



## FACT SHEET

### Commerce Finds Dumping and Countervailable Subsidization of Imports of Quartz Surface Products from China

- On May 15, 2019, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of quartz surface products 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 subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of an AD investigation, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of a CVD investigation, a countervailable subsidy is financial assistance from foreign governments 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.
- In the AD investigation, Commerce assigned dumping margins of 265.81 percent and 333.09 percent to mandatory respondents C Q International Limited and Foshan Yixin Stone Co., Ltd., respectively. Commerce determined a dumping margin of 336.69 percent for the China-wide entity, based entirely on adverse facts available. Commerce preliminarily determined a dumping margin of 297.40 percent for all other exporters from China that Commerce found to be eligible for a separate rate.
- In the CVD investigation, Commerce assigned a subsidy rate of 45.32 percent for mandatory respondent Foshan Yixin Stone Co. Ltd. (Foshan Yixin), 190.99 percent for mandatory respondent Fasa Industrial Corporation Limited and 190.99 percent for mandatory respondent Foshan Hero Stone Co., Ltd. We also assigned the 190.99 percent subsidy rate to Foshan Yixin's unaffiliated suppliers, Foshan Nanhai Julang Quartz Co. and Qinguan Yuefeng Decoration Material Co. The subsidy rate for all other Chinese producers and exporters is 45.32 percent.
- Upon publication of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect AD cash deposits equal to the applicable final weighted-average dumping margin. Further, as a result of the affirmative final CVD determination, if the U.S. International Trade Commission (ITC) makes an affirmative injury determination, Commerce will instruct CBP to resume collection of CVD cash deposits equal to the applicable subsidy rates. In addition, because we now find that critical circumstances exist for all producers/exporters of quartz surface products from China, in the event the ITC makes a final affirmative determination of critical circumstances, we will instruct CBP to require a CVD cash deposit on all entries of subject merchandise effective June 23, 2018.
- The petitioner is Cambria Company LLC (Eden Prairie, MN)
- Due to evasion concerns, Commerce modified the language of the scope exclusion for crushed glass surface products in these investigations so that it only applies to products with visible pieces of glass on the surface.

Therefore, glass surface products that do not meet the revised scope exclusion language are within the scope of the investigations.

- The merchandise covered by these investigations is certain quartz surface products.<sup>1</sup> Quartz surface products consist of slabs and other surfaces created from a mixture of materials that includes predominately silica (*e.g.*, quartz, quartz powder, cristobalite) as well as a resin binder (*e.g.*, an unsaturated polyester). The incorporation of other materials, including, but not limited to, pigments, cement, or other additives does not remove the merchandise from the scope of the investigation. However, the scope of the investigation only includes products where the silica content is greater than any other single material, by actual weight. Quartz surface products are typically sold as rectangular slabs with a total surface area of approximately 45 to 60 square feet and a nominal thickness of one, two, or three centimeters. However, the scope of this investigation includes surface products of all other sizes, thicknesses, and shapes. In addition to slabs, the scope of these investigation includes, but is not limited to, other surfaces such as countertops, backsplashes, vanity tops, bar tops, work tops, tabletops, flooring, wall facing, shower surrounds, fire place surrounds, mantels, and tiles. Certain quartz surface products are covered by the investigation whether polished or unpolished, cut or uncut, fabricated or not fabricated, cured or uncured, edged or not edged, finished or unfinished, thermoformed or not thermoformed, packaged or unpackaged, and regardless of the type of surface finish.

In addition, quartz surface products are covered by the investigation whether or not they are imported attached to, or in conjunction with, non-subject merchandise such as sinks, sink bowls, vanities, cabinets, and furniture. If quartz surface products are imported attached to, or in conjunction with, such non-subject merchandise, only the quartz surface product is covered by the scope.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise fabricated in a third country, including by cutting, polishing, curing, edging, thermoforming, attaching to, or packaging with another product, or any other finishing, packaging, or fabrication that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the quartz surface products.

The scope of the investigations does not cover quarried stone surface products, such as granite, marble, soapstone, or quartzite. Specifically excluded from the scope of the investigations are crushed glass surface products. Crushed glass surface products must meet each of the following criteria to qualify for this exclusion: (1) the crushed glass content is greater than any other single material, by actual weight; (2) there are pieces of crushed glass visible across the surface of the product; (3) at least some of the individual pieces of crushed glass that are visible across the surface are larger than one centimeter wide as measured at their widest cross-section (glass pieces); and (4) the distance between any single glass piece and the closest separate glass piece does not exceed three inches.

