



## FACT SHEET

### **Commerce Finds Dumping of Imports of Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China and Countervailable Subsidization of Imports of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China**

- On October 24, 2016, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) investigations of imports of certain iron mechanical transfer drive components from Canada and the People's Republic of China (China), and the countervailing duty (CVD) investigation of imports of certain iron mechanical transfer drive components from China.
- The AD and CVD laws provide 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 an imported 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 imported goods by 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 Canada investigation, the sole mandatory respondent, Baldor Electric Company Canada, failed to respond to Commerce's request for information; thus, Commerce calculated a final dumping margin of 191.34 percent, based on adverse facts available. Commerce also calculated a final dumping margin of 100.47 percent for all other producers/exporters in Canada.
- In the China AD investigation, Commerce found dumping has occurred by mandatory respondent Powermach Import & Export Co., Ltd. (Sichuan) at a final dumping margin of 13.64 percent, while mandatory respondent NOK (Wuxi) Vibration Control China Co. Ltd. withdrew from participation and was treated as part of the China-wide entity. Commerce also granted separate-rates to certain companies at a final dumping margin of 13.64 percent. Commerce assigned a China-wide dumping margin of 401.68 percent for all other producers/exporters in China, based on adverse facts available.
- In the China CVD investigation, Commerce calculated a final subsidy rate of 33.26 percent for one mandatory respondent, Powermach Import & Export Co., Ltd. (Sichuan) ("Powermach I&E"). However, for the other mandatory respondent, NOK (Wuxi) Vibration Control China Co. Ltd. ("NOK Wuxi"), Commerce based its final subsidy rate of 163.46 percent on adverse facts available because NOK Wuxi ceased cooperating in the investigation following the Department's preliminary determination. All other producers/exporters in China have been assigned a final subsidy rate of 33.26 percent. In addition, thirty companies which did not respond to the quantity and value questionnaire received a final subsidy rate of 163.46 percent, based on adverse facts available.
- 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, except where the rates are zero or de minimis. Further, as a result of the affirmative final CVD determination, if the U.S. International Trade Commission (ITC) issues affirmative injury determinations, Commerce will order the resumption of the suspension of liquidation and will require cash deposits for countervailing 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 countervailed export subsidies, where appropriate. If the ITC issues negative injury determinations, the investigations will be terminated and no producers or exporters will be subject to future cash deposits for either antidumping or countervailing duties, as applicable. In such an event, all previously collected cash deposits will be refunded.

- The petitioner for these investigations is TB Wood's Incorporated (PA).
- The products covered by these investigations are iron mechanical transfer drive components, whether finished or unfinished (*i.e.*, blanks or castings). Subject iron mechanical transfer drive components are in the form of wheels or cylinders with a center bore hole that may have one or more grooves or teeth in their outer circumference that guide or mesh with a flat or ribbed belt or like device and are often referred to as sheaves, pulleys, flywheels, flat pulleys, idlers, conveyer pulleys, synchronous sheaves, and timing pulleys. The products covered by these investigations also include bushings, which are iron mechanical transfer drive components in the form of a cylinder and which fit into the bore holes of other mechanical transfer drive components to lock them into drive shafts by means of elements such as teeth, bolts, or screws.
- Iron mechanical transfer drive components subject to these investigations are those not less than 4.00 inches (101 mm) in the maximum nominal outer diameter.
- Unfinished iron mechanical transfer drive components (*i.e.*, blanks or castings) possess the approximate shape of the finished iron mechanical transfer drive component and have not yet been machined to final specification after the initial casting, forging or like operations. These machining processes may include cutting, punching, notching, boring, threading, mitering, or chamfering.
- Subject merchandise includes iron mechanical transfer drive components as defined above that have been finished or machined in a third country, including but not limited to finishing/machining processes such as cutting, punching, notching, boring, threading, mitering, or chamfering, 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 iron mechanical transfer drive components.
- Subject iron mechanical transfer drive components are covered by the scope of the investigations regardless of width, design, or iron type (*e.g.*, gray, white, or ductile iron). Subject iron mechanical transfer drive components are covered by the scope of the investigations regardless of whether they have non-iron attachments or parts and regardless of whether they are entered with other mechanical transfer drive components or as part of a mechanical transfer drive assembly (which typically includes one or more of the iron mechanical transfer drive components identified above, and which may also include other parts such as a belt, coupling and/or shaft). When entered as a mechanical transfer drive assembly, only the iron components that meet the physical description of covered merchandise are covered merchandise, not the other components in the mechanical transfer drive assembly (*e.g.*, belt, coupling, shaft). However, the scope excludes flywheels with a ring gear permanently attached onto the outer diameter. A ring gear is a steel ring with convex external teeth

