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USITC Investigation No. 332-591  
Public Document

August 12, 2022

The Honorable Lisa R. Barton  
Secretary  
U.S. INTERNATIONAL TRADE COMMISSION  
500 E Street, S.W., Room 112  
Washington, DC 20436

Re: Section 332 Investigation: Economic Impact of Section 232 and 301  
Tariffs on U.S. Industries – Written Statement of American Wire  
Producers Association

Dear Secretary Barton:

On behalf of the American Wire Producers Association (“AWPA”), we hereby submit the attached written statement in connection with the Commission’s investigation of the economic impact of Section 232 and 301 tariffs on U.S. industry.

This written statement is timely filed pursuant to the Commission’s *Notice of Investigation and Scheduling of a Public Hearing; Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*, 87 Fed. Reg. 28,035 (May 10, 2022).

Very truly yours,

Frederick P. Waite  
Kimberly R. Young

*Counsel to the American Wire Producers Association*

FPW/KRY/rbj

BEFORE THE  
U.S. INTERNATIONAL TRADE COMMISSION  
WASHINGTON, D.C.

*In re*

Investigation No. 332-591

*Economic Impact of Section 232 and 301  
Tariffs on U.S. Industries*

PUBLIC DOCUMENT

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

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August 12, 2022

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**ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS  
ON U.S. INDUSTRIES**

**INVESTIGATION NO. 232-591  
U.S. INTERNATIONAL TRADE COMMISSION**

**WRITTEN STATEMENT ON BEHALF OF THE  
AMERICAN WIRE PRODUCERS ASSOCIATION**

The members of the American Wire Producers Association (“AWPA”) are perhaps unique among the domestic industries which have been affected by the tariffs imposed on steel imports pursuant to Section 232 of the Trade Expansion Act of 1962<sup>1</sup> and the tariffs imposed on imports from China pursuant to Section 301 of the Trade Act of 1974.<sup>2</sup> AWPA members manufacture a wide range of carbon, alloy, and stainless steel wire and wire products essential to the U.S. economy and national security, and they are also consumers of the steel inputs – wire rod and bar – used to make these downstream products. While Section 301 tariffs cover almost all of the products manufactured by AWPA members, Section 232 tariffs cover only hot-rolled steel wire rod (the primary raw material from which wire is produced) and steel wire, but they do not extend to further processed wire products. This disparate treatment has disadvantaged some

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<sup>1</sup> 19 U.S.C. §1862.

<sup>2</sup> 19 U.S.C. §2232.



AWPA member companies, whose purchases of steel inputs are subject to Section 232 tariffs but whose own further processed goods are competing with imports of wire products, which are not.

## **I. The AWPA and Its Member Companies Are Essential to the U.S. Economy and National Security.**

The member companies of the AWPA represent a crucial but often overlooked segment of the U.S. steel industry – its 88 member companies provide good-paying jobs to more than 22,000 American workers in 215 facilities located in 35 states. Collectively, AWPA members account for 80 to 90 percent of the total U.S. output of carbon, alloy, and stainless steel wire and wire products, with annual sales exceeding \$11 billion.

American manufacturers of steel wire and wire products are entrepreneurial and committed to maintaining a strong and dependable supply chain for their customers. The American wire and wire products industry is one of the most globally competitive segments of the U.S. steel industry, and AWPA members pride themselves on their high levels of productivity and constant reinvestment in the latest technology and equipment. AWPA members are equally proud of the tens of thousands of good-paying jobs that they provide to hard-working Americans in hundreds of communities throughout the United States.

AWPA members manufacture a nearly infinite variety of products which are used throughout the U.S. economy as finished products or intermediate inputs for further processing. These products include wire for residential and commercial construction applications; agricultural fencing; wire garment hangers for dry cleaners and uniform rental companies; innerspring units for beds and other furniture; threaded rod for commercial building

construction; nails and staples; industrial fasteners for making everything from aircraft to automobiles to power tools; welding wire for gas and water transmission pipes; wire rope for elevators and cranes; prestressed wire strand and wire mesh for highway construction and other public works; wire for shelving and supermarket carts; bolts for securing light poles and signs; and stainless steel wire for springs, medical devices, and a variety of applications. The list goes on and on. There is virtually no aspect of everyday life that is not affected by the wire and wire products made by AWWA members.

Many wire products also have direct applications which promote and protect the national security of the United States. Steel wire is used to make nuts, bolts, screws, and other fasteners for fixed-wing military aircraft and helicopters as well as for all types of military vehicles. Steel wire is also formed into firearm recoil springs, surgical tools, furniture, and bedding for use in military offices and barracks, and reinforcement for fire-suppression systems on vessels and airfields. Prestressed steel wire strand provides structural support for aircraft hangars and other structures, and steel wire rope forms control cables on virtually all military aircraft. Steel barbed wire and chain link fence ensure the security of military and other defense-related installations. Steel wire mesh and baskets are used in combat shelters, partitions and enclosures, window guards, and storage lockers. Thus, wire and wire products are essential components in everything from weapons systems to logistical infrastructure.<sup>3</sup>

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<sup>3</sup> **Exhibit 1:** *U.S. Department of Commerce, Bureau of Industry and Security; Section 232 Investigation of Steel Imports – Comments of the American Wire Producers Association* (May 30, 2017) at 10—12.

Finally, the U.S. wire and wire products industry forms a nexus with domestic suppliers of wire rod and bar to meet the demands of the civilian economy and national security requirements. The member companies of the AWWPA rely on domestic producers of steel wire rod for the vast majority of its basic raw material — carbon, alloy, and stainless steel wire rod and bar.<sup>4</sup> Indeed, most of these rod and bar mills are also members of the AWWPA. Thus, a robust domestic wire rod industry is a precondition for the success of the downstream wire and wire products industry and its countless customers.

## **II. Section 301 Tariffs on Steel Wire and Wire Products from China Have Benefitted the U.S. Industry**

As noted above, Section 301 tariffs on Chinese products cover virtually all wire and wire products.<sup>5</sup> In its comments to the Office of the U.S. Trade Representative (“USTR”), the AWWPA pointed out that wire and wire products are value-added products that China has frequently promoted through mercantilist export tax and value-added tax rebate schemes, subsidy programs,

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<sup>4</sup> Exhibit 1 at 2—3 and Exhibit 2.

<sup>5</sup> **Exhibit 2:** *Office of the United States Trade Representative, Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*; Notice, 83 Fed. Reg. 47,974 (September 21, 2018); **Exhibit 3:** *Office of the United States Trade Representative, Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*; Notice, 84 Fed. Reg. 43,304 (August 20, 2019).

and currency manipulation.<sup>6</sup> In particular, the USTR noted in numerous reports to the U.S. Congress that China’s illegal trade practices have encouraged the exportation of certain finished products – “particularly wire products” – while discouraging the exportation of semi-finished products and raw materials.<sup>7</sup> Aided by such schemes, imports of Chinese wire and wire products surged into the United States during the period prior to the USTR’s Section 301 investigation.<sup>8</sup>

The imposition of Section 301 tariffs on steel wire and wire products benefits the domestic industry by constraining the amount of imports of these products from China. As documented in **Exhibit 5**, imports from China of drawn wire, wire rope, wire strand, woven wire fabric, wire grill / netting / fencing, nails and staples, industrial fasteners, and steel wire garment hangers declined following the imposition of Section 301 tariffs in 2018, removing a substantial source of unfairly-traded and state-promoted merchandise from the U.S. market and enabling U.S. companies to compete on a more level playing field.

At the same time, the AWWPA notes that there are multiple producers in the U.S. wire and wire products industry with more than sufficient capacity to meet domestic demand. In addition, U.S. customers benefit from secure supply chains and reliable sourcing from domestic

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<sup>6</sup> **Exhibit 4:** *American Wire Producers Association; Comments on Proposed Action in Connection with USTR’s Section 301 Determination regarding China’s Acts, Policies, and Practices related to Technology Transfer, Intellectual Property, and Innovation (Docket Number USTR-2018-0005)* (May 11, 2018) at 3 and Attachment 2.

<sup>7</sup> *Id.*

<sup>8</sup> **Exhibit 4** at Attachment 1.

suppliers. Thus, downstream customers have not been disadvantaged by the Section 301 tariffs on these Chinese products.

### **III. Disparate Treatment Under Section 232 Has Disadvantaged Parts of the U.S. Wire Products Industry**

Unlike the comprehensive Section 301 tariffs, the Section 232 tariffs cover wire rod and wire, but they do not extend to wire products,<sup>9</sup> despite the essential role these products also fill in promoting and protecting national security, including their use in the numerous applications noted in Section I, *supra*.<sup>10</sup>

As a result of this disparate treatment, imports of certain downstream wire products have increased, including wire strand, wire grill / netting / fencing, nail and staples, and industrial fasteners.<sup>11</sup> Facing increased competition from such imports, U.S. producers of wire products have lost sales and market share, which has impacted purchases of upstream inputs.

Some members of the AWPA have attempted to address increased imports of low-priced wire products through antidumping (AD) and countervailing duty (CVD) proceedings.<sup>12</sup> Altogether, more than 50 AD and CVD orders have been issued against 25

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<sup>9</sup> **Exhibit 6:** *Proclamation 9705 of March 8, 2018; Adjusting Imports of Steel Into the United States*, 83 Fed. Reg. 11, 625 (15-March-2018).

<sup>10</sup> See **Exhibit 1**.

<sup>11</sup> See **Exhibit 7:** *U.S. Imports of Steel Wire Products from All Sources Except China; Calendar Years 2017—2021*.

<sup>12</sup> **Exhibit 8:** *Status of U.S. Antidumping (AD) and Countervailing Duty (CVD) Orders on Steel Wire Products*.

countries on products used to support defense and infrastructure applications, such as steel threaded rod, prestressed concrete steel wire strand, steel grating, steel nails, and steel staples. However, only the comprehensive effect of Section 232 tariffs can promote and protect the national security by extending the same coverage to steel wire products as they extend to other steel products manufactured in the United States.

#### **IV. Conclusion**

The members of the American Wire Producers Association respectfully urge the Commission, when it evaluates the economic impact of Sections 232 and 301 tariffs on U.S. industries, to consider the impact that disparate tariff treatment has on closely-tied upstream and downstream segments of the domestic steel wire rod, wire, and wire products industries.

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

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| Exhibit 3 | <i>Office of the United States Trade Representative, Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation; Notice, 84 Fed. Reg. 43,304 (August 20, 2019).</i>                              |
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ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 1

*U.S. Department of Commerce, Bureau of Industry and Security; Section 232 Investigation of  
Steel Imports –*

*Comments of the American Wire Producers Association (May 30, 2017).*





American Wire Producers Association

PO Box 151387

Alexandria, VA 22315

May 30, 2017

**SECTION 232 INVESTIGATION—STEEL**

**VIA ELECTRONIC SUBMISSION ([STEEL232@BIS.DOC.GOV](mailto:STEEL232@BIS.DOC.GOV))**

Brad Botwin  
Director, Industrial Studies  
Office of Technology Evaluation  
Bureau of Industry and Security  
U.S. DEPARTMENT OF COMMERCE  
1401 Constitution Avenue, NW, Room 1093  
Washington, DC 20230

Re: *Section 232 Investigation of Steel Imports—Comments of  
the American Wire Producers Association*

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Dear Director Botwin:

The American Wire Producers Association (“AWPA”) respectfully submits these comments in connection with the recently initiated Section 232 investigation to determine the effects of imports of steel on the national security of the United States.<sup>1</sup>

**I. INTRODUCTION TO THE AMERICAN WIRE PRODUCERS ASSOCIATION**

A vigorous and healthy domestic steel wire and wire products industry is essential to our country’s economic prosperity and national security. The 87 member companies of the AWPA supply critical steel inputs that are used in every sector of the U.S. economy, including aerospace, agriculture, appliance, automotive, construction, defense, energy generation and transmission, infrastructure, material handling, and oil and gas. The companies of

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<sup>1</sup> Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel, 82 Fed. Reg. 19,205 (April 26, 2017).

WIRE IS EVERYWHERE

office 703.299.4434 / email [info@awpa.org](mailto:info@awpa.org) / [www.awpa.org](http://www.awpa.org)

the AWWA employ 20,000 workers in over 200 plants and facilities located in 35 states and have annual sales exceeding \$11 billion. Collectively, the members of the AWWA represent between 80 and 90 percent of total production of carbon, alloy, and stainless steel wire and wire products in the United States.

American manufacturers of steel wire and wire products are entrepreneurial and committed to maintaining a strong and dependable supply chain for their customers. They achieve high productivity and product quality by constantly reinvesting in the latest technology and equipment and by supporting their workforce of hard-working Americans in hundreds of communities throughout the country. As a result, the American steel wire industry is one of the most globally competitive segments of the domestic steel industry.

## **II. RELIANCE OF THE AMERICAN WIRE INDUSTRY ON U.S. WIRE ROD PRODUCERS**

The U.S. wire and wire products industry relies on domestic producers of steel wire rod for the vast majority of its basic raw material—carbon, alloy, and stainless steel wire rod. As Exhibits 1 and 2 show, the largest supplier of wire rod to purchasers in the United States is the American rod industry. This reliance on domestic sourcing was repeatedly confirmed at a recent public hearing before the U.S. International Trade Commission. For example, the President of Mid-South Wire Company of Nashville, Tennessee, reported that his company purchases about 200,000 tons of wire rod annually, and it has historically sourced the majority of

those tons from domestic wire rod mills.<sup>2</sup> Similarly, Insteel Industries Inc. of Mt. Airy, North Carolina, purchases 70 to 75 percent of its annual wire rod requirements of 450,000 tons from U.S. sources.<sup>3</sup> The Heico Wire Group is the largest consumer of steel wire rod in western North America, and it prefers to buy domestically—sourcing 70 to 75 percent of its rod purchases from U.S. mills.<sup>4</sup> Thus, a robust domestic wire rod industry is a precondition for the success of the downstream wire industry and its hundreds of customers.

### **III. NEED FOR MULTIPLE SOURCES OF STEEL WIRE ROD—INCLUDING INTERNATIONAL SOURCES**

In addition to a heavy reliance on the domestic industry, access to global sources of wire rod is also important for the continued viability of the U.S. wire and wire products industry. While domestic wire producers rely on U.S. rod mills for most of their raw material, American manufacturers of steel wire and wire products have found that maintaining multiple sources of their key raw material is an indispensable part of their business plans and operations. Disruptions in supply occur even from long-established sources—so U.S. wire producers must maintain multiple sources of supply of this essential component for the production of wire and wire products.

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<sup>2</sup> Exhibit 3 at 22–23.

<sup>3</sup> Exhibit 3 at 28.

<sup>4</sup> Exhibit 3 at 32–33.

As the Vice President of Purchasing for the Heico Wire Group recently explained to the U.S. International Trade Commission:

Although we prefer to buy from the domestics, we have learned through experience that it is essential to maintain multiple sources of wire rod—which is our basic raw material. Disruptions caused by planned and unplanned outages, mill closures, labor disputes, and even trade cases can interrupt the supply of rod and threaten our business. As a result, we made a strategic business decision some years ago that we would purchase between 25 and 30 percent of our wire rod requirements from offshore producers and the remaining—between 70 and 75 percent—domestically. . . . I mentioned earlier our strategy of multiple-sourcing, and we do this for several reasons—to guarantee access to sufficient quantities of wire rod, to avoid supply disruptions, and to ensure our ability to meet our customers’ demand for wire and wire products.<sup>5</sup>

Other American wire companies expressed the same reasons for multiple-sourcing wire rod from domestic mills and imports. Insteel Industries stated that, while “we consistently buy from domestic and import sources . . . our commitments to our customers require a continuous supply of rod from all sources.”<sup>6</sup> Bekaert Corporation, which purchases 350,000 to 360,000 tons of wire rod annually, noted that “{m}ultiple sourcing is very important for us as we try to manage the risks of our business.”<sup>7</sup>

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<sup>5</sup> Exhibit 3 at 33–36.

<sup>6</sup> Exhibit 3 at 29.

<sup>7</sup> Exhibit 3 at 37.

Thus, steel wire companies have learned the necessity for multiple sourcing their raw material. Rather than relying on a single domestic supplier for any one rod product, wire companies try to select at least two domestic mills—more if possible—to supply the product, as well as identifying foreign producers as potential sources. In this way, wire companies can minimize the effect on their operations when one supplier’s steel wire rod becomes unavailable for any reason.

The wisdom of this multiple-sourcing strategy is demonstrated when there are availability issues with domestic sources, which have been a persistent problem for the U.S. rod industry and are continuing today. As manufacturers themselves, independent wire producers must be able to ensure the availability of adequate quantities and qualities of their wire rod requirements. They cannot permit disruptions or delays at one source to impact adversely their operations and their ability to meet the demand of their customers. The President of Mid-South Wire recently described the delays and limitations on rod supply that his company has seen:

{W}e are already hearing from some U.S. rod mills about allocations in the near future and they tell us they are either fully booked or getting booked. Of course, they don't call them allocations. Instead they call them “controlled order entry.” We are already experiencing delivery delays on orders that we placed before these cases were filed. Some domestic mills have experienced unplanned outages and other production issues which could create supply issues as well . . . . {W}e have found

that lead times and deliveries from some of the U.S. Mills have been irregular and unpredictable.<sup>8</sup>

Insteel Industries expressed similar concerns that “in any year the domestic {rod} industry will have planned and unplanned outages, as well as production schedules running at 100 percent of current capacity utilization as the {rod} mills define scheduled capacity.”<sup>9</sup> Given these circumstances, it is clear why multiple sourcing is essential to Insteel and other U.S. wire producers.

#### **IV. SPECIFIC EXAMPLES OF WIRE ROD PRODUCTS NOT PRODUCED BY OR AVAILABLE FROM THE DOMESTIC WIRE ROD INDUSTRY**

There is another compelling reason for the need for access to imported wire rod. The U.S. rod mills are unable to produce certain types and grades of wire rod, some of which are vital to the national security and defense of the United States.

##### **A. VALVE SPRING QUALITY WIRE ROD FOR THE PRODUCTION OF VALVE SPRINGS AND INJECTOR SPRINGS FOR ENGINES IN TRUCKS, AUTOMOBILES, AND OTHER VEHICLES**

Valve spring quality wire rod is used by American wire drawers to produce the wire from which valve springs are formed for the automotive sector. Every internal combustion engine—whether for civilian or military vehicles—must have valve springs in order to function because they control the flow of air in internal combustion engines. The valves are mechanically opened

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<sup>8</sup> Exhibit 3 at 24–25.

<sup>9</sup> Exhibit 3 at 31.

by a camshaft and closed by the valve springs. Valve spring quality wire is also used in injector springs for diesel engines.

The United States Armed Forces procure substantial quantities of vehicles and other military equipment which use internal combustion or diesel engines. These vehicles are essential to our national security. In addition, the civilian sector which supports national defense requirements as well as the economy generally relies on trucks and other vehicles to move goods, build infrastructure, and perform a myriad of other functions.

U.S. manufactures of valve spring wire have tried repeatedly to qualify domestic rod mills as a source of valve spring quality wire rod. All of these efforts have been unsuccessful. Consequently, American wire companies must rely on offshore sources of this critical input, primarily Japan, Germany, and Korea. These countries are long-standing and close allies of the United States—Japan through the Treaty of Mutual Cooperation and Security between the United States and Japan, Germany as a member of the North Atlantic Treaty Organization (“NATO”), and Korea through the Mutual Defense Treaty Between the United States and the Republic of Korea. Each of these countries is a long-time, reliable supplier of valve spring quality wire rod and is expected to remain so, thereby contributing to—not threatening—the national security of the United States.

**B. TIRE CORD QUALITY WIRE ROD FOR THE PRODUCTION OF TIRE CORD  
WIRE FOR VEHICLE TIRES**

Tire cord quality wire rod of grade 1080 or higher is likewise an essential component for the American automotive industry because it is used to make steel cord to reinforce tires for

trucks, automobiles, construction equipment, and other vehicles. Thus, this product is important for the national security because it is needed for the vehicles procured by the United States Armed Forces as well as for trucks and other equipment necessary for the movement of goods, infrastructure maintenance and development, and other applications which contribute to our country's economic wellbeing.

As shown in the current investigation of carbon and alloy steel wire rod by the U.S. International Trade Commission, the domestic rod mills cannot produce tire cord wire rod with the necessary quality—*i.e.*, grade 1080 and higher. Bekaert Corporation is one of the largest American producers of tire cord wire, and it has recently invested several million dollars in its Rome, Georgia, plant that uses tire cord wire rod to produce steel wire for the North American tire and reinforced hose markets.<sup>10</sup> Bekaert had also planned a major expansion at its plant in Rogers, Arkansas, to increase its tire cord production capacity by 50 percent and add over 100 new jobs, but concerns over availability of tire cord wire rod have put those plans on hold.<sup>11</sup> Bekaert must obtain this particular wire rod input for its operations from offshore sources because Bekaert has been unable to qualify any U.S. rod mill. Similarly, Kiswire America, another U.S. producer of tire cord wire, must also rely on overseas sources of tire cord quality wire rod for its U.S. production of tire cord wire.<sup>12</sup> As with the case of valve

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<sup>10</sup> Exhibit 3 at 38–39.

<sup>11</sup> Exhibit 3 at 38.

<sup>12</sup> Exhibit 3 at 41–42.



spring quality wire rod, American producers of tire cord wire have tried to qualify domestic rod mills as suppliers, but these efforts have been unsuccessful.<sup>13</sup>

As shown in Exhibit 4, the offshore sources that supply tire cord quality wire rod to the domestic wire industry actually enhance the security interests of the United States. The largest single supplier—Brazil—is aligned with the United States through the bilateral Defense Cooperation Agreement and the General Security of Military Information Agreement. Other sources include Japan, Korea, and NATO allies—Canada, Germany, Spain, and the United Kingdom. Accordingly, each of these countries is a reliable supplier of the tire cord quality wire rod unavailable from domestic sources, and, therefore, imports from these countries contribute to—rather than threaten—the national security and economic wellbeing of the United States.

**C. OTHER WIRE ROD PRODUCTS AVAILABLE PRIMARILY FROM OFFSHORE SOURCES**

1. *High-Quality Aerospace Grades of Alloy Steel Wire Rod:* This group of rod products is used for specialized automotive as well as aerospace applications. It is largely sourced from Japan, which is a reliable supplier that—as noted above—has close political, military, and commercial ties with the United States.

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<sup>13</sup> Exhibit 3 at 39 and 43.

2. *Certain Nickel-Based High Temperature Wire Rod:* Wire made from this type of wire rod is used by the aerospace and automotive industries. It is supplied by France, a member of NATO.

V. **NUMEROUS STEEL WIRE AND WIRE PRODUCTS ARE USED IN U.S. DEFENSE AND NATIONAL SECURITY APPLICATIONS**

In addition to the wire and wire products mentioned above—particularly the valve spring quality wire and tire cord wire essential for the manufacture and performance of trucks, cars, and other vehicles—many types of wire and wire products have direct applications that promote and protect the national security of the United States.

The following list represents only a small sampling of the countless uses of steel wire and wire products in defense and national security applications in the United States:

1. Steel wire used to make nuts, bolts, screws, and other fasteners for fixed-wing military and civilian aircraft and helicopters.
2. Steel wire used to make nuts, bolts, screws, and other fasteners for all types of military and commercial vehicles.
3. Steel wire used by the transportation, nuclear, oil and gas, mining, telecommunications, and electronics industries.
4. Prestressed steel wire strand for aircraft hangars and other structures.
5. Steel wire used to make pallets and bomb fin pallet adaptors.
6. Steel wire and wire products for transportation and logistics infrastructure, such as prestressed concrete steel wire strand (PC strand), rebar tie wire, and wire mesh and reinforcement products for columns, pipes, walls, and other structures.

7. Steel wire for electrical transmission towers, generators (including portable generators for the Armed Services), and wind turbines.
8. Steel wire rope for control cables on virtually all military aircraft.
9. Steel wire for TOW (tube-launched, optically-tracked, wire-guided) anti-tank missiles.
10. Steel wire mechanical springs for a wide variety of applications in military and law enforcement vehicles and equipment.
11. Steel wire for bedding and other furniture for use in military offices, barracks, and other facilities.
12. Steel wire reinforcement for hoses used in fire suppression systems on vessels and at airfields.
13. Steel wire rope isolators for multiple applications in military vehicles, medical equipment, generators, motors, and pumps.
14. Steel wire for continuous track propulsion systems for light vehicles.
15. Steel wire for cables used in aircraft control.
16. Steel wire formed into handles for military vehicles.
17. Steel guy wire for tents, ship masts, and broadcasting towers.
18. Steel wire for surgical tools.
19. Steel wire for firearm recoil springs.
20. Steel wire and steel wire cables in oil and gas production.
21. Steel barbed wire and chain link fence for the security of military and other installations.
22. Steel wire baskets for combat shelters.
23. Steel wire for cables for securing cargo and used in winches and pulleys.

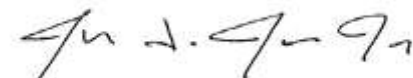
24. Steel wire mesh for partitions, enclosures, office dividers, window guards, panels, and storage lockers.
25. Steel wire cages and baskets to protect military surveillance equipment.

These examples are intended to highlight just a few applications of steel wire and wire products in the defense, law enforcement, and related sectors. The range of applications for these products is virtually limitless and demonstrates how critical wire and wire products are to America's national security.

## **VI. CONCLUSION**

The members of the American Wire Producers Association respectfully urge the U.S. Department of Commerce, when it evaluates the effect of steel imports on the Nation's security, to consider the indispensable role of American-made steel wire and wire products in maintaining a strong defense and a prosperous economy. It is also important to recognize that the supply chain for the U.S. steel wire and wire products industry depends on both domestic and foreign sources and that the foreign sources are comprised almost exclusively of the closest allies of the United States.

