of Korea; and Notice of Countervailing Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate From France, India, Indonesia, Italy, and the Republic of Korea*, 65 FR 6587 (February 10, 2000).

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, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium, 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, the substrate for 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. The substrate for motor lamination steels contains 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 hot-rolled steel that has been further processed in a third country, including but not limited to pickling, oiling, levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the hot-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:

- Universal mill plates (*i.e.*, hot-rolled, flat-rolled products not in coils that have been rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, of a thickness not less than 4.0 mm, and without patterns in relief);

- Products that have been cold-rolled (cold-reduced) after hot rolling;³
- Ball bearing steels;⁴
- Tool steels;⁵ and
- Silico-manganese steels;⁶

The products subject to these investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00. The products subject to the investigations may also enter under the following HTSUS numbers: 7210.90.90.00, 7211.90.00.00, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00, 7214.91.00.15, 7214.91.00.60, 7214.91.00.90, 7214.99.00.60, 7215.90.50.00, 7226.99.01.80, and 7228.60.60.00.

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 2014, imports of certain hot-rolled steel flat products from Brazil, Korea, and Turkey were valued at an estimated \$146.3 million, \$678.8 million, and \$218.4 million, respectively.

NEXT STEPS

- Commerce is scheduled to announce its final determinations on or about May 24, 2016, unless the statutory deadline is extended.

³ For purposes of this scope exclusion, rolling operations such as a skin pass, levelling, temper rolling or other minor rolling operations after the hot-rolling process for purposes of surface finish, flatness, shape control, or gauge control do not constitute cold-rolling sufficient to meet this exclusion.

⁴ 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.

⁵ 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.

⁶ 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.

- Commerce intends to verify the information submitted by the respondents prior to making our final determinations.
- If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of hot-rolled steel flat products from Brazil, Korea, and/or Turkey 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 July 2016.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Brazil	Companhia Siderurgica Nacional	7.42%
	Usinas Siderurgicas de Minas Gerais SA	7.42%
	All Others	7.42%

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Korea	POSCO and Daewoo International Corporation	0.17%* (<i>de minimis</i>)
	Hyundai Steel Co., Ltd.	0.63%* (<i>de minimis</i>)

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

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Turkey	Colakoglu Dis Ticaret A.S.	0.38%* (<i>de minimis</i>)
	Eregli Demir ve Celik Fabrikalari T.A.S.	0.20%* (<i>de minimis</i>)

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

CASE CALENDAR:

EVENT	DATE
Petitions Filed	August 11, 2015
DOC Initiation Date	August 31, 2015
ITC Preliminary Determination	September 25, 2015
DOC Preliminary Determination	January 8, 2016
DOC Final Determination	May 23, 2016
ITC Final Determination*	July 7, 2016
Issuance of Order**	July 14, 2016

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:

BRAZIL	2012	2013	2014
Volume (metric tons)	9,100	45,700	240,000
Value (USD)	6,141,000	26,310,000	146,284,000
KOREA	2012	2013	2014
Volume (metric tons)	879,100	713,800	1,071,000
Value (USD)	650,673,000	467,208,000	678,792,000
TURKEY	2012	2013	2014
Volume (metric tons)	13,600	43,400	366,400
Value (USD)	9,523,000	25,015,000	218,391,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, and 7226.91.80.00)

The above HTSUS subheadings may cover both subject and non-subject merchandise. Imports of hot-rolled steel flat products may also enter under 7210.90.90.00, 7211.90.00.00, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00, 7214.91.00.15, 7214.91.00.60, 7214.91.00.90, 7214.99.00.60, 7215.90.50.00, 7226.99.01.80, and 7228.60.60.00. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.