



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China

- On August 30, 2016, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of 1-hydroxyethylidene-1, 1-diphosphonic acid (HEDP) from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent, quasi-judicial, 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, 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 2.37 percent for mandatory respondents Shandong Taihe Chemicals Co., Ltd. and Shandong Taihe Water Treatment Technologies Co., Ltd., (collectively, the Taihe Companies) and a preliminary subsidy rate of 1.04 percent for mandatory respondents Nanjing University of Chemical Technology Changzhou Wujin Water Quality Stabilizer Factory ("Wujin Water"). Eight companies, which did not respond to the Department's request for quantity and value information, have been assigned a rate of 36.33 percent, based on total adverse facts available (AFA). All other producers/exporters in China have been assigned a preliminary subsidy rate of 1.71 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 petitioner is Compass Chemical International LLC (GA).
- The merchandise covered by these investigations includes all grades of aqueous acidic (non-neutralized) concentrations of 1-hydroxyethylidene-1, 1-diphosphonic acid (HEDP), also referred to as hydroxyethylidenediphosphonic acid, hydroxyethanediphosphonic acid, acetodiphosphonic acid, and etidronic acid. The CAS (Chemical Abstract Service) registry number for HEDP is 2809-21-4.

The merchandise subject to these investigations is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 2931.90.9043. It may also enter under HTSUS subheadings 2811.19.6090 and 2931.90.9041. While HTSUS subheadings and the CAS registry number are provided for convenience and customs purposes only, the written description of the scope of these investigations is dispositive.

- In 2015, imports of HEDP from China were valued at an estimated \$290.1 million.

NEXT STEPS

- Because this investigation is aligned with the concurrent antidumping duty investigation on HEDP from China, Commerce is scheduled to announce its final determination on or about January 11, 2017, 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 HEDP 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	Taihe Companies	2.37%
	Wujin Water	1.04%
	AFA Companies (See Attached List)	36.33%
	All others	1.71%

CASE CALENDAR:

EVENT	DATE
Petition Filed	March 31, 2016
DOC Initiation Date	April 20, 2016
ITC Preliminary Determination	May 16, 2016
DOC Preliminary Determination	August 29, 2016
DOC Final Determination	January 10, 2017
ITC Final Determination**	February 24, 2017
Issuance of Order***	March 26, 2017

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.

†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 an affirmative final determination from Commerce.

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

IMPORT STATISTICS:

CHINA	2013	2014	2015
Volume (metric tons)	118,900	89,500	92,900
Value (USD)	566,660,000	363,245,000	290,096,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 2931.90.9043).

The above HTSUS subheading is a basket category and may cover both subject and non-subject merchandise. Imports of HEDP may also enter under HTSUS 2811.19.6090 and 2931.90.9041. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.

AFA Rate

COMPANY	SUBSIDY RATE
Changzhou Kewei Fine Chemicals Co., Ltd.	36.33%
Hebei Longke Water Treatment Co., Ltd.	36.33%
Jianghai Environmental Protection Co., Ltd.	36.33%
Shandong Huayou Chemistry Co., Ltd.	36.33%
Shandong Xintai Water Treatment Technology	36.33%
Zaozhuang Fuxing Water Treatment Technology	36.33%
Zaozhuang YouBang Chemicals Co., Ltd.	36.33%
Zouping Dongfang Chemical Industry Co., Ltd.	36.33%