



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Grain-Oriented Electrical Steel from the People's Republic of China

- On March 5, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of grain-oriented electrical steel from the People's Republic of China (China).
- 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.
- Commerce calculated a preliminary subsidy rate of 49.15 percent for mandatory respondent Baoshan Iron & Steel Co., Ltd. All other producers/exporters in China have been assigned a preliminary subsidy rate of 49.15 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- The petitioners for this investigation are AK Steel Corporation (OH), Allegheny Ludlum, LLC (PA), and the United Steelworkers (PA).
- The scope of this investigation covers grain-oriented silicon electrical steel (GOES). GOES is 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. The GOES that is subject to these investigations is currently classifiable under subheadings 7225.11.0000, 7226.11.1000, 7226.11.9030, and 7226.11.9060 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.
- In 2013, imports of grain-oriented electrical steel from China were valued at an estimated \$5.4 million.

NEXT STEPS

- Commerce has determined to align the final determination in the instant CVD investigation with the final determination in the companion antidumping duty investigation. Therefore, Commerce is scheduled to announce its final determination in this investigation on or about July 16, 2014, unless the statutory deadline is extended.

- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of grain-oriented electrical steel 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:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Baoshan Iron & Steel Co., Ltd.	49.15%
	All Others	49.15%

CASE CALENDAR:

EVENT	DATE
Petition Filed	September 18, 2013
DOC Initiation Date [^]	October 24, 2013
ITC Preliminary Determination	November 20, 2013
DOC Preliminary Determination	March 3, 2014
DOC Final Determination	July 16, 2014
ITC Final Determination*	September 2, 2014 [†]
Issuance of Order ^{**^}	September 9, 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.

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

*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:

CHINA	2011	2012	2013
Volume (metric tons)	50	370	1,900
Value (USD)	149,300	1,239,000	5,412,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7225.11.0000, 7226.11.1000, 7226.11.9030, and 7226.11.9060).