Sincerely,



John T. Johnson  
President  
AMERICAN WIRE PRODUCERS ASSOCIATION

Attachments

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BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS  
COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

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BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**  
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

# **EXHIBIT 1**

TEN LARGEST SOURCES  
OF  
CARBON AND ALLOY STEEL WIRE ROD FOR THE U.S. MARKET  
(CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

SECTION 232 INVESTIGATION OF STEEL IMPORTS  
COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION

MAY 30, 2017

**TEN LARGEST SOURCES  
OF  
CARBON AND ALLOY STEEL WIRE ROD FOR THE U.S. MARKET**

**CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017**

*(All quantity figures are in net tons.)*

	SOURCE	2014	2015	2016	JANUARY– MARCH 2017
1	UNITED STATES	2,319,878	2,064,763	1,715,265	511,907
2	CANADA	432,713	460,284	426,163	60,022
3	JAPAN	124,172	191,841	199,422	18,590
4	UKRAINE	14,626	79,053	161,451	38,530
5	BRAZIL	103,483	128,799	143,861	32,282
6	RUSSIA	13,329	6,857	103,322	19,467
7	KOREA	109,026	128,862	101,970	3,583
8	TURKEY	210,096	258,245	98,497	13,300
9	SPAIN	35,357	74,113	78,310	10,689
10	MEXICO	29,008	42,713	59,305	8,673

Source : AIS 10 , Net Shipments of Steel Mill Products, All Grades Including Carbon, Alloy and Stainless (2014–2016 and March 2017); AIS Imports 3 , Imports of Steel Products (2014–2016 and March 2017).



## **EXHIBIT 2**

TEN LARGEST SOURCES  
OF  
STAINLESS STEEL WIRE ROD FOR THE U.S. MARKET  
(CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**  
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

TEN LARGEST SOURCES  
OF  
STAINLESS STEEL WIRE ROD FOR THE U.S. MARKET

CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017

*(All quantity figures are in net tons.)*

	SOURCE	2014	2015	2016	JANUARY– MARCH 2017
1	UNITED STATES	53,530	35,998	42,318	12,299
2	TAIWAN	13,332	11,762	5,571	1,256
3	UNITED KINGDOM	6,170	5,809	5,221	1,522
4	KOREA	0	0	4,819	0
5	SWEDEN	4,443	4,329	4,762	1,403
6	FRANCE	3,854	3,361	2,617	637
7	INDIA	849	1,448	1,174	0
8	ITALY	89	404	249	74
9	JAPAN	64	176	199	33
10	GERMANY	19	46	92	216

*Source :* AIS 10 , Net Shipments of Steel Mill Products, All Grades Including Carbon, Alloy and Stainless (2014—2016 and March 2017); AIS Imports 3 , Imports of Steel Products (2014—2016 and March 2017).

## **EXHIBIT 3**

EXCERPTS FROM A TRANSCRIPT OF A HEARING  
BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION  
*IN THE MATTER OF CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM  
BELARUS, ITALY, KOREA, RUSSIA, SOUTH AFRICA, SPAIN, TURKEY,  
UKRAINE, THE UNITED ARAB EMIRATES, AND THE UNITED KINGDOM,*  
USITC INV. NOS. 701-TA-573–574 AND 731-TA-1349–1358  
(PRELIMINARY) (APRIL 18, 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**  
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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In the Matter of:	) Investigation Nos.:
CARBON AND CERTAIN ALLOY STEEL WIRE	) 701-TA-573-574 and
ROD FROM BELARUS, ITALY, KOREA, RUSSIA,	) 731-TA-1349-1358
SOUTH AFRICA, SPAIN, TURKEY, UKRAINE,	) (PRELIMINARY)
THE UNITED ARAB EMIRATES, AND THE	)
UNITED KINGDOM	)

Pages: 1 – 204  
Place: Washington, D.C.  
Date: Tuesday, April 18, 2017



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1 UNITED STATES OF AMERICA  
2 BEFORE THE  
3 INTERNATIONAL TRADE COMMISSION  
4

5 IN THE MATTER OF: ) Investigation Nos.:  
6 CARBON AND CERTAIN ALLOY STEEL WIRE ) 701-TA-573-574 AND  
7 ROD FROM BELARUS, ITALY, KOREA, ) 731-TA-1349-1358  
8 RUSSIA, SOUTH AFRICA, SPAIN, TURKEY, ) (PRELIMINARY)  
9 UKRAINE, THE UNITED ARAB EMIRATES, )  
10 AND THE UNITED KINGDOM )

11

12

13

14 Main Hearing Room (Room 101)  
15 U.S. International Trade  
16 Commission  
17 500 E Street, SW  
18 Washington, DC  
19 Tuesday, April 18, 2017  
20

21 The meeting commenced pursuant to notice at 9:30  
22 a.m., before the Investigative Staff of the United States  
23 International Trade Commission, Michael Anderson, Director  
24 of Investigations, presiding.  
25

1 results in lost sales for the domestic rod industry. We  
2 look forward to responding to your questions at the  
3 conclusion of our Panel's presentation. Our first AWPA  
4 witness is John T. Johnson, AWPA President.

5 STATEMENT OF JOHN T. JOHNSON

6 MR. JOHNSON: Good morning, how are you all? I'm  
7 John T. Johnson the Owner and President of Mid-South Wire in  
8 Nashville, Tennessee. I am also the current President of  
9 the American Wire Producers Association. Mid-South wire was  
10 founded in 1967 as a family owned business that draws steel  
11 wire rod into wire for a wide variety of wire products. In  
12 fact, ironically this week we are celebrating the 50th  
13 anniversary of our company.

14 Together with our affiliated sister company,  
15 Nashville Wire Products, we employ approximately one  
16 thousand workers in plants located in Tennessee, Alabama,  
17 Kentucky and Missouri. Mid-South produces wire for the  
18 automotive, agricultural, appliance, closet shelving,  
19 material handling, construction reinforcement and other  
20 industries in the United States. We also produce galvanized  
21 wire for a variety of end-uses such as chain link fence,  
22 nails, chicken coups, garment hangers and wire handles for  
23 paint cans.

24 Each year Mid-South purchases about 200 thousand  
25 tons of wire rod and during the period covered by this

1 investigation we source the majority of those tons from U.S.  
2 rod mills. I want to emphasize up from that we rely on  
3 domestic rod industry for the lion's share of our material.  
4 We have a good relationship with them and we want to  
5 continue to work with them closely. However we cannot  
6 survive if we are limited to outsourcing only domestic rod.

7 Like other independent wire producers and by what  
8 I mean wire companies that are not vertically integrated  
9 with the rod mill, we are frequently caught in a cost/price  
10 squeeze when it comes to our raw material input. Our  
11 downstream wire customers are caught in the same squeeze.  
12 When rod prices increase this results in increased wire  
13 prices and wire manufacturers simply cannot continue to pass  
14 the increasing costs to their customers.

15 Our customers are continually faced with the  
16 "import or build" decision. That is, whether to import the  
17 finished wire products or continue to purchase wire from us  
18 and make their finished products here in the United States.  
19 Our customers demand that we be competitive if they are to  
20 continue to buy from us and make their products here in the  
21 U.S.

22 Obviously, we want our customers to continue  
23 buying our wire and this benefits the U.S. rod mills as  
24 well. Unfortunately over the past several years a number of  
25 our end-use customers have moved some or all of their

1 production out of the United States. One great example of  
2 that is the barbecue grill industry that has virtually  
3 disappeared from the U.S. Manufacturing landscape. They  
4 have gone offshore to tide the rising rod and wire prices.

5 If we are held hostage by the domestic rod mills  
6 and denied the ability to buy rod in a globally competitive  
7 market our customers will have to consider import options  
8 instead of buying from us to meet their needs. As a result,  
9 wire rod consumption in the United States will likely  
10 continue to decline hurting both the domestic rod mills and  
11 wire producers.

12 Another point I want to highlight is the fact  
13 that we compete in our downstream wire markets with our  
14 domestic wire rod suppliers including all four of the  
15 Petitioners in this case. They compete with us in the chain  
16 link fence market, lawn and garden products, in the  
17 appliance industry and on drawn wire to name just a few. In  
18 the event of competing demands for a finite supply of wire  
19 rod, we'd expect that these mills will take care of their  
20 internal and related wire operations before they ship to  
21 outside customers like Mid-South.

22 In fact, we are already hearing from some U.S.  
23 rod mills about allocations in the near future and they tell  
24 us they are either fully booked or getting booked. Of  
25 course, they don't call them allocations. Instead they call



1       them "controlled order entry". We are already experiencing  
2       delivery delays on orders that we placed before these cases  
3       were filed. Some domestic mills have experienced unplanned  
4       outages and other production issues which could create  
5       supply issues as well.

6               As I mentioned, we have found that lead times and  
7       deliveries from some of the U.S. Mills have been irregular  
8       and unpredictable. When we buy imported rod, the  
9       transaction price is not the only factor we consider.  
10      Quality is also key. Some of our customers request that we  
11      provide them with wire drawn from steel produced by certain  
12      foreign mills, especially those that use the BOF method of  
13      melting steel.

14             According to our customers the BOF steel works  
15      better in their processing operations than some of the  
16      domestic scrap-based steel. Some of the advantages of BOF  
17      steel include better residuals, lower tensiles and overall  
18      better consistency. Rod mills in Korea, South Africa, The  
19      UK and Ukraine supply the BOF rod. None of the domestic  
20      mills are BOF. They all use electric arc technology.

21             Another key is that buying imported rod allows us  
22      to secure business that requires guaranteed long-term  
23      pricing. We have customers who request confirmed pricing  
24      for two quarters up to a year but the domestic rod mills are  
25      unable to provide that kind of predictability. We have to

1 negotiate for volumes with our domestic suppliers and  
2 generally they will confirm pricing for one month at a time.

3 Domestic rod mill prices are generally tied to  
4 scrap prices which have been extremely volatile lately with  
5 a dramatic swings both up and down. We have found while  
6 U.S. rod prices follow scrap prices up when scrap prices  
7 fall the domestic mills don't always reduce their prices.  
8 For example, scrap recently dropped 30 dollars a ton but the  
9 U.S. rod mills have sent out letters stating that they are  
10 retaining their current pricing levels and not  
11 acknowledging the scrap decrease.

12 Another advantage of import rod is that we can  
13 purchase in larger quantities. Our national plant is  
14 strategically located on the Cumberland River so we prefer  
15 to buy barge loads of 1500 tons per barge. All of our  
16 imported rod arrives by barge at our plants. However, only  
17 two of the petitioners can deliver to us by barge. Each  
18 barge that we receive is equivalent to 75 truck loads. It  
19 takes only four hours to unload a barge but to marshal 75  
20 truckloads of domestic material in our receiving yard takes  
21 considerably more time and manpower and leaves a much higher  
22 carbon footprint.

23 So there are real cost savings and environmental  
24 benefits in receiving rod by barge. As you can see, we have  
25 to consider a number of factors which affect the total cost

1 of our rod in our purchasing decisions. Price is only one  
2 of those factors. Domestic rod industry's reliance on trade  
3 cases to restrict our access to the global rod market makes  
4 us uncompetitive in a global economy making it impossible  
5 for us to be the lowest cost producers and forcing our  
6 customers to move production and jobs overseas.

7 If the domestic mills are the only game in town,  
8 I have real concerns about whether my company and other  
9 independent wire producers will be able to get the rod tons  
10 needed to operate their businesses. Ultimately, if we lose  
11 customers, so will the rod mills. Thank you.

12 STATEMENT OF CHRISTIAN STAUFFER

13 MR. STAUFFER: Good morning. My name is  
14 Christian Stauffer and I am Vice President for Sourcing and  
15 Logistics at Insteel Industries in Mount Airy, North  
16 Carolina. Insteel is the nation's largest manufacturer of  
17 steel wire reinforcing products from concrete construction  
18 applications. We manufacture and market drawn wire,  
19 pre-stressed concrete strand and welded wire reinforcement  
20 products such as engineered structural mesh, concrete pipe  
21 reinforcement and standard welded mesh products.

22 Our sales of these products exceeds \$400  
23 million annually. Insteel operates ten plants in eight  
24 states of North Carolina, Florida, Pennsylvania, Tennessee,  
25 Kentucky, Missouri, Texas and Arizona, and we employ nearly

1       1,000 American workers. We have pursued an ambitious  
2       capital expenditure program to strengthen our position in  
3       the market. Total outlays this year will be expected to  
4       reach 25 million as we complete the expansion of our PC  
5       strand facility in Houston, and a new production line in St.  
6       Joseph, Missouri, and continue to upgrade our production  
7       technology and information systems.

8                 Insteel consumes more than 450,000 tons of  
9       wire rod annually, and we source between 70 and 75 percent  
10      of that tonnage from domestic rod mills. We buy from all  
11      the Petitioners in this case. Since 2014, our purchasers of  
12      U.S.-made have steadily increased. In making Insteel's  
13      purchasing decisions, I consider quality, availability and  
14      price in that order. Of course price is a factor in  
15      negotiations with our rod suppliers, but quality and  
16      availability are our primary considerations when decided  
17      from whom to purchase.

18                Other important factors in our purchasing  
19      decisions are transportation costs and the condition of the  
20      wire rod upon arrival at our plants. Wire rod prices tend  
21      to fluctuate based on changes in scrap and other metallic  
22      prices. Rod prices also vary based on volume commitments to  
23      suppliers, which can be monthly, quarterly, semi-annually or  
24      annually.

25                Domestic rod producers change their prices

1 monthly in order to maintain their profit margins, as their  
2 raw material, scrap, DRI and pig iron costs increase. The  
3 industry as a whole regularly sends out price increase  
4 letters. With no predictable pricing algorithm month to  
5 month, our efforts to maintain steady inventories and ensure  
6 that we have sufficient wire rod for our multiple locations  
7 puts us at the mercy of the domestic industry.

8 I would also note in purchasing wire rod  
9 Insteel does not buy imported rod instead of domestic rod.  
10 We consistently buy from domestic and import sources because  
11 our commitments to our customers require a continuous supply  
12 of rod from all sources. Many of Insteel's customers supply  
13 products to the U.S. infrastructure projects which are  
14 subject to Buy America or Buy American requirements. So we  
15 must purchase domestically produced wire rod for these  
16 purposes.

17 In order to comply with these domestic content  
18 requirements, we work closely with our domestic suppliers to  
19 be able to certify that the rod they supply to us is melted  
20 and poured in the United States. These Buy America and Buy  
21 American requirements apply to segments of the PC strand  
22 market and the majority of our concrete pipe reinforcement  
23 and engineered structural mesh products.

24 We have to certify to our customers that our  
25 products are in compliance with various federal and state

1 regulations requiring domestic materials. We cannot use  
2 imported rod for these purposes. This affects a significant  
3 part of our total business and the percentage is even higher  
4 when you consider that most of our customers in these  
5 markets do not want to maintain separate inventories of Buy  
6 America qualified materials, so Insteel must supply those  
7 customers with products that satisfy domestic content  
8 requirements.

9 Like other wire producers here today, we  
10 compete with our domestic suppliers with downstream wire and  
11 wire products. Each of the petitioning customers is also a  
12 competitor. They are vertically integrated producing both  
13 wire rod and wire products including welded wire  
14 reinforcement and PC strand.

15 They compete with us at every level in the  
16 markets we serve throughout the United States in every  
17 geographic area. Our downstream operations also compete for  
18 supplies of wire rod, which we know -- in which we know they  
19 will be given preference if rod shortages develop in the  
20 market or deliveries are delayed or cancelled.

21 One of our petitioners even told my CEO that  
22 their rod production is a tool to out-compete Insteel. The  
23 exact quote is "We will out-Insteel Insteel." In our tight  
24 supply conditions caused by restricting access to global  
25 sources of rod, the domestic industry will be in a position

1 to limit the supply to Insteel, while continuing to support  
2 their downstream wire companies in direct competition to us.

3 For most sectors of the U.S. market, domestic  
4 demand for wire rod exceeds production, domestic production  
5 capacity. It has been this way for some time. The ITC's  
6 own case records can readily support the notion that there  
7 has been a flow of imported wire rod to the United States  
8 for many, many years.

9 Imports of wire rod are necessary to satisfy  
10 the supply requirements of the U.S. market. I am very  
11 concerned about the supply and demand imbalance, because in  
12 any year the domestic industry will have planned and  
13 unplanned outages, as well as production schedules running  
14 at 100 percent of current capacity utilization as the mills  
15 define schedule capacity.

16 Twice last year, one of the petitioning mills  
17 reduced our wire rod order by ten percent because the mill  
18 was overbooked. We were told that the overbooking was due  
19 to strong rebar and rod orders, and that the mill was  
20 cutting all customer orders as a result. Insteel was forced  
21 to cover our full production requirements elsewhere. The  
22 same petitioner informed us that our April 2017 orders would  
23 be pushed into May because the mill was full in both March  
24 and April.

25 At the end of 2016, another petitioner

1 informed us that they had no production space left in their  
2 mill for December, and that they would be unable to produce  
3 material for Insteel until January 2017 rolling.

4 In circumstances like these, the integrated  
5 rod mills in the United States, including all of the  
6 Petitioners, will have a higher priority to their own  
7 captive consumption of wire rod to make downstream wire  
8 products, which compete directly with Insteel and other  
9 independent wire companies, and we would have no  
10 alternative sources of supply. This would be disastrous for  
11 the U.S. wire and wire products industry. Thank you.

12 STATEMENT OF BOB MOFFITT

13 MR. MOFFITT: Good morning. My name is Bob  
14 Moffitt and I am Vice President of Purchasing for the Heico  
15 Wire Group, which includes Davis Wire and National Standard.  
16 The Wire Group is the largest consumer of wire rod in  
17 western North America, and one of the largest in the United  
18 States. We employ approximately 650 people in our plants in  
19 California, Washington, Oklahoma and Michigan. A fifth mill  
20 in Colorado was closed in mid-2015 because of poor wire  
21 market conditions.

22 We draw wire for use in agricultural and  
23 merchant products, industrial and specialty products,  
24 building and reinforcing products and the automotive  
25 industry. We purchase low carbon, high carbon, tire bead



1 and weld wire rod for these applications. The Heico Wire  
2 Group is a strong supporter of the U.S. rod industry. We  
3 prefer to buy domestically.

4 In fact, during the period being investigated  
5 by the Commission, we bought between 75 and 85 percent of  
6 our total requirements from U.S. sources. Although we  
7 prefer to buy from the domestics, we have learned through  
8 experience that it is essential to maintain multiple sources  
9 of wire rod.

10 As a result, we made a strategic business  
11 decision some years ago that we would purchase between 25  
12 and 30 percent of our wire rod requirements from offshore  
13 producers, and the remaining between 70 and 75 percent  
14 domestically. This is why I take exception to the question  
15 in the purchasers' survey that I received from the  
16 Commission, which asked whether I purchased imported rod  
17 instead of domestic material.

18 It is not a question of either/or. It is  
19 question of having both sources available to us. In  
20 deciding where to source rod, the three most important  
21 considerations for me are the relationship I have with the  
22 vendor, the cost of the rod as opposed to its price and  
23 timely delivery. Vendor relationships are important because  
24 I am aware of the capabilities, quality and reliability of  
25 each of my suppliers, and I know the mills that I can depend

1       on to ship rod that meets our company's standards.

2                       At times we pay a higher price to these  
3       domestic mills than their domestic competitors because of  
4       these relationships. The cost of the rod is critical. By  
5       cost, I do not mean the price on the supply contract, but  
6       the actual cost to my company for using the rod in our wire  
7       drawing operations.

8                       Prior to any rod negotiations, I must evaluate  
9       several factors including coil size, scale weight, mill  
10      trimming practices, surface quality and the physical and  
11      mechanical properties of the wire rod. These factors are  
12      critical because the lowest priced rod is not necessarily  
13      the lowest cost rod.

14                      For example, the weight of a coil is important  
15      because a smaller coil requires more welds to maintain  
16      continuous drawing and smaller coils generate more scrap.  
17      So more steel is lost per ton. This increases our costs.  
18      With imported rod, we often find damage from mishandling and  
19      poor packaging, which contributes to breaks during the wire  
20      drawing process. Higher breakage rates and slower drawing  
21      speeds mean that fewer pounds of rod can be drawn per hour.  
22      This increases our costs.

23                      Domestic mills ship via rail and truck,  
24      usually with one heat per load. A heat is a unique melt of  
25      steel with consistent physical properties throughout, and we

1       inventory our rod purchases by heat. Imported rod comes in  
2       consignments of five to 30,000 tons and heats are always  
3       commingled. This makes it more difficult for us to manage  
4       our inventory and thus increases our costs.

5               Imported rod must be carried in inventory for  
6       longer periods of time because of the larger consignments,  
7       which further adds to the cost of the material. So I must  
8       always consider the effect of these various factors on the  
9       cost of our raw material, and not simply the purchase price  
10      from the rod mill.

11             Another key consideration in my purchasing  
12      decision is timely delivery. Our wire companies cannot  
13      operate efficiently without a reliable and predictable  
14      supply. The cheapest rod in the world is of little use to me  
15      if it is delivered late or not at all, or if it arrives in  
16      an unacceptable condition.

17             Today, lead times from domestic mills, which  
18      had been four to six weeks, have been stretched to six to  
19      eight weeks. Like the other wire companies on this panel,  
20      Heico competes in downstream markets with many of the same  
21      mills who sell us rod. This puts us in a difficult  
22      position, especially if there are shortages of domestic  
23      supply, because we know that the domestic mills will take  
24      care of their own wire companies before they take care of  
25      us.

1                   These are all instances where the domestic rod  
2                   mills are competing with other domestic mills, even with  
3                   themselves. For example, one domestic mill complained to me  
4                   about losing business to imports when it was actually other  
5                   domestic mills that offered us better pricing.

6                   Another domestic rod supplier sells us wire  
7                   rod that we use to make weld wire, which we in turn sell the  
8                   supplier's affiliate. However, when the rod supplier  
9                   increases rod price to us, its affiliate refused to pay more  
10                  for the wire made from that rod.

11                  In another case, a domestic supplier who sells  
12                  rod to us for our galvanized wire lines has imported the  
13                  very product we have in the past produced from their rod. I  
14                  feel it important to point out that the real threat to the  
15                  domestic rod industry is not imported rod but rather  
16                  imported wire. As Ms. Korbelt said earlier, the problem  
17                  facing the domestic rod mills is that total rod demand has  
18                  declined as a result of their trade cases.

19                  The 2014 AD CVD affirmative decision on China  
20                  is a perfect example of the damage that a trade case can do  
21                  to the domestic rod industry. My company actually bought  
22                  fewer tons of rod, domestic or imported, as a result of that  
23                  case. Our largest competitor on the west coast is located  
24                  in Vancouver, British Columbia. After the U.S. case against  
25                  China, our competitor had no restrictions on imports abroad

1 from China, and Canadian statistics show a dramatic increase  
2 in shipments of wire rod from China to British Columbia.

3 They also can buy rod from Mexico, another  
4 country under order in the U.S. This rod from China and  
5 Mexico is being converted in Canada to wire, wire products  
6 and exported to the U.S. at prices substantially below what  
7 we could offer our wire. In the end, countries denied  
8 access to the U.S. market will continue to produce wire rod,  
9 but it will end up in the U.S. as a finished wire product,  
10 not only from that country but from third countries as  
11 well. Thank you.

12 STATEMENT OF TERRY HUGHES

13 MS. HUGHES: Good morning. My name is Terry  
14 Hughes, and I am the Director of Procurement from BeKaert  
15 Corporation in North America. I have been with BeKaert  
16 since 2004 and I have a degree in Metallurgical Engineering  
17 and a Master's degree in Business Administration. Bekaert  
18 is the world's leader in steel wire technology and  
19 production. Our headquarters are located in Marietta,  
20 Georgia and we operate five plants in the U.S., one each in  
21 Georgia, Kentucky and Ohio and two in Arkansas.

22 We employ more than 1,344 workers in the U.S.  
23 Our normal rod usage is 350,000 to 360,000 tons annually.  
24 Multiple sourcing is very important to us, as we try to  
25 manage the risks of our business. We purchase about

1 one-half of our requirements from U.S. rod mills, including  
2 all four Petitioners. We also purchase from all subject  
3 countries but one.

4 Half of our wire sales are to the automotive  
5 sector, and the remainder to agricultural, construction,  
6 fencing, energy and utility segments of the U.S. market.  
7 Tire cord is one of the largest product segments, consuming  
8 one-third of our total rod purchases. Our capital  
9 expenditures have been substantial, related mainly to  
10 investments in tire cord production.

11 For example, Bekaert has recently invested  
12 several millions dollars in our Rome, Georgia facility, that  
13 uses steel tire cord wire rod to produce material for North  
14 American tire and reinforced hose markets. Automotive  
15 markets performed well throughout 2016 and are projected to  
16 remain strong this year.

17 To meet the growing demand from tire  
18 manufacturers, we had planned to implement a major expansion  
19 in our Rogers, Arkansas plant, which would increase North  
20 American tire cord production capacity by 50 percent at that  
21 plant and add over 100 new jobs. At this point, our  
22 investment plans are on hold pending resolution of this  
23 case, as undertaking such commitment does not make business  
24 sense if the steel tire cord wire rod will not be available  
25 from imported BOF suppliers.

1                   Domestic mills cannot produce steel tire cord  
2     wire rod with the quality necessary to fine-draw these  
3     products to meet our requirements. Steel tire cord wire rod  
4     has been excluded from prior case. Nevertheless, it has  
5     been included in this one and Bekaert strongly believes that  
6     it should be excluded once more.

7                   Because this rod is not available  
8     domestically, we have to source it from other countries.  
9     Our customers need and specify basic oxygen furnace or BOF  
10    material because the BOF process produces a very pure input.  
11    In other words, the steel that does not have high residual  
12    or tramp elements and tensile properties is more consistent.

13                  BOF material is available only from mills  
14    outside the United States including Ukraine, South Africa,  
15    Korea, UK, Turkey and Spain. We purchase imports based on  
16    the type of production, BOF, and not electric arc furnace or  
17    EAF, because the recycling in the EF process results in  
18    increased percentages of tramp elements.

19                  So steel tire cord wire rod used in the  
20    manufacture of tire and high pressure hoses, must be -- must  
21    be BOF to work at peak performance. I would also like to  
22    mention that it takes about two years to qualify a supplier  
23    of steel tire cord wire rod. It is a demanding process  
24    because these products are used in high liability downstream  
25    markets like automobile tires and high pressure hoses.

