



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China

- On July 1, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of carbon and certain alloy steel wire rod from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent and internationally approved 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, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated a preliminary subsidy rate of 10.30 percent for mandatory respondent Benxi Beiyong Iron & Steel Group Import & Export Corp., Benxi Beiyong Iron & Steel (Group) Co., Ltd., and 13 affiliates (collectively Benxi Steel).¹ Commerce calculated a preliminary subsidy rate of 81.36 percent for mandatory respondent Hebei Iron & Steel Co. Ltd. Tangshan Branch (Hebei Iron & Steel). All other producers/exporters in China have been assigned a preliminary subsidy rate of 10.30 percent.
- The preliminary subsidy rate for Hebei Iron & Steel was based on adverse facts available because it did not respond to Commerce's information request and, therefore, failed to cooperate to the best of its ability in this investigation.
- Commerce determined preliminarily that critical circumstances exist with respect to imports of carbon and certain alloy steel wire rod from all exporters except Benxi Steel.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on the above-referenced preliminary CVD rates.
- Based on Commerce's preliminarily critical circumstances finding, Commerce will instruct CBP to require cash deposits on any unliquidated entries of the subject merchandise from exporters other than Benxi Steel entered, or withdrawn from warehouse for consumption, on or after the date 90 days prior to the date of publication of Commerce's preliminary determination in the Federal Register.

¹These affiliates are: Benxi Steel Group Corporation; Beitai Iron & Steel (Group) Co., Ltd.; Benxi Northern Steel Rolling Co., Ltd.; Benxi Beifang Gaosu Steel Wire Rod Co., Ltd.; Benxi Beitai Gaosu Steel Wire Rod Co., Ltd.; Benxi Northern Steel Co., Ltd.; Benxi Beifang Second Rolling Co., Ltd.; Benxi Beitai Ductile Iron Pipes Co., Ltd.; Benxi Iron and Steel (Group) Metallurgy Co., Ltd.; Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.; Benxi Iron & Steel (Group) Co., Ltd.; Bei Tai Iron and Steel Group Imp. and Exp. (Dalian) Co., Ltd.; and Bengang Steel Plate Co., Ltd.

- The petitioners for this investigation are ArcelorMittal USA LLC (IL), Charter Steel (WI), Evraz Pueblo (formerly Evraz Rocky Mountain Steel) (CO), Gerdau Ameristeel US Inc. (FL), Keystone Consolidated Industries, Inc. (TX), and Nucor Corporation (NC).
- The merchandise covered by this investigation is certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately circular cross section, less than 19.00 mm in actual solid cross-sectional diameter. Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; or (e) concrete reinforcing bars and rods. Also excluded are free cutting steel (also known as free machining steel) products (i.e., products that contain by weight one or more of the following elements: 0.1 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium). All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope. The products under investigation are currently classifiable under HTSUS subheadings 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3093; 7213.91.4500, 7213.91.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6030, and 7227.90.6035 of the HTSUS. Products entered under subheadings 7213.99.0090 and 7227.90.6090 of the HTSUS also may be included in this scope if they meet the physical description of subject merchandise above. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.
- In 2013, imports of carbon and certain alloy steel wire rod from China were valued at an estimated \$313 million.

NEXT STEPS

- Commerce is scheduled to announce its final determination in this investigation on or about November 12, 2014, as it has been aligned with the final determination in the companion antidumping (AD) investigation of carbon and certain alloy steel wire rod from China.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of carbon and certain alloy steel wire rod 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	Benxi Steel	10.30%
	Hebei Iron & Steel	81.36%
	China-Wide Rate	10.30%

CASE CALENDAR:

EVENT	DATE
Petition Filed	January 31, 2014
DOC Initiation Date	February 21, 2013
ITC Preliminary Determination	March 25, 2014
DOC Preliminary Determination	June 30, 2014
DOC Final Determination	November 12, 2014†
ITC Final Determination	December 27, 2014*
Issuance of Order	January 3, 2015**

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.

†The DOC final determination deadline has been aligned with the final determination deadline of the companion AD investigation.

*This will take place only in the event of a final affirmative determination from Commerce.

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

IMPORT STATISTICS:

CHINA	2011	2012	2013
Volume (metric tons)	130	219,500	561,400
Value (USD)	143,000	137,614,000	312,998,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3093, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, and 7227.90.6085). Some HTSUS subheadings are basket categories and may cover both subject and non-subject merchandise. Carbon and alloy steel wire rod may also enter under HTSUS 7213.99.0090 and 7227.90.6090, which may cover significant amounts of non-subject merchandise. Therefore, these HTSUS subheadings have not been used for purposes of reporting import statistics. Note: In 2014, HTSUS subheading 7227.90.6085 was replaced with four new subheadings, two of which cover subject merchandise (7227.90.6030 and 7227.90.6035).