



FACT SHEET

Commerce Finds Dumping and Countervailable Subsidies of Imports of Stainless Steel Sheet and Strip from the People's Republic of China

- On February 2, 2017, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of stainless steel sheet and strip from the People's Republic of China (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.
- Commerce found that dumping has occurred by mandatory respondents Shanxi Taigang Stainless Steel Co., Ltd. and Tianjin Taigang Daming Metal Product Co., Ltd. Commerce also determined that the mandatory respondents are not eligible for a separate rate and, therefore, part of the China-wide entity. Commerce calculated a final dumping margin of 63.86 percent for the non-selected respondents eligible for a separate rate. Commerce assigned a dumping margin of 76.64 percent based on adverse facts available for all other producers/exporters in China that are part of the China-wide entity due to their failure to respond to Commerce's requests for information.
- Commerce also calculated a final subsidy rate of 75.60 percent for mandatory respondent Shanxi Taigang Stainless Steel Co. Ltd. (and its cross-owned companies TPCO Stainless Steel Co., Ltd., Shanxi Taigang Stainless Steel Precision Strip Co., Ltd., Taigang (Group) International Economic and Trade Co., Ltd., Shanxi Taigang Wanbang Furnace Burden Co., Ltd., TISCO Metal Recycle Co., Ltd., TISCO Mining Branch, Shanxi Taigang Xinlei Resource Co., Ltd., and Taiyuan Iron and Steel Group Co., Ltd. (TISCO)). Mandatory respondents Ningbo Baoxin Stainless Steel Co., Ltd. (and its cross-owned companies Baosteel Stainless Steel Co., Ltd., Baoshan Iron & Steel Co., Ltd., Baosteel Desheng Stainless Steel Co., Ltd., Baosteel Co., Ltd., Bayi Iron & Steel Co., Ltd., Ningbo Iron & Steel Co., Ltd., Shaoguan Iron & Steel Co., Ltd., Guangdong Shaoguan Iron & Steel Co., Ltd., and Zhanjiang Iron & Steel Co., Ltd.) and Daming International Import Export Co. Ltd. (and its cross-owned company Tianjin Taigang Daming Metal Product Co., Ltd.) either notified Commerce that they would not participate in this investigation or did not, in fact, participate in the investigation. As a result, Commerce calculated a final subsidy rate of 190.71 percent based on adverse facts available due to the failure of these companies to cooperate in the investigation. All other producers/exporters in China have been assigned a final subsidy rate of 75.60 percent.
- Upon publication of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable final weighted-average

dumping margins. Commerce will not order the resumption of the suspension of liquidation under the CVD proceeding, nor will it require cash deposits equal to the final subsidy rates, unless and until the U.S. International Trade Commission (ITC) issues an affirmative injury determination. At that time, pursuant to sections 777A(F) and 772(c)(1)(C) of the Act, Commerce will also reduce the AD cash deposit rates by the amount of the final CVD domestic subsidy pass-through and export subsidies (i.e., 18.60 percent). In the event of a negative ITC determination, the AD and CVD proceedings will be terminated and all entries liquidated without regard to cash deposits.

- Commerce found that critical circumstances exist in the AD investigation with respect to all producers and exporters. Commerce found that critical circumstances exist in the CVD investigation for the non-cooperative mandatory respondents Ningbo Baoxin Stainless Steel Co., Ltd., Daming International Import Export Co. Ltd., and their cross-owned affiliates. For those companies where critical circumstances exist, CBP will be instructed to impose retroactively provisional measures on all entries of stainless steel sheet and strip effective 90 days prior to publication of the preliminary determinations in the Federal Register.
- The petitioners for these investigations are AK Steel Corporation (OH), Allegheny Ludlum, LLC d/b/a ATI Flat Rolled Products (PA), North American Stainless (KY), and Outokumpu Stainless USA, LLC (IL).
- The merchandise covered by these investigations is stainless steel sheet and strip, whether in coils or straight lengths. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product with a width that is greater than 9.5 mm and with a thickness of 0.3048 mm and greater but less than 4.75 mm, and that is annealed or otherwise heat treated, and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.*, cold-rolled, annealed, tempered, polished, aluminized, coated, painted, varnished, trimmed, cut, punched, or slit, etc.) provided that it maintains the specific dimensions of sheet and strip set forth above following such processing. The products described include products regardless of shape, and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above: (1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above; and (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of these investigations unless specifically excluded.