1                   Each time we want to qualify a new rod  
2                   supplier, Bekaert has to requalify itself with the tire  
3                   manufacturers. This process is not only time-consuming but  
4                   also expensive for all parties involved. Other grades  
5                   requiring BOF production are bookbinding wire used in spiral  
6                   notebooks and automotive springs.

7                   Therefore, sourcing high quality BOF material  
8                   is one of the most considerations when I purchase wire rod.  
9                   Also important is the total cost of ownership, as Mr.  
10                  Moffitt explained, which also includes the production  
11                  capacity of the supplying mill and the suppliers' ability to  
12                  meet Bekaert's delivery requirements and lead times.

13                 If domestic suppliers are full and cannot  
14                 supply in a timely manner, we must go offshore to become  
15                 less reliant on these highly occupied mills. One domestic  
16                 mills has Bekaert on monthly allocations, and lead times  
17                 have been extended by domestic rod mills including all four  
18                 petitioners. We tried to rely heavily on the domestic  
19                 suppliers during the past two quarters, but they are behind  
20                 in deliveries.

21                 A number of domestic mills have told us that  
22                 they are almost fully booked through the end of the second  
23                 quarter 2017. Bekaert must be able to source tire cord wire  
24                 rod and other BOF materials to meet our customers' demands.  
25                 We would like to highlight that we have made significant



1 efforts to partner with domestic suppliers, negotiate key  
2 supplier agreements and purchase locally when possible.

3 However, we must have the possibility to  
4 purchase globally when BOF quality material is not available  
5 in a domestic market. Thank you.

6 STATEMENT OF DAVID MINNICK

7 MR. MINNICK: Good morning. My name is David  
8 Minnick and I'm the CEO of Kiswire America, a U.S. producer  
9 of tire cord and bead wire used in the production of vehicle  
10 tires. I have been in the bead wire and tire cord business  
11 for 18 years. Simply stated, Kiswire America depends on  
12 high-quality wire rod of 1080 grade and above to produce  
13 tire cord and bead wire that is acceptable to the tire  
14 manufacturer.

15 Kiswire America was established in 1999 and now  
16 operates four plants with the capacity of 115,000 tons.  
17 Kiswire America employed 610 workers. We have two bead wire  
18 plants and two tire cord plants which are located in South  
19 Carolina and Arkansas.

20 We have invested \$250 million in these plants,  
21 and are investing an additional \$50 million to expand the  
22 tire cord production. When Kiswire America was first  
23 established, it used only POSCO wire rod because Goodyear  
24 had approved POSCO as a wire rod supplier. Since then,  
25 Kiswire America has expanded its supplier. However, it

# **EXHIBIT 4**

## U.S. IMPORTS OF TIRE CORD QUALITY WIRE ROD

(CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**  
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

**HTS - 7213913011: TIRE CORD-QLTY RODS, STAT NOTE 4, IRON/NONALLOY STEEL, IRREG  
COILS, CIRC SECTION**

**First Unit of Quantity by HTS Number, Quantity Description  
and First Unit of Quantity  
for ALL Countries**

**U.S. Imports for Consumption**

**Annual + Year-To-Date ("YTD") Data from January—March**

	Country	2014	2015	2016	January—March 2017 (YTD)
		<i>Actual Quantity in Kilograms</i>			
1	Brazil	93,878,603	116,844,400	130,447,325	36,989,224
2	Japan	77,245,447	85,522,280	93,400,588	15,904,337
3	Spain	7,238,852	9,678,352	20,874,909	3,749,152
4	United Kingdom	24,070,418	8,314,431	7,206,212	2,817,546
5	Germany	3,008,980	927,243	968,334	1,859,312
6	Korea	0	47,229	128,199	52,082
7	Canada	33,955	0	0	0

*Sources:* Data on this site have been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 2

*Office of the United States Trade Representative, Notice of Modification of Section 301 Action:  
China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and  
Innovation; Notice, 83 Fed. Reg. 47,974 (September 21, 2018).*

## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

### Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice of modification of action.

**SUMMARY:** In accordance with the specific direction of the President, the U.S. Trade Representative (Trade Representative) has determined to modify the prior action in this investigation by imposing additional duties on products of China classified in the subheadings of the Harmonized Tariff Schedule of the United States (HTSUS) set out in Annex A to this notice. The rate of additional duty is initially 10 percent *ad valorem*. On January 1, 2019, the rate of additional duty will increase to 25 percent *ad valorem*.

#### DATES:

*September 24, 2018:* Additional duties at a rate of 10 percent *ad valorem* on the tariff subheadings set out in the Annexes to this notice are applicable with respect to products that are entered for consumption, or withdrawn from warehouse for consumption, on or after September 24, 2018.

*January 1, 2019:* The rate of additional duty will increase to 25 percent *ad valorem* with respect to products that are entered for consumption, or withdrawn from warehouse for consumption, on or after January 1, 2019.

**FOR FURTHER INFORMATION CONTACT:** For questions about this action, contact Assistant General Counsels Arthur Tsao or Megan Grimbail, or Director of Industrial Goods Justin Hoffmann at (202) 395-5725. For questions on customs classification or implementation of additional duties on products identified in Annex A to this Notice, contact [traderemedy@cbp.dhs.gov](mailto:traderemedy@cbp.dhs.gov).

#### SUPPLEMENTARY INFORMATION:

##### A. Prior Determinations in the Investigation

On August 18, 2017, the Office of the U.S. Trade Representative (USTR) initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation (82 FR 40213). During the investigation, the Trade Representative determined that the acts

policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under Section 301(b) of the Trade Act of 1974, as amended (Trade Act). *See* 83 FR 14906 (April 6, 2018). The Trade Representative further determined that it was appropriate and feasible to take the action of imposing an additional 25 percent duty on products of China with an annual trade value of approximately \$50 billion. The additional duties were imposed in two tranches. Tranche 1 covered 818 tariff subheadings, with an approximate annual trade value of \$34 billion. *See* 83 FR 28710. Tranche 2 covered 279 tariff subheadings, with an approximate annual trade value of \$16 billion. *See* 83 FR 40823.

As set out in the above-referenced notices, the Trade Representative decided that one of the four categories of acts, policies, and practices covered in the investigation—in particular, China's technology licensing regulations—should be addressed through recourse to WTO dispute settlement. Accordingly, the United States initiated a WTO dispute by requesting consultations with the Government of China regarding certain aspects of China's technology regulations. *China—Certain Measures Concerning the Protection of Intellectual Property Rights* (DS542). Neither the prior action under Section 301, nor the supplemental action announced in this notice, relate to (or take into account harm caused by) this category of acts, policies, and practices of China.

##### B. Proposed Supplemental Action and Public Comment

Near the end of the one-year period of investigation, China's statements and conduct indicated that action at a \$50 billion level might not be sufficient to obtain the elimination of China's unfair and harmful policies. To address this eventuality, the Trade Representative, at the direction of the President, invited public comment on modifying the action taken in the investigation by adopting a supplemental action to impose an additional 10 percent duty on products from China classified in 6,031 tariff lines, with an annual trade value of approximately \$200 billion. 83 FR 33608 (July 17 notice). The Trade Representative subsequently announced that a supplemental action might involve an additional duty of 25 percent, and extended the public comment periods. 83 FR 38760 (August 7 notice).

In response to the notices inviting comments on a possible supplemental action, interested persons filed over

6,000 written submissions. In addition, USTR and the Section 301 Committee held a 6-day public hearing from August 20–27, 2018, at which approximately 350 witnesses provided testimony and responded to questions. The public submissions and a transcript of the hearing are available on [www.regulations.gov](http://www.regulations.gov) in docket number USTR–2018–0026.

##### C. Determination To Take Supplemental Action

The Section 301 statute (set out in sections 301 to 308 of the Trade) includes authority for the Trade Representative to modify the action being taken under Section 301. In particular, Section 307(a)(1) provides in relevant part that the Trade Representative may modify or terminate any action, subject to the specific direction, if any, of the President with respect to such action, that is being taken under [Section 301] if the burden or restriction on United States commerce of the denial [of] rights, or of the acts, policies, and practices, that are the subject of such action has increased or decreased (paragraph B), or such action is being taken under section [301(b)] of this title and is no longer appropriate (paragraph C).

Under paragraph B, the burden or restriction on United States commerce of the acts, policies, and practices that are the subject of the Section 301 action continues to increase, including following the one-year investigation period. Furthermore, China's unfair acts, policies, and practices include not just its specific technology transfer and IP policies referenced in the notice of initiation in the investigation, but also China's subsequent defensive actions taken to maintain those policies. China has decided to impose approximately \$50 billion in tariffs on U.S. goods, with the goal of encouraging the United States to drop its efforts to obtain the elimination of China's unfair policies. Thus, instead of addressing the underlying problems, China has increased tariffs to further protect the unreasonable acts, policies, and practices identified in the investigation, resulting in increased harm to the U.S. economy.

Under paragraph C, “action is being taken under section [301(b)] of this title and is no longer appropriate.” The term “appropriate” refers to Section 301(b), which requires the Trade Representative to “take all appropriate and feasible action authorized under [section 301(c)] to obtain the elimination of [the] act, policy, or practice.” The specific action that will obtain the elimination of an act, policy, or practice is a matter of

predictive judgment, to be exercised by the Trade Representative, subject to any specific direction of the President. The judgment during the period of investigation, based on then-available information, was that a \$50 billion action would be effective in obtaining the elimination of China's policies.

China's response, however, has shown that the current action no longer is appropriate. China has made clear—both in public statements and in government-to-government communications—that it will not change its policies in response to the current Section 301 action. Indeed, China denies that it has any problems with respect to its policies involving technology transfer and intellectual property. The United States has raised U.S. concerns repeatedly with China, including in Ministerial level discussions, but China has been unwilling to offer meaningful modifications to its unfair practices. Furthermore, China openly has responded to the current action by choosing to cause further harm to the U.S. economy, by increasing duties on U.S. exports to China.

The President has exercised his authority under Section 307 to direct the Trade Representative to modify the prior action in the investigation by adopting the supplemental action set out in this notice. This direction is referenced in a Statement from the President issued on September 17, 2018.

Today, following seven weeks of public notice, hearings, and extensive opportunities for comment, I directed the United States Trade Representative (USTR) to proceed with placing additional tariffs on roughly \$200

billion of imports from China. The tariffs will take effect on September 24, 2018, and be set at a level of 10 percent until the end of the year. On January 1, the tariffs will rise to 25 percent." <https://www.whitehouse.gov/briefings-statements/statement-from-the-president-4/>.

USTR and the Section 301 Committee have carefully reviewed the public comments and the testimony from the six-day public hearing. Based on this review process, the Trade Representative, at the direction of the President, has determined not to include certain tariff subheadings listed in the Annex to the July 17 notice, resulting in 5,745 full and partial tariff subheadings with an approximate annual trade value of \$200 billion.

Pursuant to Section 307(a)(1) of the Trade Act, the Trade Representative, in accordance with the direction of the President, has determined to modify the prior action in this investigation by imposing additional duties on products of China classified in the full and partial subheadings of the HTSUS set out in Annex A to this notice, while maintaining the prior action. As set out in Annex A to this notice, the rate of additional duty is initially 10 percent *ad valorem*, effective September 24, 2018. As set out in Annex B to this notice, the rate of additional duty will increase to 25 percent *ad valorem* on January 1, 2019. Annex C to this notice contains the same list of tariff subheadings, with unofficial descriptions of the types of products covered in each subheading.

In order to implement this determination, effective September 24, 2018, subchapter III of chapter 99 of the HTSUS is modified by Annex A and Annex B of this notice. Products of

China that are provided for in new HTSUS headings as established by Annex A to this notice that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on September 24, 2018, shall be subject to an additional duty of 10 percent *ad valorem*. As provided in Annex B, the rate of additional duty shall increase to 25 percent for goods that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern standard time on January 1, 2019.

Any product listed in Annex A, except any product that is eligible for admission under 'domestic status' as defined in 19 CFR 146.43, which is subject to the additional duty imposed by this determination, and that is admitted into a U.S. foreign trade zone on or after 12:01 a.m. eastern daylight time on September 24, 2018, only may be admitted as 'privileged foreign status' as defined in 19 CFR 146.41. Such products will be subject upon entry for consumption to any *ad valorem* rates of duty or quantitative limitations related to the classification under the applicable HTSUS subheading.

The Trade Representative will continue to consider the actions taken in this investigation. In the event that further modifications are appropriate, the Trade Representative intends to take into account the extensive public comments and testimony previously provided in response to the July 17 and August 7 notices.

**Robert E. Lighthizer,**  
*United States Trade Representative.*

## ANNEX A

Effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on September 24, 2018, subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States (HTSUS) is modified:

1. by inserting the following new heading 9903.88.03 in numerical sequence, with the material in the new heading inserted in the columns of the HTSUS labeled "Heading/Subheading", "Article Description", "Rates of Duty 1-General", respectively:

Heading/ Subheading	Article Description	Rates of Duty		
		1		2
		General	Special	
9903.88.03	Articles the product of China, as provided for in U.S. note 20(e) to this subchapter and as provided for in the subheadings enumerated in U.S. note 20(f) . . . . .	The duty provided in the applicable subheading + 10%		

2. by inserting the following new U.S. note 20(e) to subchapter III of chapter 99 in numerical sequence:

"(e) For the purposes of heading 9903.88.03, products of China, as provided for in this note, shall be subject to an additional 10 percent *ad valorem* rate of duty. The products of China that are subject to an additional 10 percent *ad valorem* rate of duty under heading 9903.88.03 are products of China that are classified in the subheadings enumerated in U.S. note 20(f) to subchapter III. All products of China that are classified in the subheadings enumerated in U.S. note 20(f) to subchapter III are subject to the additional 10 percent *ad valorem* rate of duty imposed by heading 9903.88.03.

Notwithstanding U.S. note 1 to this subchapter, all products of China that are subject to the additional 10 percent *ad valorem* rate of duty imposed by heading 9903.88.03 shall also be subject to the general rates of duty imposed on products of China classified in the subheadings enumerated in U.S. note 20(f) to subchapter III.

Products of China that are classified in the subheadings enumerated in U.S. note 20(f) to subchapter III and that are eligible for special tariff treatment under general note 3(c)(i) to the tariff schedule, or that are eligible for temporary duty exemptions or reductions under subchapter II to chapter 99, shall be subject to the additional 10 percent *ad valorem* rate of duty imposed by heading 9903.88.03.

The additional duties imposed by heading 9903.88.03 do not apply to goods for which entry is properly claimed under a provision of chapter 98 of the HTSUS, except for goods entered under subheadings 9802.00.40, 9802.00.50, and 9802.00.60, and heading 9802.00.80. For subheadings 9802.00.40, 9802.00.50, and 9802.00.60, the additional duties apply to the value of repairs, alterations, or

processing performed abroad, as described in the applicable subheading. For heading 9802.00.80, the additional duties apply to the value of the article less the cost or value of such products of the United States, as described in heading 9802.00.80.”

Products of China that are provided for in heading 9903.88.03 and classified in one of the subheadings enumerated in U.S. note 20(f) to subchapter III shall continue to be subject to antidumping, countervailing, or other duties, fees, exactions and charges that apply to such products, as well as to the additional 10 percent *ad valorem* rate of duty imposed by heading 9903.88.03.”

3. by inserting the following new U.S. note 20(f) to subchapter III of chapter 99 in numerical sequence:

“(f) Heading 9903.88.03 applies to all products of China that are classified in the following 8-digit subheadings:

0203.29.20	0302.44.00	0302.89.11	0303.59.00	0304.56.00
0203.29.40	0302.45.11	0302.89.50	0303.63.00	0304.57.00
0206.10.00	0302.45.50	0302.91.20	0303.64.00	0304.59.00
0208.10.00	0302.46.11	0302.91.40	0303.65.00	0304.61.00
0208.90.20	0302.46.50	0302.92.00	0303.66.00	0304.62.00
0208.90.25	0302.47.00	0302.99.00	0303.67.00	0304.63.00
0210.19.00	0302.49.00	0303.11.00	0303.68.00	0304.69.00
0301.11.00	0302.51.00	0303.12.00	0303.81.00	0304.72.50
0301.19.00	0302.52.00	0303.13.00	0303.82.00	0304.73.10
0301.91.00	0302.53.00	0303.14.00	0303.83.00	0304.73.50
0301.92.00	0302.54.11	0303.19.01	0303.84.00	0304.74.10
0301.93.02	0302.54.50	0303.23.00	0303.89.00	0304.74.50
0301.94.01	0302.55.11	0303.24.00	0303.91.20	0304.79.10
0301.95.00	0302.55.50	0303.25.01	0303.91.40	0304.79.50
0301.99.03	0302.56.11	0303.26.00	0303.92.00	0304.81.10
0302.11.00	0302.56.50	0303.29.01	0303.99.00	0304.81.50
0302.13.00	0302.59.11	0303.31.00	0304.31.00	0304.82.10
0302.14.00	0302.59.50	0303.32.00	0304.32.00	0304.82.50
0302.19.00	0302.71.11	0303.33.00	0304.33.00	0304.83.10
0302.21.00	0302.71.50	0303.34.00	0304.39.00	0304.83.50
0302.22.00	0302.72.11	0303.39.01	0304.41.00	0304.84.00
0302.23.00	0302.72.50	0303.41.00	0304.42.00	0304.85.00
0302.24.00	0302.73.11	0303.42.00	0304.43.00	0304.86.00
0302.29.01	0302.73.50	0303.43.00	0304.44.00	0304.87.00
0302.31.00	0302.74.00	0303.44.00	0304.45.00	0304.88.00
0302.32.00	0302.79.11	0303.45.01	0304.46.00	0304.89.10
0302.33.00	0302.79.50	0303.46.00	0304.47.00	0304.89.50
0302.34.00	0302.81.00	0303.49.02	0304.48.00	0304.91.10
0302.35.01	0302.82.00	0303.51.00	0304.49.01	0304.91.90
0302.36.00	0302.83.00	0303.53.00	0304.51.01	0304.92.10
0302.39.02	0302.84.11	0303.54.00	0304.52.00	0304.92.90
0302.41.00	0302.84.50	0303.55.00	0304.53.00	0304.93.10
0302.42.00	0302.85.11	0303.56.00	0304.54.00	0304.93.90
0302.43.00	0302.85.50	0303.57.00	0304.55.00	0304.94.90



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7110.11.00	7202.92.00	7310.29.00	7317.00.20	7326.19.00
7110.19.00	7202.99.10	7311.00.00	7317.00.30	7326.20.00
7110.21.00	7202.99.20	7312.10.05	7317.00.55	7326.90.10
7110.29.00	7203.10.00	7312.10.10	7317.00.65	7326.90.25
7110.31.00	7203.90.00	7312.10.20	7317.00.75	7326.90.35
7110.39.00	7204.10.00	7312.10.30	7318.11.00	7326.90.45
7110.41.00	7204.21.00	7312.10.50	7318.12.00	7326.90.60
7110.49.00	7204.29.00	7312.10.60	7318.13.00	7326.90.86
7111.00.00	7204.30.00	7312.10.70	7318.14.10	7402.00.00
7112.30.00	7204.41.00	7312.10.80	7318.14.50	7403.11.00
7112.91.00	7204.49.00	7312.10.90	7318.15.20	7403.12.00
7112.92.00	7204.50.00	7312.90.00	7318.15.40	7403.13.00
7112.99.00	7205.10.00	7313.00.00	7318.15.50	7403.19.00
7114.11.10	7205.21.00	7314.12.10	7318.15.60	7403.21.00
7114.11.20	7205.29.00	7314.12.20	7318.15.80	7403.22.00
7114.11.30	7216.61.00	7314.12.30	7318.19.00	7403.29.01
7114.11.40	7216.69.00	7314.12.60	7318.21.00	7404.00.30
7114.11.45	7216.91.00	7314.12.90	7318.22.00	7404.00.60
7114.11.50	7301.20.10	7314.14.10	7318.23.00	7405.00.10
7114.11.60	7301.20.50	7314.14.20	7318.24.00	7405.00.60
7114.11.70	7302.30.00	7314.14.30	7318.29.00	7406.10.00
7114.19.00	7303.00.00	7314.14.60	7320.10.30	7406.20.00
7114.20.00	7307.11.00	7314.14.90	7320.10.60	7407.10.15
7115.10.00	7307.19.30	7314.19.01	7320.10.90	7407.10.30
7115.90.05	7307.19.90	7314.20.00	7320.90.10	7407.10.50
7115.90.30	7307.21.10	7314.31.10	7320.90.50	7407.21.15
7115.90.40	7307.21.50	7314.31.50	7321.11.10	7407.21.30
7115.90.60	7307.22.10	7314.39.00	7321.11.30	7407.21.50
7201.10.00	7307.22.50	7314.41.00	7321.11.60	7407.21.70
7201.20.00	7307.23.00	7314.42.00	7321.90.10	7407.21.90
7201.50.30	7307.29.00	7314.49.30	7321.90.20	7407.29.16
7201.50.60	7307.91.10	7314.49.60	7321.90.40	7407.29.34
7202.11.10	7307.91.30	7314.50.00	7321.90.50	7407.29.38
7202.11.50	7307.91.50	7315.11.00	7321.90.60	7407.29.40
7202.19.10	7307.92.30	7315.12.00	7322.11.00	7407.29.50
7202.19.50	7307.92.90	7315.19.00	7322.19.00	7408.11.30
7202.21.10	7307.93.30	7315.20.10	7322.90.00	7408.11.60
7202.21.50	7307.93.60	7315.20.50	7323.10.00	7408.19.00
7202.21.75	7307.93.90	7315.81.00	7323.99.90	7408.21.00
7202.21.90	7307.99.10	7315.82.10	7324.10.00	7408.22.10
7202.29.00	7307.99.30	7315.82.30	7324.21.10	7408.22.50
7202.30.00	7307.99.50	7315.82.50	7324.21.50	7408.29.10
7202.41.00	7308.30.10	7315.82.70	7324.90.00	7408.29.50
7202.49.10	7308.30.50	7315.89.10	7325.10.00	7409.11.10
7202.49.50	7308.40.00	7315.89.30	7325.91.00	7409.11.50
7202.50.00	7309.00.00	7315.89.50	7325.99.10	7409.19.10
7202.80.00	7310.10.00	7315.90.00	7325.99.50	7409.19.50
7202.91.00	7310.21.00	7316.00.00	7326.11.00	7409.19.90

9. Other seats, provided for in 9401.80.60, except for such seats provided for in statistical reporting numbers 9401.80.6021 and 9401.80.6023;
10. Furniture of reinforced or laminated plastics, provided for in 9403.70.40, except for such furniture provided for in statistical reporting number 9403.70.4003; and
11. Plastic furniture except for furniture of reinforced or laminated plastics, provided for in 9403.70.80, except for such furniture provided for in statistical reporting number 9403.70.8003.

Notwithstanding U.S. note 1 to this subchapter, all products of China that are subject to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.04 shall also be subject to the general rates of duty imposed on products of China classified in the subheadings enumerated in U.S. note 20(g).

Products of China that are classified in the subheadings enumerated in U.S. note 20(g) to subchapter III and that are eligible for special tariff treatment under general note 3(c)(i) to the tariff schedule, or that are eligible for temporary duty exemptions or reductions under subchapter II to chapter 99, shall be subject to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.04.

The additional duties imposed by heading 9903.88.04 do not apply to goods for which entry is properly claimed under a provision of chapter 98 of the HTSUS, except for goods entered under subheadings 9802.00.40, 9802.00.50, and 9802.00.60, and heading 9802.00.80. For subheadings 9802.00.40, 9802.00.50, and 9802.00.60, the additional duties apply to the value of repairs, alterations, or processing performed abroad, as described in the applicable subheading. For heading 9802.00.80, the additional duties apply to the value of the article less the cost or value of such products of the United States, as described in heading 9802.00.80.

Products of China that are subject to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.04 shall continue to be subject to antidumping, countervailing, or other duties, fees, exactions and charges that apply to such products, as well as to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.04."

#### ANNEX B

Effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern standard time on January 1, 2019, subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States is modified:

1. by deleting "10%" in the Rates of Duty 1-General column of headings 9903.88.03 and 9903.88.04, and inserting "25%" in lieu thereof; and
2. by deleting "10 percent" each place that it appears in U.S. Notes 20(e) and 20(g) to subchapter III of chapter 99 and inserting "25 percent" in lieu thereof.

**Annex C****Part 1**

Note: All products that are classified in the 8-digit subheadings of the Harmonized Tariff Schedule of the United States (HTS) that are listed in Part 1 of this Annex are covered by the action. Products that are listed in Part 2 of this Annex are partially covered by the action. The product descriptions that are contained in this Annex are provided for informational purposes only, and are not intended to delimit in any way the scope of the proposed action. Any questions regarding the scope of particular HTS subheadings should be referred to U.S. Customs and Border Protection. In the product descriptions, the abbreviation "nesoi" means "not elsewhere specified or included".

