



## FACT SHEET

### **Commerce Preliminarily Finds Countervailable Subsidization of Imports of Common Alloy Aluminum Sheet from the People's Republic of China**

- On April 17, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determination of the countervailing duty (CVD) investigation of imports of common alloy aluminum sheet from the People's Republic of China (China).
- Invoking its authority pursuant to section 702(a) of the Tariff Act of 1930, as amended, Commerce self-initiated this investigation in December 2017.
- 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.
- Commerce calculated a preliminary subsidy rate of 31.20 percent for mandatory respondent Yong Jie New Material Co., Ltd. In addition, Commerce calculated a preliminary subsidy rate of 34.99 percent for mandatory respondents Henan Mingtai Industrial Co., Ltd. and Zhengzhou Mingtai Industry Co., Ltd. Further, for their failure to cooperate, based on adverse facts available, Commerce assigned a preliminary subsidy rate of 113.30 percent to mandatory respondents Chalco Ruimin Co., Ltd. and Chalco-SWA Cold Rolling Co., Ltd. The preliminary subsidy rate for all-other Chinese producers and exporters is 33.10 percent.
- As a result of the affirmative preliminary determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- Commerce preliminarily found that critical circumstances do not exist for Henan Mingtai Industrial Co., Ltd., Zhengzhou Mingtai Industry Co., Ltd., and Yong Jie New Material Co., Ltd. Due to their failure to cooperate, Commerce also preliminarily found that critical circumstances exist for Chalco Ruimin Co., Ltd. and Chalco-SWA Cold Rolling Co., Ltd. Finally, Commerce preliminarily found that critical circumstances exist for all-other Chinese producers and exporters. Consequently, Commerce will instruct CBP to impose provisional measures retroactively on entries of common alloy aluminum sheet from China, as applicable, effective 90 days prior to publication of the preliminary determination in the *Federal Register*.
- The merchandise covered by this investigation is common alloy aluminum sheet, which is a flat-rolled aluminum product having a thickness of 6.3 mm or less, but greater than 0.2 mm, in coils or cut-to-length, regardless of width. Common alloy aluminum sheet within the scope of this investigation includes both not clad aluminum sheet, as well as multi-alloy, clad aluminum sheet. With respect to

not clad aluminum sheet, common alloy sheet is manufactured from a 1XXX-, 3XXX-, or 5XXX-series alloy as designated by the Aluminum Association. With respect to multi-alloy, clad aluminum sheet, common alloy sheet is produced from a 3XXX-series core, to which cladding layers are applied to either one or both sides of the core.

Common alloy sheet may be made to ASTM specification B209-14, but can also be made to other specifications. Regardless of specification, however, all common alloy sheet meeting the scope description is included in the scope. Subject merchandise includes common alloy sheet 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 common alloy sheet.

Excluded from the scope of this investigation is aluminum can stock, which is suitable for use in the manufacture of aluminum beverage cans, lids of such cans, or tabs used to open such cans. Aluminum can stock is produced to gauges that range from 0.200 mm to 0.292 mm, and has an H-19, H-41, H-48, or H-391 temper. In addition, aluminum can stock has a lubricant applied to the flat surfaces of the can stock to facilitate its movement through machines used in the manufacture of beverage cans. Aluminum can stock is properly classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7606.12.3045 and 7606.12.3055.

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 for the above.

Common alloy sheet is currently classifiable under HTSUS subheadings 7606.11.3060, 7606.11.6000, 7606.12.3090, 7606.12.6000, 7606.91.3090, 7606.91.6080, 7606.92.3090, and 7606.92.6080. Further, merchandise that falls within the scope of these investigations may also be entered into the United States under HTSUS subheadings 7606.11.3030, 7606.12.3030, 7606.91.3060, 7606.91.6040, 7606.92.3060, 7606.92.6040, 7607.11.9090. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.

- In 2016, imports of common alloy aluminum sheet from China were valued at an estimated \$603.6 million.
- The Preliminary Decision Memorandum is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. Please refer to case number C-570-074.

## NEXT STEPS

- Commerce is scheduled to announce its final determination of this CVD investigation on August 30, 2018, unless the statutory deadline is extended. The final determination of this investigation is aligned with the common alloy aluminum sheet antidumping duty (AD) investigation, which is also scheduled to be announced on August 30, 2018, unless extended. The preliminary determination of the AD investigation is scheduled to be announced on June 15, 2018.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of common alloy aluminum sheet from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce's or the ITC's final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

## PRELIMINARY SUBSIDY RATES:

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATE</b>
<b>China</b>	<b>Yong Jie New Material Co., Ltd.</b>	<b>31.20%</b>
	<b>Henan Mingtai Industrial Co., Ltd./ Zhengzhou Mingtai Industry Co., Ltd.</b>	<b>34.99%</b>
	<b>Chalco Ruimin Co., Ltd.</b>	<b>113.30%</b>
	<b>Chalco-SWA Cold Rolling Co., Ltd.</b>	<b>113.30%</b>
	<b>All Others</b>	<b>33.10%</b>

**CASE CALENDAR:**

<b>EVENT</b>	<b>CVD INVESTIGATION</b>
<b>DOC Initiation Date</b>	<b>December 4, 2017</b>
<b>ITC Preliminary Determination</b>	<b>January 16, 2018</b>
<b>DOC Preliminary Determination</b>	<b>April 16, 2018<sup>^</sup></b>
<b>DOC Final Determination*</b>	<b>August 29, 2018</b>
<b>ITC Final Determination**</b>	<b>October 15, 2018</b>
<b>Issuance of Order***</b>	<b>October 22, 2018</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). These deadlines may be extended under certain circumstances.

\*This deadline may be extended under the governing statute.

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

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

<sup>^</sup> As explained in the Memorandum for the Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018, Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20 through January 22, 2018. Therefore, the preliminary determination date for this investigation has been tolled by three days and all other deadlines have been adjusted accordingly.

**IMPORT STATISTICS:**

<b>Quantity (LB)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>
China	417,483,936	592,984,673	606,533,743	458,680,392	615,271,342

<b>Customs Value (USD)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>
China	\$488,753,380	\$683,988,553	\$603,560,933	\$451,527,819	\$687,206,700

Source: U.S. Census Bureau, accessed through Global Trade Atlas. We obtained the volume (converted from kilograms to pounds) and customs value of imports of common alloy aluminum sheet using Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7606.11.3060, 7606.11.6000, 7606.12.3090, 7606.12.6000, 7606.91.3090, 7606.91.6080, 7606.92.3090, and 7606.92.6080.