cut or machined into the outer diameter, and where the diameter of the ring exceeds 200 mm and doesn't exceed 2,244.3 mm.

- For purposes of these investigations, a covered product is of “iron” where the article has a carbon content of 1.7 percent by weight or above, regardless of the presence and amount of additional alloying elements.
- Excluded from the scope are finished torsional vibration dampers (TVDs). A finished TVD is an engine component composed of three separate components: an inner ring, a rubber ring and an outer ring. The inner ring is an iron wheel or cylinder with a bore hole to fit a crank shaft which forms a seal to prevent leakage of oil from the engine. The rubber ring is a dampening medium between the inner and outer rings that effectively reduces the torsional vibration. The outer ring, which may be made of materials other than iron, may or may not have grooves in its outer circumference. To constitute a finished excluded TVD, the product must be composed of each of the three parts identified above and the three parts must be permanently affixed to one another such that both the inner ring and the outer ring are permanently affixed to the rubber ring. A finished TVD is excluded only if it meets the physical description provided above; merchandise that otherwise meets the description of the scope and does not satisfy the physical description of excluded finished TVDs above is still covered by the scope of the investigations regardless of end use or identification as a TVD.
- Also excluded from the scope are certain TVD inner rings. To constitute an excluded TVD inner ring, the product must have each of the following characteristics: (1) a single continuous curve forming a protrusion or indentation on outer surface, also known as a sine lock, with a height or depth not less than 1.5 millimeters and not exceeding 4.0 millimeters and with a width of at least 10 millimeters as measured across the sine lock from one edge of the curve to the other;<sup>1</sup> (2) a face width of the outer diameter of greater than or equal to 20 millimeters but less than or equal to 80 millimeters; (3) an outside diameter greater than or equal to 101 millimeters but less than or equal to 300 millimeters; and (4) a weight not exceeding 7 kilograms. A TVD inner ring is excluded only if it meets the physical description provided above; merchandise that otherwise meets the description of the scope and does not satisfy the physical description of excluded TVD inner rings is still covered by the scope of this investigation regardless of end use or identification as a TVD inner ring.
- The scope also excludes light-duty, fixed-pitch, non-synchronous sheaves (“excludable LDFPN sheaves”) with each of the following characteristics: made from grey iron designated as ASTM (North American specification) Grade 30 or lower, GB/T (Chinese specification) Grade HT200 or lower, DIN (German specification) GG 20 or lower, or EN (European specification) EN-GJL 200 or lower; having no more than two grooves; having a maximum face width of no more than 1.75 inches, where the face width is the width of the part at its outside diameter; having a maximum outside diameter of not more than 18.75 inches; and having no teeth on the outside or datum diameter. Excludable LDFPN sheaves must also either have a maximum straight bore size of 1.6875 inches with a maximum hub diameter of 2.875 inches; or else have a tapered bore measuring 1.625 inches at the large end, a maximum hub diameter of 3.50 inches, a length through tapered bore of 1.0 inches, exactly two tapped holes that are 180 degrees apart, and a 2.0- inch bolt circle on the face of the hub.

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<sup>1</sup> The edges of the sine lock curve are defined as the points where the surface of the inner ring is no longer parallel to the plane formed by the inner surface of the bore hole that attaches the ring to the crankshaft.

