



## FACT SHEET

### **Commerce Issues Affirmative Preliminary Determination in the Countervailing Duty Investigation of Imports of Certain Steel Wheels from the People's Republic of China**

- On February 15, 2019, the Department of Commerce (Commerce) announced the affirmative preliminary determination of the countervailing duty (CVD) investigation of imports of steel wheels 12 to 16.5 inches in diameter (certain steel wheels) 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 a 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 58.30 percent for the sole participating mandatory respondent Zhejiang Jingu Company Limited. Commerce assigned a preliminary subsidy rate of 293.27 percent, based entirely upon adverse facts available, for mandatory respondent Xingmin Intelligent Transportation Systems (Group), which withdrew its participation from this investigation. The preliminary subsidy rate for all other Chinese producers and exporters is 58.30 percent, which is based entirely on the preliminary subsidy rate assigned to Zhejiang Jingu Company Limited.
- Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits from importers of certain steel wheels from China based on these preliminary rates.
- The petitioner is Dexstar Wheel, a division of Americana Development, Inc.
- In the AD and CVD investigations, the domestic interested party alleged critical circumstances with regard to imports of certain steel wheels from China. For the CVD investigation, Commerce found that critical circumstances exist for Xingmin Intelligent Transportation Systems (Group), Zhejiang Jingu Company Limited, as well as all other Chinese exporters and producers.
- The merchandise covered by these investigations is certain on-the-road steel wheels, discs, and rims for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 12 inches to 16.5 inches within the scope are generally for road and highway trailers and other towable equipment, including, *inter alia*, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes. The standard widths of certain on-the-road steel wheels are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope.

The scope includes rims and discs for certain on-the-road steel wheels, whether imported as an assembly, unassembled, or separately. The scope includes certain on-the-road steel wheels regardless of steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. The scope also includes certain on-the-road steel wheels with discs in either a “hub-piloted” or “stud-piloted” mounting configuration, though the stud-piloted configuration is most common in the size range covered.

All on-the-road wheels sold in the United States must meet Standard 110 or 120 of the National Highway Traffic Safety Administration’s (NHTSA) Federal Motor Vehicle Safety Standards, which requires a rim marking, such as the “DOT” symbol, indicating compliance with applicable motor vehicle standards. *See* 49 C.F.R. § 571.110 and § 571.120. The scope includes certain on-the-road steel wheels imported with or without NHTSA’s required markings.

Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem or rims imported as an assembly with a tire mounted on the rim and/or with a valve stem are included in the scope of this investigation. However, if the steel wheels or rims are imported as an assembly with a tire mounted on the wheel or rim and/or with a valve stem attached, the tire and/or valve stem is not covered by the scope.

Excluded from this scope are the following:

- 1) steel wheels for use with tube-type tires; such tires use multi piece rims, which are two-piece and three-piece assemblies and require the use of an inner tube;
- 2) aluminum wheels;
- 3) certain on-the-road steel wheels that are coated entirely with chrome; and
- 4) steel wheels that do not meet Standard 110 or 120 of the NHTSA’s requirements other than the rim marking requirements found in 49 C.F.R. § 571.110S4.4.2 and § 571.120S5.2.

Certain on-the-road steel wheels subject to this investigation are properly classifiable under the following category of the Harmonized Tariff Schedule of the United States (HTSUS): 8716.90.5035 which covers the exact product covered by the scope whether entered as an assembled wheel or in components. Certain on-the-road steel wheels entered with a tire mounted on them may be entered under HTSUS 8716.90.5059 (Trailers and semi-trailers; other vehicles, not mechanically propelled, parts, wheels, other, wheels with other tires) (a category that will be broader than what is covered by the scope). While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

- In 2017, U.S. imports of certain steel wheels 12 to 16.5 inches in diameter from China were valued at an estimated \$73.8 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-570-091.

## NEXT STEPS

- Commerce is scheduled to announce its final determination on or about July 1, 2019.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of certain steel wheels 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	Zhejiang Jingu Company Limited	58.30%
	Xingmin Intelligent Transportation Systems (Group)	293.27%
	All Others	58.30%

## CASE CALENDAR:

EVENT	CVD INVESTIGATION
Petition Filed	August 8, 2018
DOC Initiation Date	August 28, 2018
ITC Preliminary Determination	September 24, 2018
DOC Preliminary Determination	February 14, 2019
DOC Final Determination*	July 1, 2019
ITC Final Determination**	August 15, 2019
Issuance of Order***	August 22, 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 (metric tons)	42,195	46,264	50,656
Value (USD)	66,722,177	60,770,235	73,788,514

Source: U.S. Census Bureau, accessed through Global Trade Atlas (Harmonized Tariff Schedule of the United States (HTSUS 8716.90.5035). Imports of certain steel wheels 12 to 16.5 inches in diameter may also enter under HTSUS subheading 8716.90.5059, which is a basket category that may cover both subject and non-subject merchandise.