



FACT SHEET

Commerce Issues Affirmative Preliminary Determination in the CVD Investigation of Imports of Steel Propane Cylinders from the People's Republic of China

- On October 22, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determination of the countervailing duty (CVD) investigation of imports of steel propane cylinders from the People's Republic of China (China).
- 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 investigation, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods by 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 assigned a preliminary subsidy rate of 42.77 percent for mandatory respondent Shandong Huanri Group Co. Ltd. Commerce assigned a preliminary subsidy rate of 145.37 percent for mandatory respondent TPA Metals and Machinery (SZ) Co. Ltd., which is based entirely on adverse facts available. Commerce also assigned a preliminary subsidy rate of 145.37 percent to five other producers/exporters based entirely on adverse facts available, due to their failure to respond to Commerce's quantity and value questionnaire. The preliminary subsidy rate for all other Chinese producers and exporters is 42.77 percent.
- Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits from importers of steel propane cylinders from China based on these preliminary rates.
- The petitioners are Worthington Industries (Columbus, OH) and Manchester Tank & Equipment Co. (Franklin, TN).
- The merchandise covered by this investigation is steel cylinders for compressed or liquefied propane gas (steel propane cylinders) meeting the requirements of, or produced to meet the requirements of, U.S. Department of Transportation (USDOT) Specifications 4B, 4BA, or 4BW, or Transport Canada Specification 4BM, 4BAM, or 4BWM, or United Nations pressure receptacle standard ISO 4706. The scope includes steel propane cylinders regardless of whether they have been certified to these specifications before importation. Steel propane cylinders range from 2.5 pound nominal gas capacity (approximate 6 pound water capacity and approximate 4-6 pound tare weight) to 42 pound nominal gas capacity (approximate 100 pound water capacity and approximate 28-32 pound tare weight). Steel propane cylinders have two or fewer ports and may be imported assembled or unassembled (*i.e.*, welded or brazed before or after importation), with or without all components (including collars, valves, gauges, tanks, foot rings, and overfill prevention devices), and coated or uncoated. Also included within the scope are drawn cylinder halves, unfinished propane cylinders, collars, and foot rings for steel propane cylinders.

An “unfinished” or “unassembled” propane cylinder includes drawn cylinder halves that have not been welded into a cylinder, cylinders that have not had flanges welded into the port hole(s), cylinders that are otherwise complete but have not had collars or foot rings welded to them, otherwise complete cylinders without a valve assembly attached, and cylinders that are otherwise complete except for testing, certification, and/or marking.

The investigation also covers steel propane cylinders that meet, are produced to meet, or are certified as meeting, other U.S. or Canadian government, international, or industry standards (including, for example, American Society of Mechanical Engineers (ASME), or American National Standard Institute (ANSI)), if they also meet, are produced to meet, or are certified as meeting USDOT Specification 4B, 4BA, or 4BW, or Transport Canada Specification 4BM, 4BAM, or 4BWM, or a United Nations pressure receptacle standard ISO 4706.

Subject merchandise also includes steel propane cylinders that have been further processed in a third country, including but not limited to, attachment of collars, foot rings, or handles by welding or brazing, heat treatment, painting, testing, certification, 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 in-scope steel propane cylinders.

Specifically excluded are seamless steel propane cylinders and propane cylinders made from stainless steel (*i.e.*, steel containing at least 10.5 percent chromium by weight and less than 1.2 percent carbon by weight), aluminum, or composite fiber material. Composite fiber material is material consisting of the mechanical combination of two components: fiber (typically glass, carbon, or aramid (synthetic polymer)) and a matrix material (typically polymer resin, ceramic, or metallic).

The merchandise subject to this investigation is properly classified under statistical reporting numbers 7311.00.0060 and 7311.00.0090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

- In 2017, imports of steel propane cylinders from China were valued at an estimated \$89.8 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-570-087 for China.

NEXT STEPS

- Commerce is scheduled to announce its final determination on or about March 5, 2019.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of steel propane cylinders from China materially injures, or threatens 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 RATE
China	Shandong Huanri Group Co. Ltd.	42.77%
	TPA Metals and Machinery (SZ) Co. Ltd.	145.37%
	Guangzhou Lion Cylinders Co. Ltd.	145.37%
	Hubei Daly LPG Cylinder Manufacturer Co. Ltd.	145.37%
	Taishan Machinery Factory Ltd.	145.37%
	Wuyi Xilinde Machinery Manufacture Co., Ltd.	145.37%
	Zhejiang Jucheng Steel Cylinder Co., Ltd.	145.37%
	All Others	42.77%

CASE CALENDAR:

EVENT	CVD INVESTIGATION
Petition Filed	May 22, 2018
DOC Initiation Date	June 11, 2018
ITC Preliminary Determination	July 6, 2018
DOC Preliminary Determination	October 19, 2018
DOC Final Determination*	March 4, 2019
ITC Final Determination**	April 18, 2019
Issuance of Orders***	April 25, 2019

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.

IMPORT STATISTICS:

CHINA	2015	2016	2017
Quantity (units)	2,223,135	1,613,360	4,006,413
Value (USD)	60,364,689	60,930,318	89,801,633

Source: U.S. Census Bureau, accessed through Global Trade Atlas (Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7311.00.0060 and 7311.00.0090.) These HTSUS subheadings are basket categories and cover both subject and non-subject merchandise.