Excludable LDFPN sheaves more than 6.75 inches in outside diameter must also have an arm or spoke construction.<sup>2</sup> Further, excludable LDFPN sheaves must have a groove profile as indicated in the table below:

Size (belt profile)	Outside Diameter	Top Width Range of Each Groove	Maximum Height	Angle
MA/AK (A, 3L, 4L)	≤ 5.45 in.	0.484 – 0.499 in.	0.531 in.	34°
MA/AK (A, 3L, 4L)	>5.45 in. but ≤ 18.75 in.	0.499 – 0.509 in.	0.531 in.	38°
MB/BK (A, B, 4L, 5L)	≤ 7.40 in.	0.607 – 0.618 in.	0.632 in.	34°
MB/BK (A, B, 4L, 5L)	>7.40 in. but ≤ 18.75 in.	0.620 – 0.631 in.	0.635 in.	38°

- In addition to the above characteristics, excludable LDFPN sheaves must also have a maximum weight (pounds-per-piece) as follows: for excludable LDFPN sheaves with one groove and an outside diameter of greater than 4.0 inches but less than or equal to 8.0 inches, the maximum weight is 4.7 pounds; for excludable LDFPN sheaves with two grooves and an outside diameter of greater than 4.0 inches but less than or equal to 8.0 inches, the maximum weight is 8.5 pounds; for excludable LDFPN sheaves with one groove and an outside diameter of greater than 8.0 inches but less than or equal to 12.0 inches, the maximum weight is 8.5 pounds; for excludable LDFPN sheaves with two grooves and an outside diameter of greater than 8.0 inches but less than or equal to 12.0 inches, the maximum weight is 15.0 pounds; for excludable LDFPN sheaves with one groove and an outside diameter of greater than 12.0 inches but less than or equal to 15.0 inches, the maximum weight is 13.3 pounds; for excludable LDFPN sheaves with two grooves and an outside diameter of greater than 12.0 inches but less than or equal to 15.0 inches, the maximum weight is 17.5 pounds; for excludable LDFPN sheaves with one groove and an outside diameter of greater than 15.0 inches but less than or equal to 18.75 inches, the maximum weight is 16.5 pounds; and for excludable LDFPN sheaves with two grooves and an outside diameter of greater than 15.0 inches but less than or equal to 18.75 inches, the maximum weight is 26.5 pounds.
- The scope also excludes light-duty, variable-pitch, non-synchronous sheaves with each of the following characteristics: made from grey iron designated as ASTM (North American specification) Grade 30 or lower, GB/T (Chinese specification) Grade HT200 or lower, DIN (German specification) GG 20 or lower, or EN (European specification) EN-GJL 200 or lower; having no more than 2

<sup>2</sup> An arm or spoke construction is where arms or spokes (typically 3 to 6) connect the outside diameter of the sheave with the hub of the sheave. This is in contrast to a block construction (in which the material between the hub and the outside diameter is solid with a uniform thickness that is the same thickness as the hub of the sheave) or a web construction (in which the material between the hub and the outside diameter is solid but is thinner than at the hub of the sheave).

grooves; having a maximum overall width of less than 2.25 inches with a single groove, or of 3.25 inches or less with two grooves; having a maximum outside diameter of not more than 7.5 inches; having a maximum bore size of 1.625 inches; having either one or two identical, internally-threaded (*i.e.*, with threads on the inside diameter), adjustable (rotating) flange(s) on an externally-threaded hub (*i.e.*, with threads on the outside diameter) that enable(s) the width (opening) of the groove to be changed; and having no teeth on the outside or datum diameter.

