



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Non-Oriented Electrical Steel from the People's Republic of China and Taiwan, and No Subsidization of Imports of Non-Oriented Electrical Steel from the Republic of Korea

- On March 19, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of non-oriented electrical steel (NOES) from the People's Republic of China (China) and Taiwan, and its negative preliminary determination in the CVD investigation of NOES from the Republic of Korea (Korea).
- The CVD law provides U.S. business and workers with a transparent and internationally approved 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 China investigation, Commerce calculated a preliminary subsidy rate of 125.83 for mandatory respondent Baoshan Iron & Steel Co., Ltd., based on the application of adverse facts available. All other producers/exporters in China also have been assigned a preliminary subsidy rate of 125.83 percent.
- In the Korea investigation, Commerce calculated a *de minimis* preliminary subsidy rate for mandatory respondents POSCO and Daewoo International Corporation. This results in a preliminary negative determination for Korea.
- In the Taiwan investigation, Commerce calculated a *de minimis* preliminary subsidy rate for the mandatory respondent China Steel Corporation (CSC) and its cross-owned affiliates HiMag Magnetic Corporation (HIMAG) and China Steel Global Trading Corporation (CSGT) (collectively, CSC Companies). The other mandatory respondent in the investigation, Leicong Industrial Company, Ltd. (Leicong), did not participate in the proceeding. Therefore, the Department applied an adverse facts available rate of 12.82 percent. All other producers/exporters in Taiwan have been assigned a preliminary subsidy rate of 6.41 percent.
- As a result of the preliminary affirmative determinations for Taiwan and China, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates. Because of the negative preliminary determination, no cash deposit will be required for imports from Korea.
- On February 25, 2014, the domestic industry timely filed allegations of critical circumstances in the China and Korea cases. For China, we found that critical circumstances exist for all companies, therefore, we will instruct CBP to impose provisional measures retroactively on entries of subject

NOES 90 days prior to the publication of this determination. For Korea, we made a negative critical circumstances determination for all companies.

- The petitioner for these investigations is AK Steel Corporation (OH).
- The merchandise subject to these investigations is non-oriented electrical steel (NOES), which includes 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” in the prior sentence 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.*, B_{800} value). NOES contains by weight at least 1.25 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 is subject to these investigations whether it is fully processed (fully annealed to develop final magnetic properties) or semi-processed (finished to final thickness and physical form but not fully annealed to develop final magnetic properties); whether or not it is coated (*e.g.*, with enamel, varnish, natural oxide surface, chemically treated or phosphate surface, or other non-metallic materials). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of these investigations is not limited to merchandise meeting the specifications noted above.

NOES is sometimes referred to as cold-rolled non-oriented electrical steel (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO). These terms are interchangeable.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

- In 2013, imports of NOES from China, Korea, and Taiwan were valued at an estimated \$11.9 million, \$4.1 million, and \$8.1 million, respectively.

NEXT STEPS

- Commerce has aligned the CVD investigation with the concurrent antidumping duty investigation, and is scheduled to announce its final determinations on or about July 30, 2014; unless the statutory deadline is extended.
- If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of NOES from China, Korea, and/or

Taiwan 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 September 2014.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Baoshan Iron & Steel Co., Ltd.	125.83%
	All Others	125.83%

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Korea	POSCO; Daewoo International Corporation	0.59% (<i>de minimis</i>)*
	All Others	0.59% (<i>de minimis</i>)*

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Taiwan	China Steel Corporation (CSC), HiMag Magnetic Corporation (HIMAG) and China Steel Global Trading Corporation (CSGT) (collectively, CSC Companies)	0.15% (<i>de minimis</i>)
	Leicong Industrial Company, Ltd. (Leicong)	12.82%
	All Others	6.41%

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

CASE CALENDAR:

EVENT	DATE
Petitions Filed	September 30, 2013
DOC Initiation Date	November 6, 2013 [^]
ITC Preliminary Determination	December 2, 2013 [†]
DOC Preliminary Determination	March 18, 2014 ^{††}
DOC Final Determination	July 29, 2014 [†]
ITC Final Determination*	September 12, 2014
Issuance of Order**	September 19, 2014

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.

[^] As explained in the Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (October 18, 2013), Commerce exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013. Therefore, the deadlines in these investigations have been extended by 16 days.

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

^{††} Due to the closure of the Federal Government in Washington, DC on March 17, 2014, Commerce reached this determination on the next business day (i.e., March 18, 2014). See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

*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:

CHINA	2011	2012	2013
Volume (metric tons)	14,900	12,700	11,500
Value (USD)	18,957,000	14,801,000	11,860,000
KOREA	2011	2012	2013
Volume (metric tons)	6,200	6,700	4,200
Value (USD)	7,401,000	6,818,000	4,107,000
TAIWAN	2011	2012	2013
Volume (metric tons)	4,700	15,500	8,900
Value (USD)	6,111,000	17,247,000	8,142,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7225.19.0000, 7226.19.1000, and 7226.19.9000). NOES may also enter under HTSUS 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, and 7226.99.0180, which may cover significant amounts of non-subject merchandise. Therefore, these HTSUS subheadings have not been used for purposes of reporting import statistics.