Subject merchandise includes stainless steel sheet and strip that has been further processed in a third country, including but not limited to cold-rolling, annealing, tempering, polishing, aluminizing, coating, painting, varnishing, trimming, cutting, punching, and/or slitting, 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 stainless steel sheet and strip.

Excluded from the scope of these investigations are the following: (1) sheet and strip that is not annealed or otherwise heat treated and not pickled or otherwise descaled; (2) plate (*i.e.*, flat-rolled stainless steel products of a thickness of 4.75 mm or more); and (3) flat wire (*i.e.*, cold-rolled sections, with a mill edge, rectangular in shape, of a width of not more than 9.5 mm).

- The products under these investigations are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.13.0081, 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.23.0030, 7219.23.0060, 7219.24.0030, 7219.24.0060, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.32.0045, 7219.32.0060, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.33.0045, 7219.33.0070, 7219.33.0080, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.34.0050, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.35.0050, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these proceedings is dispositive.
- In 2015, imports of stainless steel sheet and strip from China were valued at an estimated \$302 million.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its final determination on or about March 20, 2017.
- If the ITC makes an affirmative final determination that imports of stainless steel sheet and strip from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes a negative determination of injury, the investigations will be terminated.

FINAL DUMPING MARGINS:

| COUNTRY | EXPORTER/PRODUCER | DUMPING RATES | CASH DEPOSIT** |
|---------|---|---------------|----------------|
| China | Non-Selected Separate Rate Respondents* | 63.86 % | 45.26 % |
| | China-Wide Rate | 76.64 % | 58.04 % |

* The non-selected separate rate respondents are: Taiyuan Ridetaixing Precision Stainless Steel Incorporated Co., Ltd. and Zhangjiagang Pohang Stainless Steel Co., Ltd.

** NOTE: The difference between the dumping margins and the cash deposit rates represents the adjustment for the export subsidies and the domestic subsidy “pass through” identified in the companion countervailing duty investigation.

FINAL SUBSIDY RATES:

| COUNTRY | EXPORTER/PRODUCER | SUBSIDY RATES |
|---------|--|---------------|
| China | Shanxi Taigang Stainless Steel Co. Ltd., TPCO Stainless Steel Co., Ltd., Shanxi Taigang Stainless Steel Precision Strip Co., Ltd., Taigang (Group) International Economic and Trade Co., Ltd., Shanxi Taigang Wanbang Furnace Burden Co., Ltd., TISCO Metal Recycle Co., Ltd., TISCO Mining Branch, Shanxi Taigang Xinlei Resource Co., Ltd., and Taiyuan Iron and Steel Group Co., Ltd. (TISCO) | 75.60 % |
| | Ningbo Baoxin Stainless Steel Co., Ltd., Baosteel Stainless Steel Co Ltd, Baoshan Iron & Steel Co, Ltd., Baosteel Desheng Stainless Steel Co., Ltd, Baosteel Co., Ltd., Bayi Iron & Steel Co., Ltd., Ningbo Iron & Steel Co., Ltd., Shaoguan Iron & Steel Co., Ltd., Guangdong Shaoguan Iron & Steel Co., Ltd., and Zhanjiang Iron & Steel Co., Ltd. | 190.71% |
| | Daming International Import Export Co Ltd. and Tianjin Taigang Daming Metal Product Co., Ltd. | 190.71% |
| | All others | 75.60 % |

CASE CALENDAR:

| EVENT | AD | CVD |
|-------------------------------|-------------------|-------------------|
| Petitions Filed | February 12, 2016 | February 12, 2016 |
| DOC Initiation Date | March 3, 2016 | March 3, 2016 |
| ITC Preliminary Determination | May 17, 2016 | May 17, 2016 |
| DOC Preliminary Determination | September 9, 2016 | July 11, 2016 |
| DOC Final Determination | February 1, 2017 | February 1, 2017 |
| ITC Final Determination | March 20, 2017† | March 20, 2017† |
| Issuance of Order* | March 27, 2017 | March 27, 2017 |

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) of the Tariff Act of 1930, as amended. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a) 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 final affirmative determinations by Commerce and the ITC.

IMPORT STATISTICS:

| CHINA | 2013 | 2014 | 2015 |
|----------------------|-------------|-------------|-------------|
| Volume (metric tons) | 57,300 | 119,800 | 133,500 |
| Value (USD) | 140,312,000 | 298,629,000 | 301,699,000 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.13.0081, 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.23.0030, 7219.23.0060, 7219.24.0030, 7219.24.0060, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.32.0045, 7219.32.0060, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.33.0045, 7219.33.0070, 7219.33.0080, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.34.0050, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.35.0050, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080.)