- The scope also excludes certain IMTDC bushings. An IMTDC bushing is excluded only if it has a tapered angle of greater than or equal to 10 degrees, where the angle is measured between one outside tapered surface and the directly opposing outside tapered surface.
- The merchandise covered by these investigations is currently classifiable under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 8483.30.8090, 8483.50.6000, 8483.50.9040, 8483.50.9080, 8483.90.3000, 8483.90.8080. Covered merchandise may also enter under the following HTSUS subheadings: 7325.10.0080, 7325.99.1000, 7326.19.0010, 7326.19.0080, 8431.31.0040, 8431.31.0060, 8431.39.0010, 8431.39.0050, 8431.39.0070, 8431.39.0080, and 8483.50.4000. These HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the investigations is dispositive.
- The scope has been revised from the initiation to include six new scope exclusions.
- In 2014, imports of certain iron mechanical transfer drive components from Canada and China were valued at an estimated \$222.3 million and \$274.3 million, respectively.

**NEXT STEPS**

- The ITC is scheduled to make its final injury determinations in these investigations on December 5, 2016.
- If the ITC makes an affirmative final determination that imports of certain iron mechanical transfer drive components from Canada and/or China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes a negative determination of injury, the investigation will be terminated.

**FINAL DUMPING MARGINS:**

COUNTRY	EXPORTER/PRODUCER	DUMPING MARGINS
Canada	Baldor Electric Company Canada	191.34%
	All Others	100.47%

COUNTRY	EXPORTER/PRODUCER	DUMPING MARGINS
China	<b>Exporter: Powermach Import &amp; Export Co., Ltd. (Sichuan)/ Sichuan Dawn Precision Technology Co., Ltd. / Sichuan Dawn Foundry Co., Ltd. / Powermach Co., Ltd. Producer: Powermach Import &amp; Export Co., Ltd. (Sichuan)/ Sichuan Dawn Precision Technology Co., Ltd. / Sichuan Dawn Foundry Co., Ltd./ Powermach Co., Ltd.</b>	13.64%
	<b>Fuqing Jiacheng Trading Corporation Limited / Fuzhou Min Yue Mechanical &amp; Electrical Co., Ltd.</b>	13.64%
	<b>Haiyang Jingweida Gearing Co., Ltd. / Haiyang Jingweida Gearing Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Shijiazhuang CAPT Power Transmission Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Shanghai CPT Machinery Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Yueqing Bethel Shaft Collar Manufacturing Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Kezheng (Fuzhou) Mechanical &amp; Electrical Manufacture Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Handan Hengfa Transmission Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Shijiazhuang Lihua Mechanical Manufacturing Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Xingtai Shengjia Machinery and Equipment Factory</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Shanghai Keli Machinery Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Jiangsu Zhengya Technology Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Taizhou Feiyang Metal Spinning Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Taizhou Pengxun Machinery Manufacturing Co., Ltd.</b>	13.64%
	<b>Hangzhou Powertrans Co., Ltd. / Guangde Ronghua Machinery Manufacturing Co., Ltd.</b>	13.64%
<b>Hangzhou Powertrans Co., Ltd. / Qiuxian Hengxin Machinery Co., Ltd.</b>	13.64%	

	<b>Hangzhou Powertrans Co., Ltd / Reach Machinery Enterprise</b>	<b>13.64%</b>
	<b>Hangzhou Powertrans Co., Ltd. / Chengdu Novo Machinery Co., Ltd.</b>	<b>13.64%</b>
	<b>Hangzhou Powertrans Co., Ltd. / Chengdu Leno Machinery Co., Ltd.</b>	<b>13.64%</b>
	<b>Shijiazhuang CAPT Power Transmission Co., Ltd. / Shijiazhuang CAPT Power Transmission Co., Ltd.</b>	<b>13.64%</b>
	<b>Xinguang Technology Co. Ltd of Sichuan Province / Sichuan Dawn Precision Technology Co., Ltd</b>	<b>13.64%</b>
	<b>China-Wide Rate</b>	<b>401.68%</b>

**FINAL SUBSIDY RATES:**

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATES</b>
<b>China</b>	<b>NOK (Wuxi) Vibration Control China Co. Ltd.</b>	<b>163.46%</b>
	<b>Powermach Import &amp; Export Co., Ltd. (Sichuan)</b>	<b>33.26%</b>
	<b>Separate Rate Companies (See Attached List)</b>	<b>163.46%</b>
	<b>All Others</b>	<b>33.26%</b>

## CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATIONS
Petition Filed	October 28, 2015	October 28, 2015
DOC Initiation Date	November 17, 2015	November 17, 2015
ITC Preliminary Determinations	December 14, 2015 <sup>†</sup>	December 14, 2015
DOC Preliminary Determinations	April 1, 2016	May 31, 2016
DOC Final Determinations	October 21, 2016	October 21, 2016
ITC Final Determinations	December 5, 2016	December 5, 2016
Issuance of Orders**	December 12, 2016	December 12, 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 (the Act). For AD investigations, the deadline is set forth in sections 733(b) and 735(a) of the Act. These deadlines may be extended under certain circumstances.

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

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

## IMPORT STATISTICS:

CANADA	2012	2013	2014
Value (USD)	171,239,000	201,951,000	222,330,000
CHINA	2012	2013	2014
Value (USD)	244,408,000	248,339,000	274,303,000

Source: U.S. Census Bureau, Accessed Through Global Trade Atlas. (Htsus 8483.30.8090, 8483.50.6000, 8483.50.9040, 8483.50.9080, 8483.90.3000, 8483.90.8080). Imports Of Iron Mechanical Transfer Drive Components May Also Enter Under 7325.10.0080, 7325.99.1000, 7326.19.0010, 7326.19.0080, 8431.31.0040, 8431.31.0060, 8431.39.0010, 8431.39.0050, 8431.39.0070, 8431.39.0080, And 8483.50.4000. These HTSUS Subheadings May Cover A Significant Amount Of Non-Subject Merchandise And Therefore Have Been Excluded For Purposes Of Reporting Import Statistics. Volume Is Not Reported In Official Import Statistics For Imports Entered Under The Above HTSUS Subheadings.

## SEPARATE RATES

Company	Subsidy Rate
Changzhou Baoxin Metallurgy Equipment Manufacturing Co. Ltd.	163.46%
Changzhou Changjiang Gear Co., Ltd.	163.46%
Changzhou Gangyou Lifting Equipment Co., Ltd.	163.46%
Changzhou Juling Foundry Co., Ltd.	163.46%
Changzhou Liangjiu Mechanical Manufacturing Co Ltd.	163.46%
Changzhou New Century Sprocket Group Company	163.46%
Changzhou Xiangjin Precision Machinery Co., Ltd.	163.46%
FIT Bearings	163.46%
Fuzhou Minyue Mechanical & Electrical Co., Ltd.	163.46%
Hangzhou Chinabase Machinery Co., Ltd.	163.46%
Hangzhou Ever Power Transmission Group	163.46%
Hangzhou Vision Chain Transmission Co., Ltd.	163.46%
Hangzhou Xingda Machinery Co., Ltd.	163.46%
Henan Xinda International Trading Co., Ltd.	163.46%
Henan Zhiyuan Machinery Sprocket Co. Ltd.	163.46%
Jiangsu Songlin Automobile Parts Co., Ltd	163.46%
Martin Sprocket & Gear (Changzhou) Co., Ltd.	163.46%
Ningbo Blue Machines Co., Ltd.	163.46%
Ningbo Fulong Synchronous Belt Co., Ltd.	163.46%
Ningbo Royu Machinery Co., Ltd.	163.46%
Praxair Surface Technologies	163.46%
Qingdao Dazheng Jin Hao International Trade Co., Ltd.	163.46%
Quanzhou Licheng Xintang Automobile Parts Co., Ltd. (“XTP Auto Parts”)	163.46%
Shangyu Shengtai Machinery Co., Ltd.	163.46%
Shenzhen Derui Sourcing Co., Ltd.	163.46%
Shengzhou Shuangdong Machinery Co., Ltd.	163.46%
Shengzhou Xinglong Machinery	163.46%

Sichuan Reach Jiayuan Machinery Co. Ltd.	163.46%
Tran-Auto Industries Co. Ltd.	163.46%
Ubet Machinery	163.46%