The products subject to the scope are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheading: 6810.99.0010. Subject merchandise may also enter under subheadings 6810.11.0010, 6810.11.0070, 6810.19.1200, 6810.19.1400, 6810.19.5000, 6810.91.0000, 6810.99.0080, 6815.99.4070, 2506.10.0010, 2506.10.0050, 2506.20.0010, 2506.20.0080, and 7016.90.10. The HTSUS subheadings set forth above are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.

- In 2017, imports of certain quartz surface products from China were valued at an estimated \$468 million.

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<sup>1</sup> Quartz surface products may also generally be referred to as engineered stone or quartz, artificial stone or quartz, agglomerated stone or quartz, synthetic stone or quartz, processed stone or quartz, manufactured stone or quartz, and Bretonstone®.

- The Final Decision Memoranda are 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 A-570-084 for the AD investigation and C-570-085 for the CVD investigation.

**NEXT STEPS**

- The ITC is scheduled to make its final determinations on or about June 24, 2019.
- If the ITC makes affirmative final determinations that imports of quartz surface products from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.

**FINAL DUMPING MARGINS:**

| COUNTRY | EXPORTER/PRODUCER  | DUMPING MARGINS | CASH DEPOSIT RATES** |
|---------|--|-----------------|----------------------|
| China   | Foshan Yixin Stone Co., Ltd.   | 333.09%         | 293.60%              |
|         | Suzhou Colorquartzstone New Material Co., Ltd., Shanghai Meiyang Stone Co., Ltd., CQ International Limited | 265.81%         | 255.27%              |
|         | Separate Rate Companies*   | 297.40%         | 257.91%              |
|         | China-Wide   | 336.69%         | 326.15%              |

\* See the *Federal Register* notice for a list of the companies receiving a separate rate.

\*\*Rates are adjusted for export subsidies.

**FINAL SUBSIDY RATES:**

| COUNTRY | EXPORTER/PRODUCER                       | SUBSIDY RATE |
|---------|---|--------------|
| China   | Foshan Yixin Stone Co. Ltd.             | 45.32%       |
|         | Fasa Industrial Corporation Limited     | 190.99%      |
|         | Foshan Hero Stone Co., Ltd.             | 190.99%      |
|         | Foshan Nanhai Julang Quartz Co.         | 190.99%      |
|         | Qinguan Yuefeng Decoration Material Co. | 190.99%      |
|         | All Others                              | 45.32%       |

**CASE CALENDAR:**

| <b>EVENT</b>                          | <b>CVD</b>                | <b>AD</b>                |
|---------------------------------------|---------------------------|--------------------------|
| <b>Petitions Filed</b>                | <b>April 17, 2018</b>     | <b>April 17, 2018</b>    |
| <b>DOC Initiation Date</b>            | <b>May 7, 2018</b>        | <b>May 7, 2018</b>       |
| <b>ITC Preliminary Determinations</b> | <b>June 6, 2018</b>       | <b>June 6, 2018</b>      |
| <b>DOC Preliminary Determinations</b> | <b>September 14, 2018</b> | <b>November 13, 2018</b> |
| <b>DOC Final Determinations</b>       | <b>May 14, 2019</b>       | <b>May 14, 2019</b>      |
| <b>ITC Final Determinations</b>       | <b>June 24, 2019</b>      | <b>June 24, 2019</b>     |
| <b>Issuance of Orders*</b>            | <b>July 1, 2019</b>       | <b>July 1, 2019</b>      |

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For AD investigations, the deadlines are set forth in sections 733(b) and 735(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

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

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

**IMPORT STATISTICS:**

| <b>China</b>                  | <b>2015</b> | <b>2016</b> | <b>2017</b> |
|-------------------------------|-------------|-------------|-------------|
| <b>Volume (Square Meters)</b> | 1,952,201   | 3,503,897   | 5,609,221   |
| <b>Value (USD)</b>            | 167,471,903 | 298,763,393 | 459,640,660 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas (Harmonized Tariff Schedule of the United States (HTSUS 6810.99.0010))