<b>HTS Subheading</b>	<b>Product Description</b>
0203.29.20	Frozen retail cuts of meat of swine, nesoi
0203.29.40	Frozen meat of swine, other than retail cuts, nesoi
0206.10.00	Edible offal of bovine animals, fresh or chilled
0208.10.00	Meat and edible meat offal of rabbits or hares, fresh, chilled or frozen
0208.90.20	Meat and edible offal of deer, fresh, chilled or frozen
0208.90.25	Frog legs, fresh, chilled or frozen
0210.19.00	Meat of swine other than hams, shoulders, bellies (streaky) and cuts thereof, salted, in brine, dried or smoked
0301.11.00	Live ornamental freshwater fish
0301.19.00	Live ornamental fish, other than freshwater
0301.91.00	Live trout
0301.92.00	Live eels
0301.93.02	Live carp
0301.94.01	Other live Fish, Atlantic & Pacific Bluefin Tunas
0301.95.00	Other live Fish, Southern Bluefin Tunas
0301.99.03	Live Tench (Tinca Tinca), sheatfish (Silurus Glanis), bighead carp (Aristichthys Nobilis) and other fish, nesoi
0302.11.00	Trout, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.13.00	Pacific salmon, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.14.00	Atlantic and Danube salmon, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.19.00	Salmonidae other than trout or Pacific, Atlantic & Danube salmon, fresh or chilled, excluding fillets, other meat portions, livers & roes
0302.21.00	Halibut and Greenland turbot, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.22.00	Plaice, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.23.00	Sole, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.24.00	Turbots
0302.29.01	Flat fish, nesoi, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.31.00	Albacore or longfinned tunas, fresh or chilled, excluding fillets, other meat portions, livers and roes
0302.32.00	Yellowfin tunas, fresh or chilled, excluding fillets, other meat portions, livers and roes

HTS Subheading	Product Description
	and not otherwise processed after forging
7307.99.50	Iron/steel (o/than stainless), n/cast, fittings for tubes/pipes, nesoi, not forged or forged and machined, tooled & processed after forging
7308.30.10	Stainless steel, doors, windows and their frames, and thresholds for doors
7308.30.50	Iron or steel (o/than stainless), doors, windows and their frames, and thresholds for doors
7308.40.00	Iron or steel, props and similar equipment for scaffolding, shuttering or pit-propping
7309.00.00	Iron/steel, reservoirs, tanks, vats, siml. contain., for any material (o/than compress./liq.gas), w/capacity o/300 l, n/fit. w/mech/thermal
7310.10.00	Iron/steel, tanks, casks, drums, cans, boxes & siml. cont. for any material (o/than compress./liq.gas), w/cap. of 50+ l but n/o 300 l
7310.21.00	Iron/steel, cans for any material (o/compressed/liq. gas), closed by soldering or crimping, w/cap. less than 50 l
7310.29.00	Iron/steel, cans for any material (o/compressed/liq. gas), n/closed by soldering or crimping, w/cap. less than 50 l
7311.00.00	Iron/steel, containers for compressed or liquefied gas
7312.10.05	Stainless steel, stranded wire, not elect. insulated, fitted with fittings or made up into articles
7312.10.10	Stainless steel, stranded wire, not elect. insulated, not fitted with fittings or made up into articles
7312.10.20	Iron or steel (o/than stainless), stranded wire, not elect. insul., fitted with fittings or made up into articles
7312.10.30	Iron or steel (o/than stainless), stranded wire, not elect. insul., not fitted with fittings or made up into articles
7312.10.50	Stainless steel, ropes, cables and cordage (o/than stranded wire), not elect. insul., fitted with fittings or made up into articles
7312.10.60	Stainless steel, ropes, cables and cordage (o/than stranded wire), not elect. insul., not fitted with fittings or made up into articles
7312.10.70	Iron/steel (o/stainless), ropes, cables & cordage (o/than stranded wire), n/elect. insul., fitted with fittings or made up into articles
7312.10.80	Iron/steel (o/stainless), ropes, cables & cordage, of brass plated wire (o/than stranded wire), n/elect. insul., w/o fittings or arts.
7312.10.90	Iron/steel (o/stainless), ropes, cables & cordage, o/th of brass plate wire (o/than stranded wire), n/elect. insul., w/o fittings etc.
7312.90.00	Iron/steel (o/stainless), plaited bands, slings and the like, not electrically insulated
7313.00.00	Iron/steel, barbed wire; iron/steel, twisted hoop or single flat wire and loosely twisted double wire, of a kind used for fencing
7314.12.10	Stainless steel, woven cloth endless bands for machinery, w/meshes not finer than 12 wires to the lineal cm in warp or filling
7314.12.20	Stainless steel, woven cloth endless bands for machinery, w/meshes finer than 12 but n/finer than 36 wires to the lineal cm warp or filling
7314.12.30	Stainless steel, Fourdrinier wires for papermaking machines w/94 or more wires to the lineal cm in warp or filling
7314.12.60	Stainless steel, Fourdrinier wires for papermaking machines w/36 to 93 wires to the lineal cm in warp or filling
7314.12.90	Stainless steel, woven cloth endless bands for machinery, nesoi, w/meshes finer than 36 wires to the lineal cm in warp or filling



HTS Subheading	Product Description
7314.14.10	Stainless steel, woven cloth (o/than endless bands for machinery), w/meshes not finer than 12 wires to the lineal cm in warp or filling
7314.14.20	Stainless steel, woven cloth (o/than endless bands for machinery), w/meshes finer 12 but n/finer 36 wires to the lineal cm warp/filling
7314.14.30	Stainless steel, Fourdrinier wires (o/than endless bands) for papermaking machines, w/meshes 94 or more wire to lineal cm warp/filling
7314.14.60	Stainless steel, Fourdrinier wires (o/than endless bands) for papermaking machines, w/meshes 36 to 93 wires to the lineal cm warp/filling
7314.14.90	Stainless steel woven cloth (other than endless band for machinery), neosi, w/meshes finer than 36 wires to the lineal cm in warp or filling
7314.19.01	Iron or steel (o/than stainless), woven cloth
7314.20.00	Iron/steel, grill, netting & fencing, of wire w/maximum x-sect. dimension 3 mm or more, welded at intersection, w/mesh size 100 cm <sup>2</sup> or more
7314.31.10	Iron/steel, fencing, of wire, welded at the intersection, plated or coated with zinc, whether or not covered w/plastic material
7314.31.50	Iron/steel, grill and netting, of wire, welded at the intersection, plated or coated with zinc, nesoi
7314.39.00	Iron/steel, grill, netting and fencing, of wire, welded at the intersection, not plated or coated with zinc
7314.41.00	Iron/steel, grill, netting and fencing, of wire, not welded at the intersection, plated or coated with zinc
7314.42.00	Iron/steel, grill, netting and fencing, of wire, not welded at the intersection, coated with plastics
7314.49.30	Iron/steel, grill, netting and fencing, of wire, not welded at the intersection, not cut to shape
7314.49.60	Iron/steel, grill, netting and fencing, of wire, not welded at the intersection, cut to shape
7314.50.00	Iron or steel, expanded metal
7315.11.00	Iron or steel, roller chain
7315.12.00	Iron or steel, articulated link chain (other than roller chain)
7315.19.00	Iron or steel, parts of articulated link chain
7315.20.10	Iron or steel, skid chain, not over 8 mm in diameter
7315.20.50	Iron or steel, skid chain, over 8 mm in diameter
7315.81.00	Iron or steel, stud link chain
7315.82.10	Alloy steel, welded link chain, not over 10 mm in diameter
7315.82.30	Alloy steel, welded link chain, over 10 mm in diameter
7315.82.50	Iron or nonalloy steel, welded link chain, not over 10 mm in diameter
7315.82.70	Iron or nonalloy steel, welded link chain, over 10 mm in diameter
7315.89.10	Iron or steel, chain nesoi, with links of essentially round cross section, not over 8 mm in diameter
7315.89.30	Iron or steel, chain nesoi, with links of essentially round cross sections, over 8 mm in diameter
7315.89.50	Iron or steel, chain nesoi
7315.90.00	Iron or steel, parts of chain (other than articulated link chain)
7316.00.00	Iron or steel, anchors, grapnels and parts thereof
7317.00.20	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., not threaded, suitable for use in powder-actuated hand tools

HTS Subheading	Product Description
7317.00.30	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., threaded, suitable for use in powder-actuated hand tools
7317.00.55	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, made of round wire, nesoi
7317.00.65	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, not made of round wire, nesoi
7317.00.75	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of two or more pieces, nesoi
7318.11.00	Iron or steel, coach screws
7318.12.00	Iron or steel, wood screws (o/than coach screws)
7318.13.00	Iron or steel, screw hooks and screw rings
7318.14.10	Iron or steel, self-tapping screws, w/shanks or threads less than 6 mm in diameter
7318.14.50	Iron or steel, self-tapping screws, w/shanks or threads 6 mm or more in diameter
7318.15.20	Iron or steel, bolts and bolts & their nuts or washers, imported in the same shipment
7318.15.40	Iron or steel, machine screws (o/than cap screws), 9.5 mm or more in length and 3.2 mm in diameter
7318.15.50	Iron or steel, threaded studs
7318.15.60	Iron or steel, screws and bolts, nesoi, having shanks or threads less than 6 mm in diameter
7318.15.80	Iron or steel, screws and bolts, nesoi, having shanks or threads 6 mm or more in diameter
7318.19.00	Iron or steel, threaded articles similar to screws, bolts, nuts, coach screws & screw hooks, nesoi
7318.21.00	Iron or steel, spring washers and other lock washers
7318.22.00	Iron or steel, washers (o/than spring washers and other lock washers)
7318.23.00	Iron or steel, rivets
7318.24.00	Iron or steel, cotters and cotter pins
7318.29.00	Iron or steel, nonthreaded articles similar to rivets, cotters, cotter pins, washers and spring washers
7320.10.30	Iron or steel, leaf springs & leaves therefore, to be used in motor vehicles having a G.V.W. not exceeding 4 metric tons
7320.10.60	Iron or steel, leaf springs & leaves therefore, suitable for motor vehicle suspension (o/than for motor vehicles w/a G.V.W. o/4 metric tons)
7320.10.90	Iron or steel, leaf springs & leaves therefore, not suitable for motor vehicle suspension
7320.90.10	Iron or steel, hairsprings
7320.90.50	Iron or steel, springs (o/than leaf springs, helical springs or hairsprings)
7321.11.10	Iron or steel, portable non-electric domestic cooking appliances and plate warmers, for gas fuel or for both gas and other fuels
7321.11.30	Iron or steel, nonportable non-electric domestic stoves or ranges, for gas fuel or for both gas and other fuels
7321.11.60	Iron or steel, nonportable non-electric domestic cook. appl. (o/th stoves or ranges) & plate warmers, for gas fuel or both gas & other fuels
7321.90.10	Iron/steel, cooking chambers for nonportable non-electric domestic stoves or ranges, for gas or for gas and other fuels
7321.90.20	Iron/steel, top surface panels w/ or w/o burners/controls for nonportable non-elect. domest. stoves or ranges, for gas or gas & other fuels
7321.90.40	Iron/steel, door assmbly w/more than one of inner panel, out. panel, window, insul., for non-

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 3

*Office of the United States Trade Representative, Notice of Modification of Section 301 Action:  
China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and  
Innovation; Notice, 84 Fed. Reg. 43,304 (August 20, 2019).*

## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

### Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice of modification of action.

**SUMMARY:** In accordance with the specific direction of the President, the U.S. Trade Representative (Trade Representative) has determined to modify the action being taken in this Section 301 investigation by imposing additional duties of 10 percent *ad valorem* on products of China classified in the tariff subheadings set out in the Annexes to this notice.

**DATES:** Additional duties at a rate of 10 percent *ad valorem* on the tariff subheadings set out in Annex A to this notice are applicable with respect to products that are entered for consumption, or withdrawn from warehouse for consumption, on or after September 1, 2019. Additional duties at a rate of 10 percent *ad valorem* on the tariff subheadings set out in Annex C to this notice are applicable with respect to products that are entered for consumption, or withdrawn from warehouse for consumption, on or after December 15, 2019.

**FOR FURTHER INFORMATION CONTACT:** For questions about this action, contact Associate General Counsel Arthur Tsao or Assistant General Counsel Megan Grimball, or Director of Industrial Goods Justin Hoffmann at (202) 395-5725. For questions on customs classification or implementation of additional duties on products identified in the Annexes to this notice, contact [traderemedy@cbp.dhs.gov](mailto:traderemedy@cbp.dhs.gov).

#### SUPPLEMENTARY INFORMATION:

##### A. Prior Determinations in the Investigation

On August 18, 2017, the Trade Representative initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation. 82 FR 40213. In April 2018, the Trade Representative published a notice of a determination that the acts, policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under Section 301(b) of the Trade Act of 1974, as amended (Trade Act). 83 FR 14906.

At the direction of the President, the Trade Representative determined to take actions resulting in the imposition of an additional 25 percent *ad valorem* duty on products of China with an annual aggregate trade value of approximately \$250 billion. The additional duties were imposed in three tranches. Tranche 1 covered 818 tariff subheadings, with an approximate annual trade value of \$34 billion. *See* 83 FR 28710 (June 20, 2018). Tranche 2 covered 279 tariff subheadings, with an approximate annual trade value of \$16 billion. *See* 83 FR 40823 (August 16, 2018). Tranche 3 covered 5,733 tariff subheadings, with an approximate annual trade value of \$200 billion. *See* 83 FR 47974 (September 21, 2018); 83 FR 49153 (September 28, 2018); and 84 FR 20459 (May 9, 2019).

As set out in the above-referenced notices, the Trade Representative decided that one of the four categories of acts, policies, and practices covered in the investigation—in particular, relating to China's technology licensing regulations—should be addressed through recourse to WTO dispute settlement. Accordingly, the United States initiated a WTO dispute by requesting consultations with the Government of China regarding certain aspects of China's technology regulations. *China—Certain Measures Concerning the Protection of Intellectual Property Rights* (DS542). Neither the prior actions under Section 301, nor the action announced in this notice, relate to or take into account harm caused by this category of acts, policies, and practices of China.

##### B. Proposed Modification of Action and Public Comment

As of May 2019, China's statements and conduct indicated that action at a \$250 billion level was insufficient to obtain the elimination of China's unfair and harmful policies. Thus, on May 17, 2019, the Trade Representative, at the direction of the President, invited public comment on modifying the action taken in the investigation by adopting an action to impose up to an additional 25 percent duty on products from China classified in 3,805 full and partial tariff subheadings, with an annual trade value of approximately \$300 billion. 84 FR 22564 (May 17 notice).

In response to the May 17 notice inviting comments on a possible action, interested persons filed nearly 3,000 written submissions. In addition, USTR and the Section 301 Committee held a seven-day public hearing from June 17 to June 25, 2019, at which over 300 witnesses provided testimony and

responded to questions. The public submissions and a transcript of the hearing are available on [www.regulations.gov](http://www.regulations.gov) in docket number USTR-2019-0004.

##### C. Modification of Action

The Section 301 statute (set out in Sections 301 to 308 of the Trade Act) (19 U.S.C. 2411–2418) includes authority for the Trade Representative to modify the action being taken in an investigation. In particular, Section 307(a)(1) authorizes the Trade Representative to modify or terminate any action taken under Section 301, subject to the specific direction, if any, of the President if: The burden or restriction on United States commerce of the acts, policies, and practices, that are the subject of the action has increased or decreased, or the action is being taken under Section 301(b) and is no longer appropriate.

The burden or restriction on United States commerce of the acts, policies, and practices that are the subject of the Section 301 action continues to increase. China's unfair acts, policies, and practices include not just its technology transfer and IP policies referenced in the notice of initiation in the investigation, but also China's subsequent defensive actions taken to maintain those unfair acts, policies, and practices as determined in that investigation. China has decided to impose tariffs on approximately \$110 billion worth of U.S. goods, with the goal of pressuring the United States to cease its efforts to obtain the elimination of China's unfair policies. China has further taken or threatened to take additional countermeasures, including non-tariff measures, against commerce of the United States. In short, instead of addressing the underlying problems, China has increased tariffs and adopted or threatened additional retaliation to further protect the unreasonable acts, policies, and practices identified in the investigation, resulting in increased harm to the U.S. economy.

China's response has shown that the current action no longer is appropriate. The United States is engaging with China with the goal of obtaining the elimination of the acts, policies, and practices covered in the investigation. The leaders of the United States and China met on December 1, 2018, and agreed to hold negotiations on a range of issues, including those covered in this Section 301 investigation. *See* <https://www.whitehouse.gov/briefings-statements/statement-press-secretary-regarding-presidents-working-dinner-china/>. Since the meeting on December 1, the United States and China have



engaged in additional rounds of negotiation on these issues, including meetings in March, April, and May of 2019. Shortly before the May 2019 meetings, China retreated from specific commitments made in previous rounds. China also has imposed further retaliatory action against U.S. commerce. The United States and China held another round of meetings from July 29 to July 31, 2019. At the conclusion of that round, China remained unwilling to return to the specific commitments it had offered in prior rounds of negotiations. Furthermore, as found by the Department of the Treasury, China has taken concrete steps to devalue its currency. See <https://home.treasury.gov/news/press-releases/sm751>.

For these reasons, and in accordance with the specific direction of the President, the Trade Representative has determined to modify the action being taken in the investigation by adopting additional tariffs of 10 percent *ad valorem* on goods of China with an annual trade value of approximately \$300 billion, as set out in the Annexes to this notice. The Trade Representative's determination takes account of the public comments and the testimony from the seven-day public hearing, as well as the advice of the interagency Section 301 committee and appropriate advisory committees.

Certain tariff subheadings proposed in the May 17 notice have been removed from the final list of tariff subheadings subject to additional duties, based on health, safety, national security, and other factors. In addition, the tariff subheadings subject to the 10 percent additional duties are separated into two lists with different effective dates—Annex A contains the formal Harmonized Tariff Schedule of the United States (HTSUS) language for list 1, and Annex B contains an informal

description of the products in list 1. Annex C contains the formal HTSUS language for list 2, and Annex D contains an informal description of the products in list 2.

List 1 includes tariff subheadings where China's share of U.S. imports from the world is less than 75 percent for each subheading. For list 1, the additional duty of 10 percent *ad valorem* is effective September 1, 2019.

List 2 includes products where China's share of U.S. imports from the world is 75 percent or greater for each subheading. To provide a longer adjustment period for U.S. interested persons, the additional duty of 10 percent *ad valorem* for list 2 is delayed until December 15, 2019.

In order to implement this determination, effective September 1, 2019, subchapter III of chapter 99 of the HTSUS is modified by Annexes A and C of this notice. Products of China that are provided for in the HTSUS headings established by Annex A to this notice that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on September 1, 2019, shall be subject to an additional duty of 10 percent *ad valorem*. Products of China that are provided for in the HTSUS headings established by Annex C to this notice that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on December 15, 2019, shall be subject to an additional duty of 10 percent *ad valorem*.

Any product listed in Annex A, except any product that is eligible for admission under 'domestic status' as defined in 19 CFR 146.43, which is subject to the additional duty imposed by this determination, and that is admitted into a U.S. foreign trade zone on or after 12:01 a.m. eastern daylight time on September 1, 2019, only may be

admitted as 'privileged foreign status' as defined in 19 CFR 146.41. Such products will be subject upon entry for consumption to any *ad valorem* rates of duty or quantitative limitations related to the classification under the applicable HTSUS subheading.

Any product listed in Annex C, except any product that is eligible for admission under 'domestic status' as defined in 19 CFR 146.43, which is subject to the additional duty imposed by this determination, and that is admitted into a U.S. foreign trade zone on or after 12:01 a.m. eastern daylight time on December 15, 2019, only may be admitted as 'privileged foreign status' as defined in 19 CFR 146.41. Such products will be subject upon entry for consumption to any *ad valorem* rates of duty or quantitative limitations related to the classification under the applicable HTSUS subheading.

The Trade Representative also has decided that USTR will establish a process by which interested persons may request that particular products classified within an HTSUS subheading covered by Annex A and Annex C be excluded from the additional duties. USTR will publish a separate notice describing the product exclusion process, including the procedures for submitting exclusion requests, and an opportunity for interested persons to submit oppositions to a request.

The Trade Representative will continue to consider the actions taken in this investigation. In the event that further modifications are appropriate, the Trade Representative intends to take into account the extensive public comments and testimony previously provided in response to the May 17 notice.

**Joseph Barloon,**

*General Counsel, Office of the U.S. Trade Representative.*

**BILLING CODE 3290-F9-P**

**ANNEX A**

Effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on September 1, 2019, subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States (HTSUS) is modified:

1. by inserting the following new heading 9903.88.15 in numerical sequence, with the material in the new heading inserted in the columns of the HTSUS labeled "Heading/Subheading", "Article Description", and "Rates of Duty 1-General", respectively:

Heading/ Subheading	Article Description	Rates of Duty		
		1		2
		General	Special	
9903.88.15	Articles the product of China, as provided for in U.S. note 20(r) to this subchapter and as provided for in the subheadings enumerated in U.S. note 20(s) .....	The duty provided in the applicable subheading + 10%"		

2. by inserting the following new U.S. note 20(r) to subchapter III of chapter 99 in numerical sequence:

"(r) For the purposes of heading 9903.88.15, products of China, as provided for in this note, shall be subject to an additional 10 percent ad valorem rate of duty. The products of China that are subject to an additional 10 percent ad valorem rate of duty under heading 9903.88.15 are products of China that are classified in the subheadings enumerated in U.S. note 20(s)(i) or described in U.S. note 20(s)(ii) to subchapter III. All products of China that are classified in the subheadings enumerated in U.S. note 20(s)(i) or described in U.S. note 20(s)(ii) to subchapter III are subject to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.15.

Notwithstanding U.S. note 1 to this subchapter, all products of China that are subject to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.15 shall also be subject to the general rates of duty imposed on products of China classified in the subheadings enumerated in U.S. note 20(s)(i) or described in U.S. note 20(s)(ii) to subchapter III.

Products of China that are classified in the subheadings enumerated in U.S. note 20(s)(i) or described in U.S. note 20(s)(ii) to subchapter III and that are eligible for special tariff treatment under general note 3(c)(i) to the tariff schedule, or that are eligible for temporary duty exemptions or reductions under subchapter II to chapter 99, shall be subject to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.15.

The additional duties imposed by heading 9903.88.15 do not apply to goods for which entry is properly claimed under a provision of chapter 98 of the HTSUS, except for goods entered under subheadings 9802.00.40, 9802.00.50, and 9802.00.60, and heading 9802.00.80. For subheadings 9802.00.40,

9802.00.50, and 9802.00.60, the additional duties apply to the value of repairs, alterations, or processing performed abroad, as described in the applicable subheading. For heading 9802.00.80, the additional duties apply to the value of the article less the cost or value of such products of the United States, as described in heading 9802.00.80.

Products of China that are provided for in heading 9903.88.15 and classified in one of the subheadings enumerated in U.S. note 20(s)(i) or described in U.S. note 20(s)(ii) to subchapter III shall continue to be subject to antidumping, countervailing, or other duties, fees, exactions and charges that apply to such products, as well as to the additional 10 percent ad valorem rate of duty imposed by heading 9903.88.15."

3. by inserting the following new U.S. note 20(s) to subchapter III of chapter 99 in numerical sequence:

"(s) Heading 9903.88.15 applies to:

i) all products of China that are classified in the following 8-digit subheadings:

0101.21.00	0105.14.00	0201.10.10	0202.20.02	0203.21.00
0101.29.00	0105.15.00	0201.10.50	0202.20.04	0203.22.10
0101.30.00	0105.94.00	0201.20.02	0202.20.06	0203.22.90
0101.90.30	0105.99.00	0201.20.04	0202.20.10	0204.10.00
0101.90.40	0106.11.00	0201.20.06	0202.20.30	0204.21.00
0102.21.00	0106.12.01	0201.20.10	0202.20.50	0204.22.20
0102.29.20	0106.13.00	0201.20.30	0202.20.80	0204.22.40
0102.29.40	0106.14.00	0201.20.50	0202.30.02	0204.23.20
0102.31.00	0106.19.30	0201.20.80	0202.30.04	0204.23.40
0102.39.00	0106.19.91	0201.30.02	0202.30.06	0204.30.00
0102.90.00	0106.20.00	0201.30.04	0202.30.10	0204.41.00
0103.10.00	0106.31.00	0201.30.06	0202.30.30	0204.42.20
0103.91.00	0106.32.00	0201.30.10	0202.30.50	0204.42.40
0103.92.00	0106.33.00	0201.30.30	0202.30.80	0204.43.20
0104.10.00	0106.39.01	0201.30.50	0203.11.00	0204.43.40
0104.20.00	0106.41.00	0201.30.80	0203.12.10	0204.50.00
0105.11.00	0106.49.00	0202.10.05	0203.12.90	0205.00.00
0105.12.00	0106.90.01	0202.10.10	0203.19.20	0206.21.00
0105.13.00	0201.10.05	0202.10.50	0203.19.40	0206.22.00

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7117.11.00	7208.40.30	7210.90.90	7213.91.45	7217.20.30
7117.19.15	7208.40.60	7211.13.00	7213.91.60	7217.20.45
7117.19.20	7208.51.00	7211.14.00	7213.99.00	7217.20.60
7117.19.30	7208.52.00	7211.19.15	7214.20.00	7217.20.75
7117.19.60	7208.53.00	7211.19.20	7214.30.00	7217.30.15
7117.19.90	7208.54.00	7211.19.30	7214.91.00	7217.30.30
7117.90.10	7208.90.00	7211.19.45	7214.99.00	7217.30.45
7117.90.20	7209.15.00	7211.19.60	7215.10.00	7217.30.60
7117.90.30	7209.16.00	7211.19.75	7215.50.00	7217.30.75
7117.90.55	7209.17.00	7211.23.15	7215.90.10	7217.90.10
7117.90.90	7209.18.15	7211.23.20	7215.90.50	7217.90.50
7118.10.00	7209.18.25	7211.23.30	7216.10.00	7218.10.00
7118.90.00	7209.18.60	7211.23.45	7216.21.00	7218.91.00
7206.10.00	7209.25.00	7211.23.60	7216.22.00	7218.99.00
7206.90.00	7209.26.00	7211.29.20	7216.31.00	7219.11.00
7207.11.00	7209.27.00	7211.29.45	7216.32.00	7219.12.00
7207.12.00	7209.28.00	7211.29.60	7216.33.00	7219.13.00
7207.19.00	7209.90.00	7211.90.00	7216.40.00	7219.14.00
7207.20.00	7210.11.00	7212.10.00	7216.50.00	7219.21.00
7208.10.15	7210.12.00	7212.20.00	7216.99.00	7219.22.00
7208.10.30	7210.30.00	7212.30.10	7217.10.10	7219.23.00
7208.10.60	7210.41.00	7212.30.30	7217.10.20	7219.24.00
7208.25.30	7210.49.00	7212.30.50	7217.10.30	7219.31.00
7208.25.60	7210.50.00	7212.40.10	7217.10.40	7219.32.00
7208.26.00	7210.61.00	7212.40.50	7217.10.50	7219.33.00
7208.27.00	7210.69.00	7212.50.00	7217.10.60	7219.34.00
7208.36.00	7210.70.30	7212.60.00	7217.10.70	7219.35.00
7208.37.00	7210.70.60	7213.10.00	7217.10.80	7219.90.00
7208.38.00	7210.90.10	7213.20.00	7217.10.90	7220.11.00
7208.39.00	7210.90.60	7213.91.30	7217.20.15	7220.12.10

7220.12.50	7225.50.60	7228.20.50	7304.24.40	7305.20.20
7220.20.10	7225.50.70	7228.30.20	7304.24.60	7305.20.40
7220.20.60	7225.50.80	7228.30.40	7304.29.10	7305.20.60
7220.20.70	7225.91.00	7228.30.60	7304.29.20	7305.20.80
7220.20.80	7225.92.00	7228.30.80	7304.29.31	7305.31.20
7220.20.90	7225.99.00	7228.40.00	7304.29.41	7305.31.40
7220.90.00	7226.11.10	7228.50.10	7304.29.50	7305.31.60
7221.00.00	7226.11.90	7228.50.50	7304.29.61	7305.39.10
7222.11.00	7226.19.10	7228.60.10	7304.31.30	7305.39.50
7222.19.00	7226.19.90	7228.60.60	7304.31.60	7305.90.10
7222.20.00	7226.20.00	7228.60.80	7304.39.00	7305.90.50
7222.30.00	7226.91.05	7228.70.30	7304.41.30	7306.11.00
7222.40.30	7226.91.15	7228.70.60	7304.41.60	7306.19.10
7222.40.60	7226.91.25	7228.80.00	7304.49.00	7306.19.51
7223.00.10	7226.91.50	7229.20.00	7304.51.10	7306.21.30
7223.00.50	7226.91.70	7229.90.05	7304.51.50	7306.21.40
7223.00.90	7226.91.80	7229.90.10	7304.59.10	7306.21.80
7224.10.00	7226.92.10	7229.90.50	7304.59.20	7306.29.10
7224.90.00	7226.92.30	7229.90.90	7304.59.60	7306.29.20
7225.11.00	7226.92.50	7301.10.00	7304.59.80	7306.29.31
7225.19.00	7226.92.70	7302.10.10	7304.90.10	7306.29.41
7225.30.11	7226.92.80	7302.10.50	7304.90.30	7306.29.60
7225.30.30	7226.99.01	7302.90.10	7304.90.50	7306.29.81
7225.30.51	7227.10.00	7302.90.90	7304.90.70	7306.30.10
7225.30.70	7227.20.00	7304.11.00	7305.11.10	7306.30.30
7225.40.11	7227.90.10	7304.19.10	7305.11.50	7306.30.50
7225.40.30	7227.90.20	7304.19.50	7305.12.10	7306.40.10
7225.40.51	7227.90.60	7304.22.00	7305.12.50	7306.40.50
7225.40.70	7228.10.00	7304.23.60	7305.19.10	7306.50.10
7225.50.11	7228.20.10	7304.24.30	7305.19.50	7306.50.30



**ANNEX B****Part 1**

Note: All products that are classified in the 8-digit subheadings of the Harmonized Tariff Schedule of the United States (HTS) that are listed in Part 1 of this Annex are covered by the action taken in Annex A. The product descriptions that are contained in this Annex are provided for informational purposes only, and are not intended to delimit in any way the scope of the proposed action. Any questions regarding the scope of particular HTS subheadings should be referred to U.S. Customs and Border Protection. In the product descriptions, the abbreviation "nesoi" means "not elsewhere specified or included".

<b>HTS Subheading</b>	<b>Product Description</b>
0101.21.00	Live purebred breeding horses
0101.29.00	Live horses other than purebred breeding horses
0101.30.00	Live asses
0101.90.30	Mules and hinnies imported for immediate slaughter
0101.90.40	Mules and hinnies not imported for immediate slaughter
0102.21.00	Live purebred breeding cattle
0102.29.20	Cows imported specially for dairy purposes
0102.29.40	Live cattle other than purebred or those imported for dairy purposes
0102.31.00	Live purebred breeding buffalo
0102.39.00	Live buffalo, other than purebred breeding animals
0102.90.00	Live bovine animals, other than cattle and buffalo
0103.10.00	Live purebred breeding swine
0103.91.00	Live swine, other than purebred breeding swine, weighing less than 50 kg each
0103.92.00	Live swine, other than purebred breeding swine, weighing 50 kg or more
0104.10.00	Live sheep
0104.20.00	Live goats
0105.11.00	Live chickens weighing not over 185 g each
0105.12.00	Live turkeys weighing not more than over 185 g each
0105.13.00	Live ducks, weighing not more than 185 g each
0105.14.00	Live geese, weighing not more than 185 g each
0105.15.00	Live guinea fowls, weighing not more than 185 g each
0105.94.00	Live Poultry; Chickens
0105.99.00	Live ducks, geese, turkeys and guineas, weighing over 185 g each
0106.11.00	Live primates
0106.12.01	Live whales, dolphins and porpoises; manatees and dugongs, seals, sea lions, and walruses
0106.13.00	Live camels and other camelids (Camelidae)
0106.14.00	Live rabbits and hares
0106.19.30	Live foxes
0106.19.91	Live mammals, not elsewhere specified or included
0106.20.00	Live reptiles (including snakes and turtles)
0106.31.00	Live birds of prey
0106.32.00	Live psittaciforme birds (including parrots, parakeets, macaws and cockatoos)

HTS Subheading	Product Description
7213.91.60	Iron/nonalloy steel, nesoi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam. <14mm, w/less th/0.6% carbon, nesoi
7213.99.00	Iron/nonalloy steel, nesoi, hot-rolled bars & rods, w/cir. x-sect. diam 14+mm or non-circ. x-sect., in irregularly wound coils, nesoi
7214.20.00	Iron/nonalloy steel, concrete reinforcing bars and rods, not further worked than hot-rolled, hot-drawn or hot-extruded, n/coils
7214.30.00	Free-cutting steel, bars and rods, not further worked than hot-rolled, hot-drawn or hot-extruded, n/coils, nesoi
7214.91.00	Iron/nonalloy steel, bars and rods, not further worked than hot-rolled, hot-drawn or hot-extruded, w/rectangular (o/than square) X-section
7214.99.00	Iron/nonalloy steel, bars and rods, not further worked than hot-rolled, hot-drawn or hot-extruded, w/non-rectangular X-sect, not in coils
7215.10.00	Free-cutting steel, bars and rods, not further worked than cold-formed or cold-finished, not in coils
7215.50.00	Iron/nonalloy steel nesoi, bars and rods, not further wkd. than cold-formed or cold-finished, not in coils
7215.90.10	Iron/nonalloy steel, bars and rods, not cold-formed, plated or coated with metal
7215.90.50	Iron/nonalloy steel, bars and rods, further worked than cold-formed or cold-finished, nesoi
7216.10.00	Iron/nonalloy steel, U,I or H-sections, not further worked than hot-rolled, hot-drawn or extruded, w/height under 80 mm
7216.21.00	Iron/nonalloy steel, L-sections, not further worked than hot-rolled, hot-drawn or extruded, w/height under 80 mm
7216.22.00	Iron/nonalloy steel, T-sections, not further worked than hot-rolled, hot-drawn or extruded, w/height under 80 mm
7216.31.00	Iron/nonalloy steel, U-sections, not further worked than hot-rolled, hot-drawn or extruded, w/height of 80 mm or more
7216.32.00	Iron/nonalloy steel, I-sections (standard beams), not further worked than hot-rolled, hot-drawn or extruded, w/height 80 mm or more
7216.33.00	Iron/nonalloy steel, H-sections, not further worked than hot-rolled, hot-drawn or extruded, w/height 80 mm or more
7216.40.00	Iron/nonalloy steel, L or T-sections, not further worked than hot-rolled, hot-drawn or extruded, w/height 80 mm or more
7216.50.00	Iron/nonalloy steel, angles, shapes & sections nesoi, not further worked than hot-rolled, hot-drawn or extruded
7216.99.00	Iron/nonalloy steel, angles, shapes & sections nesoi, further wkd. than cold-formed or cold-finished and not from flat-rolled products
7217.10.10	Iron/nonalloy steel, flat wire, <0.25% carbon, not plated or coated, w/thick n/o 0.25 mm
7217.10.20	Iron/nonalloy steel, flat wire, <0.25% carbon, not plated or coated, w/thick o/0.25mm but n/o 1.25 mm
7217.10.30	Iron/nonalloy steel, flat wire, <0.25% carbon, not plated or coated, w/thick o/1.25 mm
7217.10.40	Iron/nonalloy steel, round wire, <0.25% carbon, not plated or coated, w/diameter less than 1.5 mm
7217.10.50	Iron/nonalloy steel, round wire, <0.25% carbon, not plated or coated, w/diameter of 1.5 mm or more
7217.10.60	Iron/nonalloy steel, wire (other than flat or round), <0.25% carbon, not plated or coated
7217.10.70	Iron/nonalloy steel, flat wire, w/0.25% or more carbon, not plated or coated

HTS Subheading	Product Description
7217.10.80	Iron/nonalloy steel, round wire, w/0.25% or more carbon, not plated or coated
7217.10.90	Iron/nonalloy steel, wire (other than flat or round), w/0.25% or more of carbon, not plated or coated
7217.20.15	Iron/nonalloy steel, flat wire, plated or coated with zinc
7217.20.30	Iron/nonalloy steel, round wire, <0.25% carbon, plated or coated with zinc, w/diameter of 1.5 mm or more
7217.20.45	Iron/nonalloy steel, round wire, w/0.25% or more carbon and/or <1.5mm diam, plated or coated with zinc
7217.20.60	Iron/nonalloy steel, wire (other than flat or round), <0.25% carbon, plated or coated with zinc
7217.20.75	Iron/nonalloy steel, wire (other than flat or round), w/0.25% or more of carbon, plated or coated with zinc
7217.30.15	Iron/nonalloy steel, flat wire, plated or coated with base metal other than zinc
7217.30.30	Iron/nonalloy steel, round wire, <0.25% carbon, plated or coated with base metal other than zinc, w/diam. of 1.5 mm or more
7217.30.45	Iron/nonalloy steel, round wire, w/0.25% or more carbon and/or <1.5mm diam, plated or coated with base metal other than zinc
7217.30.60	Iron/nonalloy steel, wire (other than flat or round), <0.25% carbon, plated or coated with base metal other than zinc
7217.30.75	Iron/nonalloy steel, wire (other than flat or round), w/0.25% or more of carbon, plated or coated with base metal other than zinc
7217.90.10	Iron/nonalloy steel, wire, coated with plastics
7217.90.50	Iron/nonalloy steel, wire, plated or coated with materials other than base metals or plastics
7218.10.00	Stainless steel, ingots and other primary forms
7218.91.00	Stainless steel, semifinished products of rectangular (other than square) cross-section
7218.99.00	Stainless steel, semifinished products, other than of rectangular (other than square) cross-section
7219.11.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thickness o/10 mm
7219.12.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick. 4.75 mm or more but n/o 10 mm
7219.13.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick. 3 mm or more but less than 4.75 mm
7219.14.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thickness less than 3 mm
7219.21.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, not in coils, w/thickness o/10 mm
7219.22.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, not in coils, w/thick. 4.75 mm or more but n/o 10 mm
7219.23.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, not in coils, w/thick. 3 mm or more but less than 4.75 mm
7219.24.00	Stainless steel, width 600mm+, hot-rolled flat-rolled products, not in coils, w/thickness less than 3 mm
7219.31.00	Stainless steel, width 600mm+, cold-rolled flat-rolled products, w/thickness of 4.75 mm or more
7219.32.00	Stainless steel, width 600mm+, cold-rolled flat-rolled products, w/thickness of 3 mm or more but less than 4.75 mm



HTS Subheading	Product Description
7219.33.00	Stainless steel, width 600mm+, cold-rolled flat-rolled products, w/thickness o/1 mm but less than 3 mm
7219.34.00	Stainless steel, width 600mm+, cold-rolled flat-rolled products, w/thickness of 0.5 mm or more but n/o 1 mm
7219.35.00	Stainless steel, width 600mm+, cold-rolled flat-rolled products, w/thickness of less than 0.5 mm
7219.90.00	Stainless steel, width 600mm+, flat-rolled products, nesoi, further worked than cold-rolled
7220.11.00	Stainless steel, width less th/600mm, hot-rolled flat-rolled products, w/thickness of 4.75 mm or more
7220.12.10	Stainless steel, width 300m+ but less th/600mm, hot-rolled flat-rolled products, w/thickness of less than 4.75 mm
7220.12.50	Stainless steel, width less th/300mm, hot-rolled flat-rolled products, w/thickness of less than 4.75 mm
7220.20.10	Stainless steel, width 300+ but less th/600mm, cold-rolled flat-rolled products
7220.20.60	Stainless steel, width less th/300mm, cold-rolled flat-rolled products, w/thickness o/1.25 mm
7220.20.70	Stainless steel, width less th/300mm, cold-rolled flat-rolled products, w/ thickness of 0.25 mm but n/o 1.25 mm
7220.20.80	Stainless razor blade steel, width less th/300mm, cold-rolled flat-rolled, w/thickness n/o 0.25 mm
7220.20.90	Stainless steel (o/than razor blade steel), width less th/300mm, cold-rolled flat-rolled products, w/thickness n/o 0.25 mm
7220.90.00	Stainless steel, width less th/600mm, flat-rolled products further worked than cold-rolled
7221.00.00	Stainless steel, bars and rods in irregularly wound coils, hot-rolled
7222.11.00	Stainless steel, bars and rods, hot-rolled, hot-drawn or extruded, of circular cross-section
7222.19.00	Stainless steel, bars and rods, hot-rolled, hot-drawn or extruded, other than of circular cross-section
7222.20.00	Stainless steel, bars and rods, not further worked than cold-formed or cold-finished, nesoi
7222.30.00	Stainless steel, bars and rods, further worked than cold-formed or cold-finished, nesoi
7222.40.30	Stainless steel, angles, shapes & sections, hot-rolled, not drilled/punched or otherwise advanced
7222.40.60	Stainless steel, angles, shapes & sections, other than hot-rolled and not drilled/punched or otherwise advanced
7223.00.10	Stainless steel, round wire
7223.00.50	Stainless steel, flat wire
7223.00.90	Stainless steel, wire (other than round or flat wire)
7224.10.00	Alloy (o/than stainless) steel, ingots and other primary forms
7224.90.00	Alloy (o/than stainless) steel, semifinished products
7225.11.00	Alloy silicon electrical steel (grain-oriented), width 600mm+, flat-rolled products
7225.19.00	Alloy silicon electrical steel (other than grain-oriented), width 600mm+, flat-rolled products
7225.30.11	Alloy tool steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick. of 4.75 mm or more
7225.30.30	Alloy (o/th stainless, silicon elect., hi-speed, or tool) steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick 4.75mm+
7225.30.51	Alloy tool steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick. of less than 4.75 mm

HTS Subheading	Product Description
7226.92.70	Alloy steel (o/than tool), width less th/300mm, cold-rolled flat-rolled products, w/thickness n/o 0.25 mm
7226.92.80	Alloy steel (o/than tool), width less th/300mm, cold-rolled flat-rolled products, w/thickness o/0.25 mm
7226.99.01	Alloy steel, width less than 600mm, flat-rolled products further worked than cold-rolled, nesoi
7227.10.00	Alloy high-speed steel, bars and rods in irregularly wound coils, hmot-rolled
7227.20.00	Alloy silico-manganese steel, bars and rods in irregularly wound coils, hot-rolled
7227.90.10	Alloy tool steel (o/than hi-speed), bars & rods in irregular wound coils, hot-rolled, n/tempered, treated or partly manufactured
7227.90.20	Alloy tool steel (o/than hi-speed), bars and rods in irregularly wound coils, hot-rolled, nesoi
7227.90.60	Alloy steel (o/than hi-speed/silico-mang./tool) steel, bars and rods in irregularly wound coils, hot-rolled
7228.10.00	Alloy high-speed steel, bars and rods, o/than hot-rolled and in irregularly wound coils
7228.20.10	Alloy silico-manganese steel, bars and rods, not cold-formed, o/than hot-rolled and in irregularly wound coils
7228.20.50	Alloy silico-manganese steel, bars and rods, cold formed, o/than hot-rolled and in irregularly wound coils
7228.30.20	Alloy ball-bearing tool steel, bars and rods, not further worked than hot-rolled, hot-drawn or extruded
7228.30.40	Alloy chipper knife tool steel, bars and rods, not cold-formed & not further worked than hot-rolled, hot-drawn or extruded
7228.30.60	Alloy tool steel (o/than ball-bearing/chipper knife), bars and rods, not further worked than hot-rolled, hot-drawn or extruded
7228.30.80	Alloy steel (o/than hi-speed, silico-mang./tool), bars and rods, not further worked than hot-rolled, hot-drawn or extruded
7228.40.00	Alloy steel, bars and rods, not further worked than forged
7228.50.10	Alloy tool steel (o/than hi-speed), bars and rods, not further worked than cold-formed or cold-finished
7228.50.50	Alloy steel (o/than tool), bars and rods, not further worked than cold-formed or cold-finished
7228.60.10	Alloy tool steel (o/than hi-speed), bars and rods, further worked than hot-rolled, forged, cold-formed or cold-finished
7228.60.60	Alloy steel (o/than tool), bars and rods, further worked than hot-rolled, forged but not cold-formed
7228.60.80	Alloy steel (o/than tool), bars and rods, cold-formed
7228.70.30	Alloy steel, angles, shapes and sections, hot-rolled & not drilled/not punched and not otherwise advanced
7228.70.60	Alloy steel, angles, shapes and sections, o/than hot-rolled & not drilled/punced and not otherwise advanced
7228.80.00	Alloy steel hollow drill bars and rods
7229.20.00	Alloy silico-manganese steel, wire
7229.90.05	Alloy high-speed steel, wire
7229.90.10	Alloy steel (o/than hi-speed/silico-mang.), flat wire
7229.90.50	Alloy steel (o/than hi-speed/silico-mang.), round wire
7229.90.90	Alloy steel (o/than hi-speed/silico-mang.), wire (o/than flat or round wire)

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 4

*American Wire Producers Association; Comments on Proposed Action in Connection with  
USTR's*

*Section 301 Determination regarding China's Acts, Policies, and Practices related to  
Technology*

*Transfer, Intellectual Property, and Innovation (Docket Number USTR-2018-0005) (May 11,  
2018)*

## Section 301 Investigation: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation - Form for Public Comment

When submitting comments using this form, enter the specified information in the following fields and explain the basis and rationale for your statements. To the extent that you provide specific data or estimates, please include in the same field the citation to the source of the data or estimate. Please select "N/A" if the field does not apply. You may submit additional materials, if necessary, as a separate attachment. For further details about submission and handling of business confidential information, please refer to Section G of the Federal Register Notice.

1. Indicate whether the comment contains business confidential information (BCI), is a public document, or is a public version of a BCI document.

Public Document

2. Please state your position on the imposition of duties:

Support

3. 8-digit HTSUS item numbers\* for all products you wish to address in this comment:

\*Use numerical characters only but separate distinct 8-digit HTSUS item numbers by commas.

Please see Attachment 1 to the attached letter.

4. Description of product(s) of concern:

Carbon, stainless, and other alloy steel wire and wire products.

5. Submitter Information

Submitter Name: John T. Johnson, Jr.

(Note: If you are submitting on behalf of an organization, complete the following two fields.)

Submitter Representative: Frederick P. Waite, Esq., Vorys, Sater, Seymour and Pease LLP

Organization Name: American Wire Producers Association ("AWPA")

6. Commenter's relationship to the product: Industry Association

7. Does this comment in regulations.gov include additional attachments?

YES

8. Please indicate whether any additional attachment contains business confidential information (BCI), is a public document, or is a public version of a BCI document.

Public Document

**9. Please provide a concise summary of the basis or rationale for your comment:**

These wire and wire products are value-added products which China has promoted through illegal export tax, VAT, subsidy, and currency manipulation schemes. As a result, U.S. imports of these products have surged at the expense of American companies and workers that make these products in the United States.

**10. Please provide any additional comments:**

Please see the letter and attachments submitted by the AWWA.



American Wire Producers Association

PO Box 151387

Alexandria, VA 22315

May 11, 2018

**SECTION 301 (CHINA)**  
**DOCKET NO. USTR-2018-0005**

**PUBLIC SUBMISSION**

**VIA ELECTRONIC SUBMISSION ([HTTP://WWW.REGULATIONS.GOV](http://www.regulations.gov))**

Ambassador Robert E. Lighthizer  
United States Trade Representative  
Office of the United States Trade Representative  
600 Seventeenth Street, NW  
Washington, DC 20508

Attention: Chairman William L. Busis  
Section 301 Committee  
Office of the United States Trade Representative

Re: *Comments on Proposed Action in Connection with USTR's Section 301  
Determination regarding China's Acts, Policies, and Practices related  
to Technology Transfer, Intellectual Property, and Innovation*  
(Docket Number USTR-2018-0005)

Dear Ambassador Lighthizer:

On behalf of the American Wire Producers Association ("AWPA"), we respectfully submit the following comments in response to the notice of the United States Trade Representative ("USTR") regarding the proposed action in connection with its Section 301 finding that "acts, policies and practices of the Government of China related to technology transfer, intellectual property, and innovation . . . are unreasonable or discriminatory and burden or restrict U.S. Commerce."<sup>1</sup>

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<sup>1</sup> *Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 14,906 (April 6, 2018) (hereinafter "Notice") at 14,906.

W I R E I S E V E R Y W H E R E

office 703.299.4434 / email [info@awpa.org](mailto:info@awpa.org) / [www.awpa.org](http://www.awpa.org)

Further to the Section 301 determination regarding China, the USTR has proposed an additional tariff of 25 percent *ad valorem* on imports of specific products from China which are listed in the Annex to the *Notice*. These products are identified by their eight-digit subheadings in the *Harmonized Tariff Schedule of the United States* (“HTSUS”).<sup>2</sup>

The AWPAs represent 41 independent producers of carbon, stainless, and other steel wire and wire products as well as five integrated wire rod mills that also manufacture such downstream wire and wire products. On their behalf and on behalf of their workers and communities throughout the United States, the AWPAs respectfully urge the USTR to add the steel wire and wire products identified in Attachment 1 hereto to the list of imported products from China which may be subject to the proposed additional tariff of 25 percent.<sup>3</sup>

The AWPAs note that additional duties on these wire and wire products from China are unlikely to cause disruptions to the U.S. economy because there is more than sufficient capacity in the U.S. wire and wire products industry to meet domestic demand.<sup>4</sup> Such additional duties would also have the “lowest consumer impact” since U.S. consumers can meet their requirements from American-based sources rather than from other foreign suppliers.<sup>5</sup>

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<sup>2</sup> *See id.*

<sup>3</sup> *See id.* at 14,908.

<sup>4</sup> *See id.* at 14,907.

<sup>5</sup> *See id.*

Consequently, additional duties on these wire and wire products from China would NOT cause “disproportionate economic harm to U.S. interests.”<sup>6</sup>

Further, these proposed wire and wire products are value-added products that China has promoted through mercantilist export tax and value added tax rebate schemes, subsidy programs, and currency manipulation.<sup>7</sup> In numerous reports to the U.S. Congress, the USTR noted that China’s illegal trade practices have encouraged the exportation of certain finished products—“particularly wire products”—while discouraging the exportation of semifinished products and raw materials.<sup>8</sup> Consequently, aided by such schemes, imports of Chinese steel wire and wire products have surged into the United States in recent years.<sup>9</sup> Accordingly, it is appropriate to add these products to the list of imported products from China which may be subject to the proposed additional tariff of 25 percent.

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<sup>6</sup> *See id.* at 14,908.

<sup>7</sup> *See* Attachment 2 at 1–2.

<sup>8</sup> *See, e.g., United States Trade Representative, 2017 Report to Congress On China’s WTO Compliance* (January 2018) at 46. *See also* Attachment 2 at 7–15.

<sup>9</sup> *See id.* at Exhibit 1.



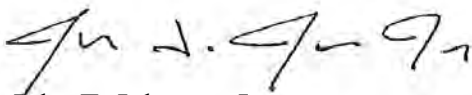
AMBASSADOR ROBERT E. LIGHTHIZER  
UNITED STATES TRADE REPRESENTATIVE  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
May 11, 2018  
Page 4

SECTION 301 (CHINA)  
DOCKET NO. USTR-2018-0005

**PUBLIC SUBMISSION**

These comments are timely submitted.<sup>10</sup>

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Johnson, Jr.", written in a cursive style.

John T. Johnson, Jr.  
AWPA President  
President, MID-SOUTH WIRE

Attachments

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<sup>10</sup> *Id.* at 14,906.

# ATTACHMENT 1

ANNUAL U.S. IMPORTS FROM CHINA  
OF  
CARBON, STAINLESS, AND OTHER ALLOY STEEL WIRE AND WIRE PRODUCTS  
(INCLUDING STEEL WIRE ROPE AND STRAND, STEEL WIRE SPRINGS,  
WOVEN WIRE FABRIC, WIRE GRILL, NETTING AND FENCING,  
NAILS AND OTHER FASTENERS, INDUSTRIAL FASTENERS, CHAINS,  
AND OTHER STEEL WIRE PRODUCTS)  
BY *HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES (“HTSUS”)*  
CLASSIFICATION

BEFORE THE OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

AMERICAN WIRE PRODUCERS ASSOCIATION  
COMMENTS ON PROPOSED ACTION IN CONNECTION WITH USTR’S SECTION 301 DETERMINATION  
REGARDING CHINA’S ACTS, POLICIES, AND PRACTICES RELATED TO TECHNOLOGY TRANSFER,  
INTELLECTUAL PROPERTY, AND INNOVATION  
(DOCKET NUMBER USTR-2018-0005)

MAY 11, 2018

**AMERICAN WIRE PRODUCERS ASSOCIATION**

Annual Imports from China

Volume in Metric Tons, Value in US Dollars

WIRE HTS code	2015		2016		2017	
	Volume	Value	Volume	Value	Volume	Value

**CARBON WIRE**

72171010	195	\$240,737	75	\$133,525	58	\$48,261
72171020	245	\$383,802	67	\$108,243	26	\$28,792
72171030	87	\$134,201	338	\$252,301	157	\$209,727
72171040	6,050	\$3,995,717	6,151	\$3,462,022	4,699	\$3,314,949
72171050	337	\$606,738	393	\$495,560	1,368	\$1,463,205
72171060	3,202	\$4,150,007	3,454	\$3,015,909	779	\$836,076
72171070	23,537	\$15,656,615	21,055	\$12,544,186	16,089	\$12,153,699
72171080	24,853	\$26,674,837	20,744	\$16,833,863	11,074	\$8,071,548
72171090	512	\$995,286	440	\$1,180,950	195	\$1,113,493
72171100	400	\$537,777	331	\$438,950	464	\$687,913
72171110	2,047	\$1,388,455	2,087	\$1,650,601	1,410	\$1,045,125
72171120	590	\$490,999	505	\$395,802	308	\$298,011
72171130	514	\$630,134	1,355	\$1,326,543	970	\$955,836
72171080	15,993	\$15,180,506	15,100	\$13,178,170	10,896	\$11,281,461
72171090	2,272	\$1,799,918	1,660	\$1,107,284	759	\$591,401
72172015	465	\$486,301	2,302	\$2,539,233	2,906	\$3,360,676
72172030	34,558	\$24,244,363	29,441	\$17,159,439	22,552	\$15,857,031
72172045	23,728	\$21,506,042	27,576	\$21,397,473	22,051	\$20,851,936
72172060	68	\$104,019	20	\$72,456	56	\$118,332
72172075	2,465	\$2,524,629	1,225	\$1,499,979	922	\$1,106,723
72173015	403	\$412,900	86	\$113,645	867	\$879,467
72173030	1,146	\$1,220,029	423	\$608,777	171	\$334,436
72173045	7,445	\$8,738,059	5,758	\$6,778,422	6,611	\$8,776,556
72173060	0	\$0	0	\$0	4	\$24,468
72173075	5,654	\$4,595,868	363	\$498,061	498	\$846,212
72179010	1,786	\$3,066,502	2,199	\$3,137,347	4,213	\$4,763,781
72179050	1,208	\$2,441,137	1,341	\$2,120,174	995	\$2,089,617
<b>SUB TOTAL</b>	<b>159,760</b>	<b>\$142,205,578</b>	<b>144,489</b>	<b>\$112,048,915</b>	<b>111,098</b>	<b>\$101,108,732</b>

**CARBON WIRE**

**AMERICAN WIRE PRODUCERS ASSOCIATION**

Annual Imports from China

Volume in Metric Tons, Value in US Dollars

<b>WIRE</b>	<b>2015</b>		<b>2016</b>		<b>2017</b>	
<b>HTS code</b>	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>

**STAINLESS WIRE**

72230010	7,021	\$23,864,654	7,373	\$20,460,659	8,836	\$25,906,126
72230050	80	\$1,899,943	95	\$1,601,336	76	\$1,274,371
72230090	144	\$668,970	82	\$425,227	1,225	\$5,619,082
<b>SUB TOTAL</b>	<b>7,245</b>	<b>\$26,433,567</b>	<b>7,550</b>	<b>\$22,487,222</b>	<b>10,137</b>	<b>\$32,799,579</b>

**STAINLESS WIRE****ALLOY WIRE**

72292000	22,031	\$22,951,390	27,070	\$27,518,194	28,218	\$31,638,343
72299005	288	\$458,999	325	\$601,797	458	\$491,719
72299010	18	\$51,387	21	\$212,611	13	\$289,426
72299050	6,595	\$7,779,797	24,093	\$15,231,177	12,543	\$9,491,947
72299090	1,779	\$2,680,672	1,187	\$1,647,100	487	\$688,442
<b>SUB TOTAL</b>	<b>30,711</b>	<b>\$33,922,245</b>	<b>52,696</b>	<b>\$45,210,879</b>	<b>41,719</b>	<b>\$42,599,877</b>

**ALLOY WIRE**

<b>TOTAL ALL WIRE</b>	<b>2015</b>		<b>2016</b>		<b>2017</b>	
	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>
	<b>197,716</b>	<b>\$202,561,390</b>	<b>204,735</b>	<b>\$179,747,016</b>	<b>162,954</b>	<b>\$176,508,188</b>

**AMERICAN WIRE PRODUCERS ASSOCIATION**

Annual Imports from China

Volume in Metric Tons, Value in US Dollars

<b>WIRE PRODUCTS</b>	<b>2015</b>		<b>2016</b>		<b>2017</b>	
	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>
<b>ROPE &amp; STRAND</b>						
73121005	680	\$5,251,768	606	\$5,261,390	571	\$4,704,678
73121010	591	\$3,242,529	854	\$4,707,213	1,021	\$4,647,289
73121020	1,527	\$8,109,446	2,090	\$9,620,928	1,758	\$10,407,861
73121030	44,934	\$78,725,369	63,555	\$100,748,609	64,319	\$106,640,918
73121050	181	\$1,096,569	602	\$1,479,748	606	\$1,734,350
73121060	1,633	\$5,271,023	2,035	\$5,931,948	2,312	\$6,965,032
73121070	2,207	\$10,754,982	2,206	\$10,178,183	2,464	\$10,453,162
73121080	29	\$61,597	315	\$527,206	277	\$433,359
73121090	34,528	\$64,384,075	30,263	\$54,777,794	29,144	\$52,772,220
73129000	1,210	\$4,264,719	1,474	\$4,367,673	1,318	\$4,929,044
<b>SUB TOTAL</b>	<b>87,520</b>	<b>\$181,162,077</b>	<b>104,000</b>	<b>\$197,600,692</b>	<b>103,790</b>	<b>\$203,687,913</b>

**ROPE & STRAND****BARBED WIRE**

73130000	3,035	\$2,841,274	3,636	\$2,857,928	3,391	\$3,098,088
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**CLOTH,GRILL,NETTING & FENCING**

73141210	175	\$654,174	236	\$776,647	149	\$635,151
73141220	64	\$548,282	70	\$435,127	109	\$357,834
73141230	128	\$587,725	10	\$135,916	11	\$142,227
73141260	0	\$8,812	1	\$5,918	0	\$2,409
73141290	45	\$222,580	33	\$290,663	127	\$339,358
73141410	2,081	\$12,876,273	2,012	\$11,334,624	3,171	\$15,613,299
73141420	1,836	\$7,013,849	1,940	\$5,195,593	2,171	\$6,546,910
73141430	12	\$96,034	7	\$62,429	5	\$41,353
73141460	69	\$470,693	40	\$358,052	54	\$491,004
73141490	2,535	\$16,874,423	1,437	\$9,291,621	2,564	\$15,331,076
73141901	15,029	\$19,306,031	8,147	\$12,855,045	7,842	\$11,325,463
73142000	3,307	\$6,120,054	3,345	\$5,749,202	4,327	\$9,861,745
73143110	37,386	\$44,382,472	35,493	\$40,953,977	37,038	\$45,405,710
73143150	11,789	\$14,870,999	13,834	\$15,648,443	16,014	\$19,090,049
73143900	4,813	\$10,351,807	5,248	\$9,450,007	5,288	\$10,967,018
73144100	17,129	\$21,393,273	17,956	\$20,910,650	18,500	\$22,135,445
73144200	4,011	\$7,070,134	6,892	\$9,886,501	8,730	\$15,205,515
73144930	4,029	\$8,326,079	4,267	\$7,537,030	3,732	\$7,645,158
73144960	3,494	\$9,595,550	5,188	\$11,698,547	4,271	\$9,931,057
73145000	867	\$3,910,646	1,788	\$5,404,686	1,517	\$5,421,037
<b>SUB TOTAL</b>	<b>108,799</b>	<b>\$184,679,890</b>	<b>107,944</b>	<b>\$167,980,678</b>	<b>115,620</b>	<b>\$196,488,818</b>

**CLOTH,GRILL,NETTING & FENCING**

**AMERICAN WIRE PRODUCERS ASSOCIATION**

Annual Imports from China

Volume in Metric Tons, Value in US Dollars

<b>WIRE PRODUCTS</b>	<b>2015</b>		<b>2016</b>		<b>2017</b>	
	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>
<b>Chain</b>						
73151100	20,062	\$63,051,980	17,610	\$54,623,581	19,131	\$59,685,468
73151200	9,908	\$26,066,012	7,527	\$19,584,084	6,697	\$18,458,136
73151900	3,638	\$10,890,567	4,360	\$12,117,301	5,941	\$17,510,419
73152010	9,821	\$16,425,627	10,179	\$16,901,580	12,588	\$19,456,340
73152050	1,394	\$3,077,826	1,112	\$2,261,826	3,503	\$6,272,370
73158100	4,177	\$5,567,254	2,965	\$3,186,989	2,640	\$3,383,526
73158210	4,302	\$8,127,727	4,583	\$7,403,934	5,645	\$9,212,788
73158230	4,046	\$6,694,369	4,080	\$6,011,324	4,204	\$5,842,810
73158250	22,932	\$33,324,006	21,210	\$28,038,185	24,407	\$33,614,646
73158270	4,841	\$7,319,818	3,059	\$4,336,908	3,722	\$5,226,419
73158910	2,130	\$4,911,888	2,065	\$5,091,153	1,825	\$4,808,028
73158930	1,289	\$4,986,431	1,128	\$4,604,438	1,012	\$6,269,729
73158950	807	\$3,646,424	902	\$3,802,773	1,003	\$4,026,283
73159000	3,916	\$11,472,750	3,591	\$11,038,477	4,526	\$11,909,823
<b>SUB TOTAL</b>	<b>93,263</b>	<b>\$205,562,679</b>	<b>84,371</b>	<b>\$179,002,553</b>	<b>96,844</b>	<b>\$205,676,785</b>

**CHAIN****NAILS & STAPLES**

73170010	553	\$1,952,820	351	\$1,609,633	311	\$1,296,392
73170020	2,358	\$9,170,588	3,474	\$10,786,003	4,779	\$12,695,120
73170030	380	\$1,114,250	215	\$687,245	348	\$1,035,948
73170055	213,349	\$207,229,984	219,645	\$188,489,271	208,506	\$203,855,946
73170065	4,566	\$8,376,548	4,258	\$7,870,649	4,148	\$7,619,138
73170075	12,234	\$17,239,507	15,794	\$19,268,354	12,971	\$16,917,337
<b>SUB TOTAL</b>	<b>233,440</b>	<b>\$245,083,697</b>	<b>243,737</b>	<b>\$228,711,155</b>	<b>231,063</b>	<b>\$243,419,881</b>

**NAILS & STAPLES**

**AMERICAN WIRE PRODUCERS ASSOCIATION**

Annual Imports from China

Volume in Metric Tons, Value in US Dollars

WIRE PRODUCTS	2015		2016		2017		
	HTS code	Volume	Value	Volume	Value	Volume	Value
SCREWS,BOLTS & NUTS							
73181100	13,183	\$15,681,420	11,122	\$11,992,212	11,504	\$14,414,728	
73181200	3,966	\$8,243,640	4,097	\$8,647,293	4,418	\$9,642,661	
73181300	4,409	\$12,232,675	3,649	\$11,265,964	3,894	\$12,040,715	
73181410	67,816	\$128,595,758	79,036	\$135,694,498	67,270	\$127,869,129	
73181450	4,319	\$11,796,817	4,239	\$10,789,320	5,149	\$13,533,954	
73181520	177,814	\$293,034,847	165,706	\$251,886,643	166,120	\$276,991,051	
73181540	12,229	\$20,756,118	11,326	\$21,193,046	11,700	\$23,648,535	
73181550	41,391	\$82,646,269	31,264	\$57,356,933	46,016	\$80,448,754	
73181560	3,346	\$15,537,300	3,483	\$16,889,848	3,411	\$16,085,580	
73181580	8,283	\$27,430,159	7,321	\$25,415,710	9,194	\$32,163,479	
73181600	104,351	\$217,266,945	98,479	\$192,591,490	112,405	\$246,812,084	
73181900	6,886	\$29,531,560	5,901	\$25,600,334	8,041	\$32,590,505	
73182100	3,776	\$10,390,809	3,981	\$10,113,305	3,842	\$10,552,001	
73182200	49,625	\$89,826,315	52,904	\$79,055,894	56,503	\$90,443,369	
73182300	2,662	\$11,317,738	2,531	\$10,119,938	2,173	\$11,586,843	
73182400	1,419	\$7,057,692	1,509	\$6,919,987	1,916	\$8,822,327	
73182900	11,469	\$62,333,676	10,699	\$56,325,117	11,119	\$60,047,914	
SUB TOTAL	516,944	\$1,043,679,738	497,247	\$931,857,532	524,675	\$1,067,693,629	

**SCREWS,BOLTS & NUTS****SPRINGS**

73201030		732	\$1,217,917	989	\$1,552,414	1,070	\$1,724,539
73201060		11,417	\$11,824,581	9,313	\$9,976,836	13,586	\$14,726,377
73201090		13,794	\$15,431,555	18,711	\$18,206,569	17,682	\$17,517,521
73202010		420	\$1,935,301	363	\$1,773,549	353	\$1,926,698
73202050		9,678	\$26,873,781	6,970	\$23,422,818	6,250	\$23,388,501
73209010		113	\$872,797	47	\$323,077	37	\$225,748
73209050		7,155	\$15,098,418	6,427	\$14,030,092	7,009	\$16,226,535
<b>SUB TOTAL</b>		<b>43,309</b>	<b>\$73,254,350</b>	<b>42,820</b>	<b>\$69,285,355</b>	<b>45,987</b>	<b>\$75,735,919</b>

**SPRINGS****ARTICLES OF STEEL WIRE, NOT ELSEWHERE SPECIFIED**

73262000	N/A	<b>\$214,329,534</b>	N/A	<b>\$237,011,868</b>	N/A	<b>\$213,066,741</b>
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<b>TOTAL ALL WIRE PRODUCTS</b>	<b>2015</b>		<b>2016</b>		<b>2017</b>	
	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>	<b>Volume</b>	<b>Value</b>
	<b>1,086,310</b>	<b>\$2,150,593,239</b>	<b>1,083,755</b>	<b>\$2,014,307,761</b>	<b>1,121,370</b>	<b>\$2,208,867,774</b>

## **ATTACHMENT 2**

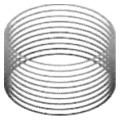
AMERICAN WIRE PRODUCERS ASSOCIATION'S COMMENTS  
CONCERNING  
CHINA'S COMPLIANCE WITH WTO COMMITMENTS  
(DOCKET NUMBER USTR-2016-0012)  
(SEPTEMBER 21, 2016)

BEFORE THE OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

AMERICAN WIRE PRODUCERS ASSOCIATION  
COMMENTS ON PROPOSED ACTION IN CONNECTION WITH USTR'S SECTION 301 DETERMINATION  
REGARDING CHINA'S ACTS, POLICIES, AND PRACTICES RELATED TO TECHNOLOGY TRANSFER,  
INTELLECTUAL PROPERTY, AND INNOVATION  
**(DOCKET NUMBER USTR-2018-0005)**

MAY 11, 2018





September 21, 2016

**CHINA'S WTO COMPLIANCE  
DOCKET NO. USTR-2016-0012**

**VIA ELECTRONIC SUBMISSION**

Mr. Edward Gresser  
Chair, Trade Policy Staff Committee  
Office of the United States Trade Representative  
600 Seventeenth Street, NW  
Washington, DC 20508

Re: *Comments concerning China's Compliance with  
WTO Commitments (Docket Number USTR-2016-0012)*

Dear Mr. Chairman:

The American Wire Producers Association ("AWPA") appreciates the opportunity to submit these written comments in connection with the Trade Policy Staff Committee's review of China's compliance with the commitments it made during its accession to the World Trade Organization ("WTO") in 2001.<sup>1</sup>

The members of the AWPA remain firmly convinced that the United States Government must insist that China abide by its WTO commitments and immediately stop its illegal trade policies and practices on several fronts, including:

- (1) Mercantilist export tax and value added tax ("VAT") rebate schemes which restrict the exportation of basic products from China and promote the exportation of downstream value-added products by China;

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<sup>1</sup> See *Office of the United States Trade Representative, Request for Comments and Notice of Public Hearing Concerning China's Compliance With WTO Commitments*, 81 Fed. Reg. 54,646 (August 16, 2016).

- (2) Widespread subsidization of Chinese production for export markets by every level of the Chinese governmental system;
- (3) Actions of many Chinese manufacturers and exporters to evade applicable antidumping and countervailing duty orders through transshipment, misclassification, falsification of country of origin, and other illegal schemes; and
- (4) Currency manipulation which protects and promotes China's export-driven industries.

American manufacturers of wire and wire products have been seriously and adversely impacted by these WTO-inconsistent practices, making it extremely difficult and often impossible for the U.S. industry to compete with unfairly-traded imports from China.

In addition, we urge that the United States continue to treat China as a nonmarket economy ("NME") country in the administration of our antidumping ("AD") and countervailing duty ("CVD") laws. China has failed to demonstrate that it has achieved market economy status pursuant to the statutory criteria applied by the U.S. Department of Commerce ("Commerce").

## **I. BACKGROUND**

The AWWA is a trade association which represents companies that collectively produce more than 80 percent of all carbon, alloy, and stainless steel wire and wire products manufactured in the United States. The 88 member companies of the AWWA employ 22,000 workers in over 215 plants and facilities located in 35 states. Sales of these companies exceeded \$11 billion in 2015.

American manufacturers of steel wire and wire products are entrepreneurial and committed to maintaining their competitive market position despite heavy import pressure in

their product sectors. They pride themselves on their high productivity and constant reinvestment in the latest technology and equipment, keeping the American wire industry one of the most globally competitive segments of the steel industry. They are equally proud of the thousands of good-paying jobs that they provide to hard-working Americans in hundreds of communities throughout the United States.

The member companies of the AWWA firmly believe that the continued failure by the U.S. Government to halt China's unfair trade practices—including the Chinese Government's artificial suppression of the value of the Chinese renminbi, distortion of export patterns through manipulation of China's export taxes and VAT rebate programs, subsidization of Chinese manufacturers, and evasion of applicable U.S. duties by Chinese exporters—threatens the jobs of thousands of American workers in the domestic wire and wire products industry.

## **II. MAJOR TRADE PROBLEMS WITH CHINA**

### **A. CURRENCY MANIPULATION**

The Chinese renminbi ("RMB") or yuan remains significantly undervalued against the U.S. dollar and other major currencies. At the same time, Chinese industries have achieved major increases in production capability and quality, productivity, foreign direct investment, and other factors that would normally be expected to cause a currency to appreciate. China has repeatedly stated that it may be willing to consider restraining its manipulation of the RMB, but the Chinese Government has fallen woefully short of adequately realigning its currency in accordance with free market principles. Our country cannot continue to accept half measures

and token gestures when the U.S. manufacturing sector is suffering so severely as a direct result of the Chinese Government's deliberate and willful manipulation of its currency.

Under current U.S. law, the Department of the Treasury ("Treasury") is required to identify countries that manipulate their currencies for purposes of gaining an unfair competitive trade advantage.<sup>2</sup> Treasury has found that certain countries' currencies are undervalued, but despite overwhelming evidence, Treasury has refused to cite such countries—including China—as currency manipulators.<sup>3</sup> Treasury's April 2016 report noted that, although China intervened in foreign exchange markets in 2015 and 2016 to support the value of the RMB, "{m}ore clarity over exchange rate goals, and {commitment} that devaluation will not be used to support growth, would help stabilize the market."<sup>4</sup>

We respectfully urge the United States Government to identify China as a currency manipulator and initiate the remedial actions provided by law.

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<sup>2</sup> *Omnibus Trade and Competitiveness Act of 1988*, 22 U.S.C. § 5305. *The Trade Facilitation and Trade Enforcement Act of 2015*, Public Law 114–125, set out intensified evaluation provisions for monitoring unfair currency practices.

<sup>3</sup> See, e.g., *U.S. Department of the Treasury, Office of International Affairs: Report to Congress on International Economic and Exchange Rate Policies* (April 9, 2015) at 3–4 and 11–14; *U.S. Department of the Treasury, Office of International Affairs: Report to Congress on International Economic and Exchange Rate Policies* (April 15, 2014) at 3–4 and 12–17.

<sup>4</sup> *U.S. Department of the Treasury, Office of International Affairs: Report to Congress on Foreign Exchange Policies of Major Trading Partners of the United States* (April 29, 2016) at 15–17 and 29. Treasury also noted that a policy shift by Chinese authorities resulted in a three-percent depreciation of the RMB against the dollar over a two-day period in August 2015. *Id.* at 16.

**B. BORDER TAX SCHEMES—EXPORT TAXES AND VAT REBATE INCENTIVES**

AWPA members and many other American manufacturers must contend with an extraordinary distortion of trade patterns caused by the border tax regime manipulated by the Chinese Government. In violation of its international trade obligations, China has imposed export taxes on carbon steel wire rod while granting VAT rebates on many finished downstream wire products manufactured from wire rod, creating distortions that directly and adversely impact U.S. manufacturers of these downstream products.

The Chinese Government's use of export taxes and licenses to limit exports of wire rod is a violation of China's *Protocol of Accession to the WTO*. At the same time, China's VAT rebates subsidize the exportation of downstream wire products and severely distort the trade in these products. The imposition of export taxes on wire rod encourages the retention of this basic material input in China, resulting in greater availability and lower input costs for Chinese manufacturers of wire and wire products. Together, these tax and rebate practices favor Chinese industries which export higher value downstream products to the United States and other countries. These clear manipulations of China's border tax schemes violate the commitments made by the Chinese Government when it joined the WTO.

The specific violations of China's international obligations are as follows:

- (1) China's export taxes on wire rod violate Section 11.3 of China's *Protocol of Accession to the WTO*;<sup>5</sup>
- (2) China's export licensing requirements on wire rod violate Article XI:1 of the *General Agreement on Tariffs and Trade* ("GATT") and Part I, Section 7.2 of China's *Protocol of Accession to the WTO*;
- (3) China's differential tax scheme is a prohibited export subsidy that violates Article 3 of the *Subsidies and Countervailing Measures Agreement*, Articles VI and XVI of the GATT, and Part I, Section 10.3 of China's *Protocol of Accession to the WTO*;
- (4) China's discriminatory, steel-specific border measures are having adverse effects on the interests of the United States and as such also constitute an actionable subsidy under Articles 5 and 6.3 of the *Agreement on Subsidies and Countervailing Measures*; and
- (5) China's differential export tax scheme, export taxes on wire rod, and export licensing requirements for wire rod further nullify or impair benefits of the United States within the meaning of Article XXIII:1(b) of the GATT.

The member companies of the AWWPA have worked with U.S. officials to try to address the problems resulting from China's noncompliance with its obligations under the WTO, starting with participation in the U.S.-China Steel Dialogue which was held in Beijing, China, in October 2008. The Office of the United States Trade Representative ("USTR") agreed that

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<sup>5</sup> *World Trade Organization: Accession of the People's Republic of China*, WT/L/432 (November 23, 2001)—"China shall eliminate all taxes and charges applied to exports unless specifically provided for in Annex 6 of this Protocol or applied in conformity with the provisions of Article VIII of the GATT 1994." Steel wire rod is not listed in Annex 6 as a product subject to export duties.

our industry had a unique story to tell and encouraged the AWWPA to become an active participant in this government-industry initiative.

During the October 2008 meeting in Beijing, the Chinese Government acknowledged that a distortion did exist but claimed that it had the right to limit exports of wire rod due to an allegedly adverse impact of increased wire rod production on China's environment. USTR officials countered that this argument is not plausible because domestic rod production within China was not being reduced as a result of the limits on wire rod exports. Following the Beijing meeting, there was some optimism by both U.S. officials and the AWWPA's representative that the Chinese Government would modify its export tax scheme. However, when the Chinese Government did announce the removal of export taxes on many steel products following the meeting, it did not remove or reduce the export tax on wire rod. Moreover, in 2009, the Chinese Government actually raised the amount of VAT rebates on a number of downstream wire and wire products, including galvanized wire, silicon-manganese wire, and other alloy steel wire—further encouraging the export of these wire products.

It is the AWWPA's position that the Chinese Government's disparate treatment of wire rod in relation to other steel products undermines any potential legal defense based on environmental concerns. If the Chinese authorities were motivated by such concerns, why did they remove the export taxes on other steel products which present the same environmental concerns and, in fact, are likely to have an even greater adverse impact on the environment than the production of wire rod? Moreover, wire rod continues to be produced in China—it just remains in China,

rather than being available for export. It appears that China's actions are driven not by concerns about the environment but by a commercial calculation to promote the production and exportation of downstream wire and wire products manufactured from wire rod. These downstream products have higher added values than wire rod, and the Chinese companies that make these downstream products employ large numbers of workers.

The USTR raised these issues in its *2009 Report to Congress on China's WTO Compliance*, stating that "China maintains numerous export restraints that raise serious concerns under WTO rules," noting that export restraints by the Chinese Government create disadvantages for competing industries in the United States and other countries and that these "widespread" export restraints "can significantly distort trade."<sup>6</sup> Further, the *2009 Report* observed that "China's economic planners also attempt to manage the export of many intermediate and downstream products, often by raising or lowering the value-added tax ("VAT") rebate available upon export and sometimes by imposing or retracting export duties."<sup>7</sup> Following the 2008 Steel Dialogue meeting, mentioned above, the USTR reported that, in December 2008, China responded to the global economic downturn "by seeking to boost its exports through

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<sup>6</sup> United States Trade Representative, *2009 Report to Congress on China's WTO Compliance* (December 2009) ("*2009 Report*") at 38–39.

<sup>7</sup> *Id.* at 39.



changes to its VAT export rebate and export duty regimes”—which were intended again to increase exports of downstream steel products.<sup>8</sup>

The USTR returned to these issues in its *2011 Report to Congress on China's WTO Compliance*, reiterating that:

As in prior years, China maintains numerous export restraints that appear to violate WTO rules, including specific commitments that China made in its *Protocol of Accession*. These export restraints distort trade in raw materials as well as intermediate and downstream products.<sup>9</sup>

As the *2011 Report* explained:

Typically, the objective of China's border tax adjustments is to make larger quantities of primary and intermediate products in a particular sector available domestically at lower prices than the rest of the world, giving China's downstream producers of finished products using these inputs a competitive advantage over foreign producers. To accomplish this objective, China discourages the export of the relevant primary and intermediate products by reducing or eliminating VAT rebates and perhaps also imposing export duties on them, resulting in increased domestic supply and lower domestic prices. China's downstream producers, in turn, benefit from these lower input prices as well as full VAT rebates on export of their finished products.<sup>10</sup>

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<sup>8</sup> *Id.* at 40.

<sup>9</sup> United States Trade Representative, *2011 Report to Congress on China's WTO Compliance* (December 2011) ("*2011 Report*") at 37.

<sup>10</sup> *Id.* at 39. This is precisely what the Chinese Government has done with respect to steel wire rod, the primary raw material for the production of wire and wire products.

In particular, the *2011 Report* addressed the effect of these export restraint schemes on steel wire products:

In some situations, China has also used its border taxes to encourage the export of certain finished products over other finished products within a sector. For example, China reduced or eliminated VAT export rebates in November 2006 and April 2007 and imposed export duties in May and July 2007 and January 2008 on a wide range of semi-finished and finished steel products, seeking to discourage further unneeded creation of production capacity for these products. At the same time, these changes did not target all steel products, and the result was that Chinese steel producers shifted their production to value-added steel products for which full or partial VAT export rebates were still available, **particularly wire products** and steel pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.<sup>11</sup>

The USTR's subsequent reports in 2012, 2013, and 2014 reiterated these concerns in almost exactly the same language.<sup>12</sup> Each of these reports noted that such export restraints significantly distort trade by artificially increasing China's export prices for these inputs but at the same time artificially lowering China's domestic prices for these inputs, enabling Chinese producers of downstream products to produce lower-priced merchandise for competition in global markets. Thus, Chinese manufacturers of steel wire and wire products benefit from

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<sup>11</sup> *Id.* (emphasis supplied).

<sup>12</sup> United States Trade Representative, *2012 Report to Congress On China's WTO Compliance* (December 2012) ("*2012 Report*") at 43–44; United States Trade Representative, *2013 Report to Congress On China's WTO Compliance* (December 2013) ("*2013 Report*") at 42–43; United States Trade Representative, *2014 Report to Congress On China's WTO Compliance* (December 2014) ("*2014 Report*") at 11–12 and 53–54.

the artificial restraints on exports of wire rod—the basic input for wire and wire products—to the detriment of the companies and workers in the U.S. wire and wire products industry.

Unfortunately, there appears to have been little progress in eliminating this widespread abuse on the part of the Chinese Government, and American companies and their workers have paid the price for the failure to end these trade-distorting practices. As the *2015 Report* recognized:

In some situations, China has also used its border taxes to encourage the export of certain finished products over other finished products within a particular sector. For example, in the past, China has targeted value-added steel products, **particularly wire products** and steel pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.<sup>13</sup>

Echoing its predecessors, the *2015 Report* noted:

As in prior years, in 2015, the Chinese government attempted to manage the export of many primary, intermediate and downstream products by raising or lowering the value-added tax rebate available upon export. China sometimes reinforces its objectives by imposing or retracting export duties. These practices have caused tremendous disruption, uncertainty and unfairness in the global markets for some products, particularly downstream products where China is a leading world producer or exporter, such as products made by the steel, aluminum and soda ash industries. These practices, together with other policies, such as excessive government subsidization, also have contributed to severe excess capacity in these same industries.<sup>14</sup>

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<sup>13</sup> United States Trade Representative, *2015 Report to Congress On China's WTO Compliance* (December 2015) ("*2015 Report*") at 56.

<sup>14</sup> *Id.* at 13.

Although China purportedly agreed to improve its value-added tax rebate system, the *2015 Report* found that, to date: “China has not made any movement toward the adoption of international best practices.”<sup>15</sup>

The *2015 Report* once again noted that the Chinese Government’s objective in manipulating its border tax regime is “to make larger quantities of primary and intermediate products . . . available domestically at lower prices than the rest of the world,” resulting in a competitive advantage for China’s downstream producers of finished products.<sup>16</sup> The Chinese Government discourages exports of primary and intermediate products by reducing or eliminating VAT rebates and also in some cases by imposing export duties, and at the same time it extends full VAT refunds on exports of the finished products.<sup>17</sup> This manipulation of border taxes leads to increased domestic supplies of these primary and intermediate inputs at lower prices for Chinese downstream manufacturers that further benefit from VAT rebates when they export.<sup>18</sup> Thus, as the *2015 Report* concluded:

China has . . . used its border taxes to encourage the export of certain finished products over other finished products within a particular sector. For example, in the past, China has targeted value-added steel products, **particularly wire products** and steel

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<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 55.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.<sup>19</sup>

Despite repeated complaints from the United States and other WTO members about the trade-distortive effects of its border tax practices, “China has been unwilling to commit to abandon its trade-distortive export rebates.”<sup>20</sup> Although China has apparently acknowledged that its eventual goal is to conform its VAT rebate system to WTO norms, it has not yet done so. We respectfully urge the United States Government to continue to press the Chinese Government to abide by its international agreements and achieve this objective.

### C. CHINESE GOVERNMENT’S POLICY OF SUBSIDIZATION

The Chinese Government’s continued intervention in its domestic manufacturing sector in ways that promote the creation of excess capacity to produce wire and wire products is of great concern to the AWWA. China’s productive capacity far exceeds its domestic demand for these products. Thus, Chinese manufacturers have a strong incentive to export wire products to the United States at prices far below the market-determined prices of American companies.

In particular, Chinese government bodies at every level—central, provincial, municipal, and local—provide a broad range of subsidies that distort national and international markets and promote the building of excess capacity in the steel sector, including steel wire and

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<sup>19</sup> *Id.* at 56 (*emphasis supplied*). See also Exhibit 1.

<sup>20</sup> 2015 Report at 56.

wire products.<sup>21</sup> Despite China's commitment to eliminate all prohibited subsidies by the time of its accession to the WTO, fifteen years later China continues to extend prohibited subsidies to its local industries.<sup>22</sup> These and other subsidy programs have been subject to numerous countervailing duty investigations by the United States on steel, chemicals, textiles, paper, tires, and other products.<sup>23</sup>

In several recent countervailing duty investigations involving steel wire and wire products, the U.S. Department of Commerce ("Commerce") has made final determinations that the Chinese Government has bestowed subsidies on local industries which then exported merchandise to the United States at unfair prices. Specifically, Commerce found countervailing duty margins ranging from 7.85 percent to 264.09 percent on wire shelving for kitchen appliances; countervailing duty margins ranging from 9.42 percent to 45.85 percent on prestressed concrete steel wire strand; and a countervailing duty margin of 62.46 percent on steel wire grating.<sup>24</sup>

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<sup>21</sup> See *id.* at 60–64 and 101–104.

<sup>22</sup> *Id.* at 60 and 62–63.

<sup>23</sup> *Id.* at 63.

<sup>24</sup> See *id.* at 63–64. Commerce also found countervailing duty margins ranging from 1.52 percent to 437.11 percent on steel wire decking and from 19.06 percent to 223.27 percent on galvanized steel wire, although the U.S. International Trade Commission made negative injury determinations in those investigations.

The U.S. wire and wire products industry can compete with any manufacturer whose practices are governed by free market principles. We cannot compete, however, with the pervasive and substantial subsidies given by various levels of the Chinese Government to force otherwise noncompetitive products into the U.S. market.

**D. WIDESPREAD SCHEMES TO EVADE APPLICABLE ANTIDUMPING AND COUNTERVAILING DUTIES**

Many export-oriented companies in China have engaged—and continue to engage—in a variety of schemes to evade the collection of applicable antidumping (“AD”) and countervailing (“CVD”) duties by U.S. Customs and Border Protection (“CBP”). These schemes include:

- (1) *Transshipment of Goods through Third Countries.* Chinese-origin goods subject to AD and/or CVD orders are shipped to a third country which is not subject to such orders. Sales and import documents are falsified to indicate that the third country is the source of the goods, and the goods subsequently enter the United States without the payment of applicable AD and/or CVD duties.
- (2) *Falsification of the Country of Origin without Transshipment.* This brazen scheme is similar to transshipment except that the goods are shipped directly from China to the United States. Sales and import documents falsely indicate origination in a third country in order to avoid the assessment of applicable AD and/or CVD duties.
- (3) *Misclassification of Goods Subject to AD and CVD Orders.* The tariff codes and/or descriptions of the goods are falsified to indicate merchandise which is not subject to AD or CVD orders. Again, the goods enter the United States without the payment of applicable AD and/or CVD duties.
- (4) *Undervaluation of Goods Subject to AD and CVD Orders.* This scheme unlawfully reduces an importer’s liability because AD and CVD duties are

calculated on the reported value of the goods generally on an *ad valorem* (percentage) basis.

- (5) *Attribution of Goods to Companies with a Low or No AD/CVD Rate.* This scheme involves either shipping goods through a Chinese company with an AD/CVD rate which is lower than the Chinese producer's rate or simply falsifying the documents to reflect the name of a Chinese company with a lower or no AD/CVD rate. In either case, the United States is defrauded of the applicable duties.

U.S. manufacturers have submitted information about such evasion schemes to CBP through the e-Allegation program, as well as in meetings with officials at CBP Headquarters in Washington and CBP's Center of Excellence and Expertise for Base Metals in Chicago, and in visits with CBP inspectors at the ports.<sup>25</sup> For example, the domestic industry which manufactures steel wire garment hangers has submitted 30 e-Allegations to CBP with documentary support, showing transshipment of hangers from China via third countries and misclassification of Chinese hangers as nonsubject merchandise in order to evade the assessment of applicable AD duties.<sup>26</sup> In another case, the largest American producer of uncovered innerspring units used in the manufacture of mattresses filed and won

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<sup>25</sup> The enactment of the *Enforce and Protect Act* in 2016 establishes an enhanced procedure for CBP to investigate allegations of AD and CVD evasion, and CBP issued its *Interim Final Regulations* on August 22, 2016. The AWPAs expect that this new procedure will result in more effective enforcement of AD and CVD orders on steel wire and wire products.

<sup>26</sup> In a 2013 report to Congress, CBP noted that “[p]ort operations targeting wire hangers from China led to the discovery of misclassifications and transshipments of this merchandise at several ports of entry, and a loss of revenue of more than \$2 million.” U.S. Customs and Border Protection, *Fiscal Year 2013 Report to Congress, Antidumping and Countervailing Duty Enforcement Actions and Compliance Initiatives: FY 2012* (July 19, 2013) at 5. See also Exhibit 2, which includes several *AD/CVD Update* reports from CBP that identify numerous violations of AD and CVD orders with regard to steel wire garment hangers and nails.



an AD case against China but was deprived of effective relief when imports of Chinese-origin innerspring units were transshipped through Hong Kong to the United States. A report prepared by a private investigator confirmed that there was no evidence of any production of these units in Hong Kong. In addition, during the course of its administrative reviews of AD and CVD orders on products from China, the U.S. Department of Commerce often finds evidence of apparent violations of the trade laws, and it routinely furnishes this information to CBP for further investigation and enforcement action.<sup>27</sup>

The pervasiveness of these evasion schemes was illustrated by a report prepared in late 2010 by the staff of Senator Ron Wyden (D-OR), who was at that time Chairman of the Trade Subcommittee of the Senate Finance Committee.<sup>28</sup> The Senator's staff created a fictitious

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<sup>27</sup> *Memorandum to James C. Doyle, Director, Office V, Antidumping and Countervailing Duty Operations, U.S. Department of Commerce, from Julia Hancock, Senior Case Analyst, Office V, Antidumping and Countervailing Duty Operations, U.S. Department of Commerce, regarding Fifth Administrative Review of Certain Steel Threaded Rod from the People's Republic of China: Respondent Selection* (July 10, 2014) at 5 ("To address the misclassification concern raised by Petitioner, . . . the Department will provide to CBP any relevant information, as appropriate, to assist that agency in fulfilling its statutory mission relating to AD/CVD administration and enforcement."). *See also Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of the First Administrative Review and Preliminary Rescission, in Part*, 76 Fed. Reg. 26,696 (May 9, 2011) at 26,697 ("The Department referred this matter to CBP for possible further investigation and enforcement action"); *Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 Fed. Reg. 66,903 (October 28, 2011) at 66,905 ("We intend to refer this matter to CBP to investigate whether this entry was entered properly."); *Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2212*, 78 Fed. Reg. 21,101 (April 9, 2013) at 21,102 ("We intend to refer this matter to CBP to investigate whether Jiaying Xinyue's entries were entered improperly").

<sup>28</sup> Senator Wyden is currently Ranking Member of the Finance Committee.

company and set up a company profile on a Chinese business-to-business website “in order to find companies willing to cheat and evade AD/CVD orders.”<sup>29</sup> The results were dismaying. In less than two weeks, staff obtained written confirmation from ten Chinese companies that they were willing to engage or assist in illegal evasion schemes in order to avoid the payment of applicable AD and/or CVD duties.<sup>30</sup> These schemes included transshipment of the subject merchandise through third countries and falsification of the country of origin, undervaluation of the merchandise to reduce the amount of AD or CVD duties, minor assembly operations in a third country, and shipping subject merchandise under the name of a Chinese company which had a lower AD or CVD rate.

While the Chinese Government may not be complicit in the execution of these evasion schemes, it does have the means to curtail, if not entirely eliminate, their operation. For example, export documentation submitted to the Chinese Government which shows a country of origin other than China is clear evidence of fraudulent activity, and surging Chinese exports of large quantities of merchandise destined for relatively small markets such as Malaysia or Vietnam are indications that the merchandise is a likely candidate for transshipment. Other irregularities or abnormalities with respect to Chinese exports—particularly of products subject to AD or CVD orders in the United States—raise the prospect

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<sup>29</sup> Staff Report Prepared for Senator Ron Wyden, *Duty Evasion: Harming U.S. Industry and American Workers* (November 8, 2010) at 5. The report is attached as Exhibit 3.

<sup>30</sup> *Id.*

that evasion schemes are at work. Just as the Chinese Government has apparently taken steps to curtail the exportation of counterfeit or otherwise illegal goods to other markets, Chinese authorities can monitor exports to insure that they are in compliance with international trade norms.

**E. THE REALITY AND CONTINUATION OF CHINA'S DISTORTIVE TRADE PRACTICES**

The cumulative effect of the Chinese Government's schemes to promote exports of downstream, value-added products—such as steel wire and wire products—while restraining the export of inputs—such as steel wire rod—can be seen in the import statistics of the United States. As Exhibit 1 shows, U.S. imports of wire and wire products from China have surged since China became a member of the WTO in 2001. While the impact of the great recession resulted in a general decline of imports in 2009, the Chinese export machine returned with a vengeance in 2010, and shipments of wire products again reached high levels in 2012, 2013, 2014, and 2015.<sup>31</sup> During much of the same time, imports of steel wire rod—the basic input for

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<sup>31</sup> Certain wire products, such as wire strand, nails, and steel wire garment hangers, did not follow this general trend because the U.S. industries producing these products pursued successful trade actions against Chinese imports under our antidumping and countervailing duty laws. The resulting orders on strand, nails, and hangers had a dampening effect on imports from China—at least temporarily.

wire and wire products—plummeted, largely as the result of the implementation of China's discriminatory border tax schemes.<sup>32</sup>

In some instances, the wire products that have flooded into the United States from China are not even consumed in the Chinese home market. For example, although China became the world's largest producer of steel wire garment hangers, China has virtually no domestic market for garment hangers. Instead, with its vast capacity and predatory pricing schemes, China targeted the U.S. market, and imports of steel wire garment hangers from China nearly destroyed a once-vibrant and competitive American industry, driving seven companies out of business and forcing unemployment on hundreds of American families. When the U.S. hanger industry turned to the U.S. trade laws to redress the imbalance, the effectiveness of

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<sup>32</sup> It should be noted that wire rod imports from China fell dramatically beginning in 2007 despite the fact that the U.S. industry's antidumping case against wire rod from China failed in early 2006. One would normally expect that, under these circumstances, imports of wire rod from China would continue at historic levels or even increase. However, in 2007—the year following the termination of the antidumping case—imports of Chinese wire rod fell by 56.5 percent. By 2008, imports amounted to 11.8 percent of 2006 levels and fell further to six-tenths of one percent of 2006 levels in 2009. Imports of Chinese wire rod were virtually nonexistent in 2010 and 2011, and imports in 2012 and 2013 remained far below 2008 levels. See Exhibit 1. An unintended consequence of the Chinese Government's manipulation of its border tax regime was the substantial increase of alloy steel wire rod exports from China to the United States in 2012 and 2013. The vast majority of this alloy product was essentially carbon steel wire rod with the addition of trace amounts of boron in order to qualify as an alloy product, eligible for preferential treatment under China's border tax regime. However, the increasing level of these exports resulted in the U.S. wire rod industry's filing antidumping and countervailing duty petitions on Chinese carbon and alloy wire rod in January 2014, which resulted in the imposition of antidumping and countervailing duty orders in January 2015. *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Antidumping Duty Order*, 80 Fed. Reg. 1,015 (January 8, 2015); *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 Fed. Reg. 1,018 (January 8, 2015).

the antidumping remedy was—and continues to be—undermined by the pervasive falsification of commercial and customs documents, transshipment of Chinese-made hangers through third countries, and other forms of circumvention and duty evasion.

### **III. RECOMMENDED ACTIONS**

#### **A. TRADE STRATEGY**

The AWPAs respectfully urge the United States to develop a national economic and trade strategy to address effectively and comprehensively the challenges posed by these unfair trade practices of the Chinese Government.

#### **B. CONSTRUCTIVE DIALOGUE WITH ACTION**

The AWPAs respectfully urge the United States to continue to engage China in constructive dialogue, but at the same time we must use all available means to ensure the effective enforcement of international trade obligations—including China's *Accession Agreement to the WTO* and all other WTO trade rules. Many of these recommendations are supported by the U.S.-China Economic and Security Review Commission in its 2011, 2012, 2013, 2014 and 2015 Annual Reports to Congress.<sup>33</sup>

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<sup>33</sup> See *2011 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2011) at 129–130; *2012 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2012) at 109–110; *2013 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2013) at 1–2, 7–8, 48, and 79; *2014 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2014) at 30 and 227–228; *2015 Report to Congress of the U.S.-China Economic and Security Commission* (November 2015) at 50–52, 55–57, 167–169, and 563.

**C. REMEDIES AT THE WTO**

The United States should continue aggressively to pursue the enforcement of its rights at the WTO regarding China's unfair trade practices, including China's border tax schemes.

**D. EFFECTIVE ENFORCEMENT OF TRADE REMEDIES AT THE BORDER**

To date, it appears that U.S. Customs and Border Protection ("CBP") and its sister agency, Immigration and Customs Enforcement ("ICE"), have been overwhelmed by the sheer magnitude of the transshipment and circumvention schemes which have often characterized the response of Chinese exporters and their complicit U.S. importers to the imposition of antidumping and countervailing duty orders. We respectfully urge the USTR, CBP, and ICE to press their counterparts in the Chinese Government for greater cooperation in stopping these illegal activities.

The United States also can take unilateral action consistent with the WTO to deal with the illicit duty evasion schemes of certain Chinese producers and exporters. First, passage of the *Enforce and Protect Act* ("EAPA")—part of the *Enforcing Orders and Reducing Customs Evasion (ENFORCE) Act*—would enhance the ability of CBP to investigate and take enforcement action against imports which avoid the payment of the applicable AD and CVD duties. By establishing transparency, accountability, and deadlines in CBP's duty evasion investigations, EAPA will encourage both U.S. manufacturers and U.S. importers to provide information and to cooperate in CBP's proceedings. Second, the President should direct the U.S. Department of Commerce to exercise its authority to investigate evidence of

transshipment during its administrative reviews and scope inquiries of AD and CVD orders on products from China. The Department of Commerce has the expertise, experience, and authority to conduct on-site audits of foreign producers and exporters in order to verify information regarding the actual country of origin of the merchandise.

**E. CONTINUED TREATMENT OF CHINA AS A NONMARKET ECONOMY  
COUNTRY UNDER U.S. ANTIDUMPING LAW**

China's accession agreement does not automatically confer market economy status ("MES") on China after the fifteenth anniversary of the agreement in December 2015. Rather, the United States has—and must exercise—the authority to evaluate China's eligibility for MES, and the AWPAs submit that China has not demonstrated that it has met the standards for treatment as a market economy under the U.S. antidumping law.

In a broad sense, the definition of a market economy means that prices for goods are determined through free competition and profit-motivated investment decisions; that production and distribution of goods are determined by supply and demand; and that commercial decisions are made by private businesses and not by governmental authorities. This market economy model is in direct contrast to an economy where the government shapes and ultimately controls costs, prices, wages, investments, and currency values.

U.S. law requires that Commerce consider six criteria in determining whether a nation is a market economy.<sup>34</sup> They are:

- (i) The extent to which the currency of the foreign country is convertible into the currency of other countries;
- (ii) The extent to which wage rates in the foreign country are determined by free bargaining between labor and management;
- (iii) The extent to which joint ventures or other investments by firms of other foreign countries are permitted in the foreign country;
- (iv) The extent of government ownership or control of the means of production;
- (v) The extent of government control over the allocation of resources and over the price and output decisions of enterprises; and
- (vi) Such other factors as the administering authority considers appropriate.

Based on current information available on the Chinese economy, including the *2015 Report* as well as determinations by Commerce in recent antidumping and countervailing duty investigations involving products from China, it is clear that China has not achieved MES and should continue to be treated as a nonmarket economy ("NME") country.

\* \* \*

The AWWA member companies have been losing ground in competition with Chinese producers who have flooded the U.S. market with unprecedented volumes of wire and wire products, and we expect further losses as long as the Chinese Government continues

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<sup>34</sup> 19 U.S.C. § 1677(18)(B).



MR. EDWARD GRESSER  
TRADE POLICY STAFF COMMITTEE  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
September 21, 2016  
Page 25

CHINA'S WTO COMPLIANCE  
DOCKET NO. USTR-2016-0012

manipulating its border tax regime, turning a blind eye to transshipment and other illegal schemes of duty evasion, subsidizing its export-oriented industries, and manipulating its currency. China must be held accountable and be required to comply with its obligations under the WTO.

We look forward to continuing to work with the Administration as it takes effective steps to ensure that China fulfills its international commitments.

Sincerely,



Milton M. Magnus, III  
AWPA President  
President, M&B Metal Products Co., Inc.

Attachments

# EXHIBIT 1

## U.S. IMPORTS OF STEEL WIRE, WIRE PRODUCTS, AND WIRE ROD FROM CHINA CALENDAR YEARS 2001–2015

BEFORE THE TRADE POLICY STAFF COMMITTEE  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**AMERICAN WIRE PRODUCERS ASSOCIATION**

**COMMENTS CONCERNING CHINA'S COMPLIANCE WITH WTO COMMITMENTS  
(DOCKET NUMBER USTR-2016-0012)**

SEPTEMBER 21, 2016

# U.S. IMPORTS OF STEEL WIRE AND WIRE PRODUCTS FROM CHINA CALENDAR YEARS 2001–2015

QUANTITIES IN NET TONS FOR ALL PRODUCTS EXCEPT GARMENT HANGERS  
QUANTITIES OF GARMENT HANGERS IN UNITS

PRODUCT CATEGORIES											
YEAR	DRAWN WIRE	WIRE ROPE	WIRE STRAND*	WIRE SPRINGS	WOVEN WIRE FABRIC	WIRE GRILL, NETTING AND FENCING	NAILS AND STAPLES*	INDUSTRIAL FASTENERS	CHAINS AND PARTS	STEEL WIRE GARMENT HANGERS*	CARBON STEEL WIRE ROD*
2001	37,218	10,482	2,169	11,716	4,517	47,601	123,645	174,180	37,062	0	22,961
2002	56,263	14,189	3,345	16,632	6,709	65,939	182,027	244,721	42,652	294,062,708	410,930
2003	61,233	19,124	22,642	18,039	8,010	70,191	265,603	259,976	47,940	487,748,019	262,330
2004	98,784	21,619	80,832	22,218	11,387	94,153	393,581	353,982	64,036	773,683,893	770,699
2005	129,238	26,472	105,763	36,338	6,504	59,214	558,387	443,882	73,959	1,044,700,856	684,739
2006	184,514	32,198	233,090	36,817	72,929	68,980	700,923	568,825	81,847	1,777,679,847	1,352,493
2007	157,760	34,717	229,442	32,073	81,421	68,750	636,882	542,377	89,421	2,697,369,183	588,110
2008	121,148	40,156	255,651	24,899	86,008	63,904	362,286	511,217	90,762	2,069,184,583	159,025
2009	79,287	30,580	69,303	10,733	56,709	47,866	212,630	298,025	66,413	733,870,626	8,408
2010	90,252	44,131	79,156	22,766	205,816	59,142	251,509	365,099	84,541	220,000,704	11,431
2011	80,047	43,957	86,578	21,704	218,462	61,705	247,811	398,184	99,569	588,917,073	253
2012	83,297	37,989	71,827	29,166	232,219	76,245	268,593	429,774	96,995	941,677,567	65,859
2013	98,315	34,661	51,312	30,164	239,784	66,211	244,435	418,470	86,808	1,119,899,939	37,364
2014	125,570	43,917	48,208	38,664	249,037	69,601	268,083	492,742	100,413	637,425,571	59,540
2015	174,136	40,068	50,019	41,374	234,475	82,853	307,670	498,470	102,713	95,508,275	87

\* *Antidumping ("AD") and/or countervailing duty ("CVD") petitions filed against imports from China, resulting in AD and/or CVD orders.*

Source: U.S. Department of Commerce and U.S. International Trade Commission, Trade DataWeb; AIS Import Report 3 (2001–2015).

# EXHIBIT 2

## U.S. CUSTOMS AND BORDER PROTECTION

### AD/CVD ENFORCEMENT UPDATES

(DECEMBER 2014, JUNE 2015, DECEMBER 2015, AND MARCH 2016)

BEFORE THE TRADE POLICY STAFF COMMITTEE  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**AMERICAN WIRE PRODUCERS ASSOCIATION**

**COMMENTS CONCERNING CHINA'S COMPLIANCE WITH WTO COMMITMENTS  
(DOCKET NUMBER USTR-2016-0012)**

SEPTEMBER 21, 2016

**AD/CVD UPDATE****AD/CVD Enforcement Updates****Selected Fiscal Year 2014 Highlights**

- CBP collected \$508.5 million in AD/CVD cash deposits, a 12 percent increase from FY 2013.
- CBP conducted 78 audits of importers of AD/CVD commodities with AD/CVD discrepancies of \$24.6 million. CBP collected \$8.5 million. Commodities involved in the audits include aluminum extrusions, bearings, candles, nails, lock washers, pencils, plastic bags, ribbons, shrimp, solar cells, steel pipe, tires, tissue paper, wooden bedroom furniture, and wood flooring.
- CBP's AD/CVD targeting efforts led by the AD/CVD National Targeting and Analysis Group (NTAG) in Miami, Florida are achieving impressive results. AD/CVD NTAG targeting of imports of stainless steel sinks from China led to \$3.5 million in evaded AD and CVD identified in CBP entry summary reviews.

**Industry highlights**

- Frozen shrimp price increases: Certain types of frozen shrimp from several countries are subject to antidumping duties. According to the Southern Shrimp Alliance, since 2009 frozen shrimp import values have steadily increased, while domestic and import wholesale prices are trending upward.

**Department of Justice (DOJ) Files Four Cases with the Court of International Trade (CIT) Targeting Antidumping Duty Evasion**

The DOJ, on behalf of U.S. Customs and Border Protection (CBP), is seeking to recover antidumping duties and penalties levied by CBP in four cases involving imports of steel butt-weld pipe fittings, wire hangers, and polyethylene retail carrier bags from China. A combined total of about \$3.5 million of penalties and duties is being sought for collection.

*United States v. 3A Industrial Supply, LLC* (Oct. 5, 2014)

*United States v. AMW Trading, Inc.* (Oct. 8, 2014)

*United States v. Six Star Wholesale Inc.* (Oct. 8, 2014)

*United States v. CoStar, Inc.* (Nov. 4, 2014)

**Three Importers Contest CBP's Requests for Single Transaction Bonds as Additional Security for AD/CVD Concerns in the CIT**

CBP requests single transaction bonds as additional security to protect the revenue when it has reasonable suspicions that imports may be subject to additional AD/CVD duties. In three CIT cases filed in September and November 2014 involving imports of garlic from China and magnesia carbon brick allegedly from Vietnam, importers are beginning to challenge CBP's requests for single transaction bonds for AD/CVD concerns. The three cases are:

*Kwo Lee, Inc. v. United States*

*International Fresh Trade Corp. v. United States*

*FedMet Resources Corporation v. United States*

**CBP AD/CVD Entry Processing in FY 2014**

- CBP processed 279,890 new AD/CVD imports.
- CBP administered 1,532 AD/CVD instruction messages sent from the U.S. Department of Commerce, including 922 liquidation instructions to assess final AD/CVD duties.
- CBP assessed final duties on 142,481 AD/CVD entries.

**Industry Outreach**

- The annual CBP and Steel Industry Partnership meeting was held on October 21, 2014. CBP and the Steel Industry reaffirmed their partnership and will continue the steel seminar programs at the ports of entry. The U.S. steel industry works in partnership with CBP to enforce U.S. trade laws by providing trade intelligence and training to CBP personnel at various ports annually. Steel products constitute the largest group of AD and CVD orders, over 42 percent of all orders.
- CBP has an e-Allegations system to report trade violations at <https://apps.cbp.gov/callegations/>



### **AD/CVD Enforcement: 19 U.S.C. § 1592 Penalties**

In Fiscal Year 2015, CBP issued 11 penalties under 19 USC 1592 for Antidumping and Countervailing Duty (AD/CVD) violations for \$3,221,913. The following commodities were affected: Bedroom furniture; electro hydraulic units; citric acid and sodium citrate (2 cases); seamless carbon and alloy Steel; mattress spring coils; aluminum profiles; tires (2 cases); and, carbon corrosion resistant steel.

### **ACE Reports**

Effective May 11, 2015, all existing AD/CVD reports in the Automated Commercial Environment (ACE) secure data portal will be replaced with new reports designed to enhance AD/CVD oversight and provide data for both ACE and ACS entries. Personally customized AD/CVD reports currently saved in ACE users' "My Favorites" folder will no longer work.

The following two new reports will replace the existing AD/CVD reports for all trade users:

- ES-105 ADCVD Active Case List:
  - This report provides high-level information for active AD/CVD cases. It is meant to serve as a replacement for the Active Antidumping Cases and Active Countervailing Cases data files posted to CBP.gov.
- ES-109 ADCVD Entry Summary Liquidation:
  - This report provides information on unliquidated AD/CVD entry summaries and/or AD/CVD entry summaries liquidated over a particular time period. It is meant to serve as a replacement for the previous ESM-8027 report in ACE.

### **Prepare Now for November Transition to ACE for Entry/Entry Summary Filing**

On November 1, 2015, ACE will become CBP's official system of record for all electronically transmitted entry and corresponding summary data. Filers who are not prepared to file entries/entry summaries in ACE on November 1 could face delays in cargo processing, impacting release of entry goods at the border, since entries/entry summaries not filed in ACE will be filed as paper transactions.

### **Recent Accomplishments: 1<sup>st</sup> and 2<sup>nd</sup> Quarter FY2015**

Automotive and Aerospace (A&A) Center for Excellence and AD/CVD Alert issued a revenue alert on March 10, 2015 in response to this discovery. The revenue alert highlighted a \$50,459 recovery in the Port of Memphis based on the review of off-the-road tires for which AD/CVD deposits had not been paid.

On March 18, 2015, the completion of several entry summary reviews of Chinese off-the-road tires resulted in the collection of \$133,262 in unpaid AD/CVD deposits at the Port of Newark.

The top commodities involving AD/CVD violations include:

- Magnesite carbon brick
- New pneumatic off-the-road tires
- Seamless line & pressure pipe from Germany
- Steel wire hangers
- Non-oriented electrical steel from Sweden
- Passenger tires
- Refined brown aluminum oxide
- Monosodium glutamate
- Solar cells from Taiwan



## Percentage of AD/CVD Entry Summaries filed in ACS vs ACE by Fiscal Year

Fiscal Year	Percent in ACE	Percent in ACS
2010	0.11	99.89
2011	0.17	99.83
2012	0.47	99.53
2013	11.59	88.41
2014	26.03	73.97
2015	57.34	42.66
2016	72.59	27.41

## Fiscal Year 2015 19 U.S.C. §1592 Penalties for AD/CVD Violations.

During FY 2015, U.S. Customs and Border Protection, CBP, assessed penalties under 19 U.S.C. §1592 for fraud, gross negligence, and negligence for AD/CVD violations for more than \$51 million. The penalties covered imports of commodities such as: aluminum extrusions, bedroom furniture, carbon and alloy steel, citric acid and sodium citrate, laminated woven sack, large diameter line pipe, pencils, petroleum candles, polyethylene bags, and tires.

## CBP Penalizes Two Wire Hanger Importers

In other penalty actions, CBP imposed \$420,478 in civil penalties on two importers from China for evading the antidumping duty order on wire hangers. CBP found that both importers failed to properly report the imports as subject to antidumping duties and failed to pay the antidumping duties. This resulted in a potential loss of revenue of \$1.4 million in antidumping duties. CBP found the importers negligent because of false statements and false invoicing. CBP is continuing its enforcement of the antidumping duty orders on wire hangers from China, Vietnam and Taiwan.

## Texas-Based Importers Agree to Pay \$15 Million to Settle False Claims Act Suit for Alleged Evasion of Customs Duties

The Department of Justice, DoJ, stated that University Furnishings LP and its general partner, Freedom Furniture Group Inc. (collectively known as University Furnishings) agreed to pay \$15 million to resolve a lawsuit brought under the False Claims Act. It was alleged that the companies made or conspired with others to make false statements regarding the tariff classification in order to avoid paying duties on wooden bedroom furniture imported from the People's Republic of China.

## 2016 Customs Steel Seminars

CBP's steel industry partners will be presenting five seminars in 2016. The partners are:

- American Iron and Steel Institute
- Committee on Pipe and Tube Imports
- Specialty Steel Industry of North America
- Wire Rod Producers' Coalition
- Pre-Stressed Concrete Railroad Tire Wire Coalition
- Steel Grating Coalition
- Long Product Producers' Coalition

The schedule for the steel seminars is:

Laredo, TX	February 23-25
New Orleans, LA	April 12-14
Philadelphia, PA	May 17-19
Los Angeles / Long Beach CA	July 19-21
Detroit, MI	August 23-25





### Antidumping and Countervailing Duty Centralization Team

In April, one Import Specialist from each Center for Excellence and Expertise (CEE), collectively known as the Antidumping and Countervailing Duty (AD/CVD) Centralization Team, (ACT) were detailed to the Antidumping/Counter Vailing Duty Division within the Office of International Trade (OT). The ACT is a “virtual” team; each of the members continues to work from their regular port location.

ACT facilitates the centralization of compilation of information relative to CPB’s carrying out Commerce’s liquidation and other instructions that previously was done by all ports, thus eliminating redundancy of work. This new approach to oversight is intended to increase the accuracy of the AD/CVD liquidation process, and frees up resources for AD/CVD and other trade enforcement.

### CBP Penalizes Wire Hanger Importers

CBP imposed \$3.9 million in civil penalties on three importers for evading the antidumping duty order on wire hangers from China. CBP found that these importers failed to properly report the imports as subject to antidumping and failed to pay the antidumping duties. This resulted in a potential loss of revenue of \$3.4 million in antidumping duties. CBP found the importers to be negligent of making false statements and false invoicing. CBP is continuing its enforcement of the antidumping duty orders on wire hangers from China, Vietnam and Taiwan. Note: This is an update to the article in the January 2016 AD/CVD Update.

### CSMS Messages

On March 4, the Department of Commerce initiated its less-than-fair-value and countervailing duty investigations on “Stainless Sheet and Strip from China” (Initiation Notices). These investigations have been assigned the following case numbers: A-70-042 and C-570-043.

### Hearing on the Global Steel Industry

On April 21, the U.S. government held a public hearing on “Recommendations on the Global Steel Industry Situation and the Impact on U.S. Steel Industry and Market.” The hearing was chaired by Ambassador Michael Froman and Commerce Secretary Penny Pritzker, with officials from CBP, and the Departments of State, Treasury, and Labor.

The eleven panelists of industry and Congressional representatives discussed the severe economic challenges of the U.S. steel industry resulting from global steel overcapacity, and from steel overcapacity in China in particular. The panelists called for verifiable reductions in Chinese steel capacity and subsidies to the Chinese steel industry, as well as reductions in steel capacity in other countries, such as South Korea and Turkey.

Many panelists also advocated for strong enforcement of antidumping and countervailing duty laws by both the Commerce Department and CBP. AD/CVD enforcement is a priority for CBP, and CBP is implementing enhanced steel enforcement measures on high-risk steel imports.



*Cynthia Whittenburg, (in the foreground, first chair by the marble partition) Acting Deputy Assistant Commissioner, Office of Trade, co-chair of steel hearing*

*If you have knowledge of a violation of U.S. trade laws, please report it by filing an e-Allegation at <https://apps.cbp.gov/eallegations>*



# **EXHIBIT 3**

STAFF REPORT PREPARED  
FOR SENATOR RON WYDEN

“DUTY EVASION: HARMING U.S. INDUSTRY  
AND AMERICAN WORKERS”  
(NOVEMBER 8, 2010)

BEFORE THE TRADE POLICY STAFF COMMITTEE  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**AMERICAN WIRE PRODUCERS ASSOCIATION**

**COMMENTS CONCERNING CHINA'S COMPLIANCE WITH WTO COMMITMENTS  
(DOCKET NUMBER USTR-2016-0012)**

SEPTEMBER 21, 2016



**STAFF REPORT**

**DUTY EVASION:**

**HARMING U.S. INDUSTRY AND AMERICAN  
WORKERS**

Prepared for Senator Ron Wyden

November 8, 2010



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## Introduction

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U.S. antidumping and countervailing duty (AD/CVD) laws form U.S. industry's protective backbone against injury from unfair trade. These laws provide American producers the ability to counter injurious unfair trade practices and ultimately allow for the imposition of additional duties on unfair imports.

Each year, U.S. companies collectively spend millions of dollars to initiate and litigate AD/CVD cases to keep illegally dumped or subsidized imports from entering the U.S. market and injuring them. Unfortunately, many U.S. producers believe that the evasion of America's unfair trade laws is increasingly pervasive. The circumvention of U.S. AD/CVD laws, either by foreign producers or importers, negatively affects industries throughout the United States, resulting in continued injury to U.S. industry, the loss of American jobs, and the loss of federal revenue.

Foreign suppliers subject to AD/CVD orders and their U.S. importers avoid paying AD/CV duties by a number of unscrupulous schemes, including illegal transshipment and falsified country of origin markings, undervalued invoices to pay less duty, and misclassification of goods. In sum, they cheat.

Staff set out to determine just how easy it is to find these trade cheats and determine the ease at which an importer could identify a foreign supplier willing to engage in circumvention schemes. In August 2010, staff created a fictitious company called AvisOne Traders, Inc. and set up a company profile on China's largest business-to-business e-commerce website, Alibaba.com, in order to find companies willing to cheat and evade AD/CVD orders. (AvisOne is an anagram for "evasion.")

The results are alarming and illustrative of how widespread the problem of duty evasion appears to be. In under two weeks and for as little as 30 minutes a day, one staff person, acting as a "purchasing manager" for AvisOne Traders, Inc., contacted roughly 120 companies through Alibaba.com and received 47 responses. Of these 47, this staff person received written confirmation from 10 Chinese companies that were willing to evade duties on five different products subject to U.S. AD/CVD orders. These products include uncovered innersprings units, lined paper school supplies, steel nails, natural bristle paint brushes, and light-walled rectangular pipe and tube. The AD/CVD orders on this merchandise, which represents just a small fraction of all AD/CVD orders currently in place, were put in place to protect over 120 businesses and 12,000 workers from unfairly traded imports.

This report is a compilation of information obtained by staff over a two-week period, and is organized into three parts. Part I presents e-mail correspondence between staff, acting under the auspices of AvisOne Traders, and Chinese producers. In a couple of additional examples, staff obtained from the counsel of U.S. industry non-solicited e-mails from Chinese producers offering to facilitate the evasion of AD/CVD orders. Part II presents a list of publically identified Chinese companies that advertise—in English—their ability to facilitate the evasion of AD/CVD laws. Part III includes snap shots of company websites that offer services designed to evade AD/CVD laws (in one instance, a website operated by the Chinese government itself and which advertises the services of a Chinese firm that facilitates evasion).

In the event that staff corresponded with a Chinese firm that is of interest to U.S. law enforcement, two versions of this report were prepared. A confidential version containing comprehensive information about the firms with which staff corresponded was provided to U.S. Customs and Border Patrol and Immigration and Customs Enforcement. This version, a public redacted version, was prepared in order to be shared with Members of Congress and their staff.



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**Part I:**  
**Email Correspondence Showcasing Companies’**  
**Willingness to Evade AD/CVD Orders**

---





## Certain Steel Nails from China

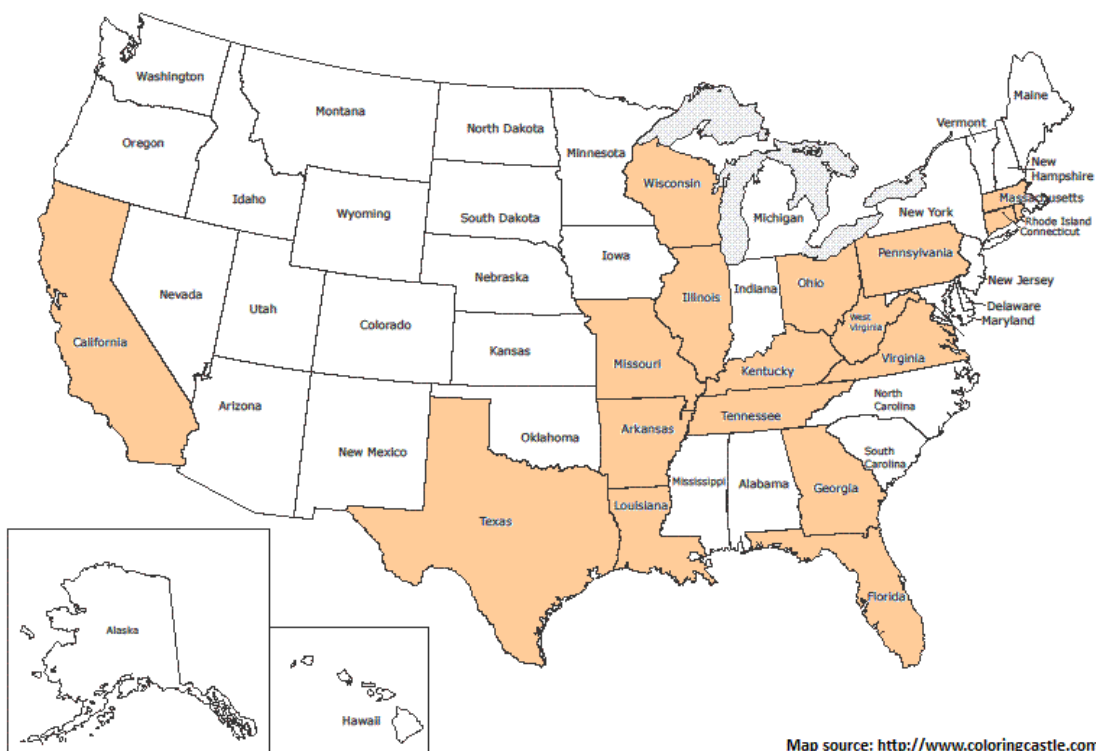
(DOC Case No. A-570-909)

Steel nails have a shaft length up to 12 inches, and include steel nails made of round wire and nails that are cut. They may be made of any type of steel, and have a variety of finishes. Nails are used in the construction of houses and used to make furniture and cabinets, among other applications.

### ***Industry at a Glance:***

- ⇒ Subject to AD order since August 1, 2008 (DOC)
- ⇒ Number of U.S. producers in 2007: 17
- ⇒ U.S. producers' U.S. shipments in 2007: \$220 million
- ⇒ U.S. employment of production and related workers in 2007: 791
- ⇒ U.S. production locations: Arkansas, California, Connecticut, Florida, Georgia, Illinois, Kentucky, Louisiana, Massachusetts, Missouri, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Wisconsin, West Virginia
- ⇒ Leading sources of U.S. imports (by value) in 2007: China, Korea, United Arab Emirates (USITCa, USITCb)

### **U.S. Production Locations of Steel Nails**



## Companies Willing to Evade U.S. AD/CV Duties on Steel Nails

Staff, posing as a U.S. trading company, contacted these three Chinese steel nail producers/traders via Alibaba.com to inquire whether these companies could avoid paying duties on steel nails by illegal transshipment. In the first instance, Company A offered to transship when it was proposed by staff. In the second and third instances, Companies B and C directly proposed to illegally transship as a way to avoid paying duties. Below are transcripts of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### **Company A**

Product: Steel Nails

Country of origin: China

Means to evade duties: Illegal transshipment

**From: feedback@service.alibaba.com**

**To: \*\*\***

**Sent: Tues, August 31, 2010 5:12 AM**

**Subject: [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com**

Dear \*\*\*,

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: I want to buy the product you are selling on Alibaba.com.

Dear Sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your concrete steel nails? Also, are your steel nails subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

#### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company A via Alibaba.com, China's largest e-commerce platform.

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## Company A (cont'd)

---

**From:** \*\*\*

Sent: Tues, August 31, 2010 10:57 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Concrete nail

---

Hi, dear sirs:

Thanks for your enquiry about nails

To take this opportunity, we are very glad to introduce our company to you. We are the professional manufacturer and exporter with high reputation in TianJin city China, handling of nail products etc. Pls let us know the concrete nails specification of you required, we will quote you our lowest price on based of that.

We are looking forward to your early reply.

Best regards.,

\*\*\*

**Explanation:**

Company A describes its business and products. In the second email, staff asks if it is possible to avoid paying duties.

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 8:36 AM

To: \*\*\*

Subject: Re: Concrete nail

---

Dear \*\*\*,

Thanks for your reply. Are you nails subject to any U.S. anti-dumping duties? If so, in your experience is there any way to avoid paying the duties?

Regards,

Paul

## Company A (cont'd)

---

**From:** \*\*\*

Sent: Sun, September 5, 2010 10:47 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Concrete nail

---

Hi, dear Paul:

Thanks for your email.

We have exported our products to U.S but the customer avoid the duties by themselves. So we do not know how can they avoid the duties. Sorry about that. But we can promise our products quality can meet your requirement.

Best regards.,

\*\*\*

**Explanation:**

When asked if there is a way to avoid paying duties, Company A initially says no. However, when illegal transshipment is proposed as a way to avoid paying duties, Company A agrees, demonstrating at the very least that it is aware of the method. In this instance, Company A offers to ship product through a third country.

**From:** <avisonetraders@gmail.com>

Sent: Wed, September 8, 2010 7:48 AM

To: \*\*\*

Subject: Re: Concrete nail

---

Dear \*\*\*,

Thanks for your reply. Would it be possible to transship the product through a third country and change the country of origin in order to avoid paying the duties?

Best regards,

Paul Union

**From:** \*\*\*

Sent: Wed, September 8, 2010 11:12 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Concrete nail

---

Dear Paul Union:

Thanks for your email.

As you said, we can arrange the container shipping from Xingang to Malaysia, Bangladesh or Singapore. And the shipping agent can help us to issue the original certification, it will increase the cost but I think it must be lower than duties.

Best regards.,

## **Company B**

Product: Steel Nails

Country of origin: China

Means to evade duties: Illegal transshipment

### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company B via Alibaba.com, China's largest e-commerce platform.

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Tues, August 31, 2010

**Subject:** [avisonetraders@gmail.com]Inquiry about your product

---

Dear \*\*\*,

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: Inquiry about your product

Dear sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your concrete nails? Also, are your steel nails subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

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## Company B (cont'd)

---

**From:** \*\*\*

Sent: Wed, September 1, 2010 3:02 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: [avisonetraders@gmail.com]inquiry about your product

---

Dear Mr Paul Union,

How are you?

Our factory have produce the steel nail for 46years.

If you need the quotation,pls inform me the exact information include the diameter of the wire nail,length of the nail,surface treatment and also the packing demand.

Sincerely thanks and best regards!~

Yours \*\*\*

**Explanation:**

In the first email, Company B describes its business and products. In the second email, staff asks if it is possible to avoid paying duties. Company B responds that it already engages in illegal transshipment.

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 8:33 AM

To: \*\*\*

Subject: [avisonetraders@gmail.com]inquiry about your product

---

Dear \*\*\*

Thanks for your response. Are your concrete nails subject to any U.S. anti-dumping duties? If so, in your experience is there any way to avoid paying the duties?

Regards,

Paul

**From:** \*\*\*

Sent: Sat, September 4, 2010 1:29 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: [avisonetraders@gmail.com]inquiry about your product

---

Dear Paul,

How are you?

Thank you for your e-mail. we have export the concrete nails to Canada then to U.S.or other country then to U.S. Our coil nail to U.S. do not need pay the duties.

If you have any other company in Canada or Singapore?

Maybe it is better way to avoid paying the duties.

Sincerely thanks and best regards!

Yours \*\*\*

## **Company C**

Product: Steel Nails

Country of origin: China

Means to evade duties: Illegal transshipment

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Tues, August 31, 2010 5:13 AM

**Subject:** [avisonetraders@gmail.com]Inquiry about your product

---

### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company C via Alibaba.com, China's largest e-commerce platform.

Dear \*\*\*,

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: Inquiry about your product

Dear sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your concrete nails? Also, are your steel nails subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

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## Company C (cont'd)

---

**From:** \*\*\*

Sent: Tue, August 31, 2010 10:23 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: concrete steel nails

---

Dear sir ,

Good day ! I am \*\*\* ,from \*\*\* .  
I got your message on alibaba .  
so if you have any need ,please contact me .

Best regard .  
\*\*\*

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 8:37 AM

To: \*\*\*

Subject: Re: concrete steel nails

---

Thanks for your reply. I'm looking for concrete steel nails. Are these products subject to U.S. anti-dumping duties? [If so, is there any way to avoid paying the duties?](#)

Regards,  
Paul

**From:** \*\*\*

Sent: Tue, August 31, 2010 10:23 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: concrete steel nails

---

Dear sir ,

Yes . you want concrete steel nails?

[if you want to avoid paying the duties ,there is the way is send the goods to Malaysia and change a box ,then send to U.S](#)

so what do you think about it .

Best regard .

**Explanation:**

In this series of emails, staff ask Company C whether their nails are subject to U.S. antidumping duties and whether there is a way to avoid paying the duties. Company C proposes shipping product to Malaysia, changing containers, and then sending the new container with a different country of origin certificate to the United States.

## Company C (cont'd)

---

**From:** "Paul Union" <avisonetraders@gmail.com>

**Sent:** Wed, September 8, 2010 7:19 AM

**To:** \*\*\*

**Subject:** Re: concrete steel nails

---

Thank you for your reply. So you can transship through Malaysia and change the country of origin to avoid paying the anti-dumping duties? Can your company do that?

Regards,  
Paul

**From:** \*\*\*

**Sent:** Wed, September 8, 2010 8:43 PM

**To:** "Paul Union" <avisonetraders@gmail.com>

**Subject:** concrete steel nails

---

Dear sir ,

Thanks for your reply .

Yes .our company can do this .but in this way ,the cost will increase .

and just tell me your details product information .

Best regard .

**Explanation:**

Staff respond to Company C to confirm that it can transship product through Malaysia and change the country of origin of the product. Company C confirms its ability to illegally transship.



## Certain Lined Paper School Supplies from China

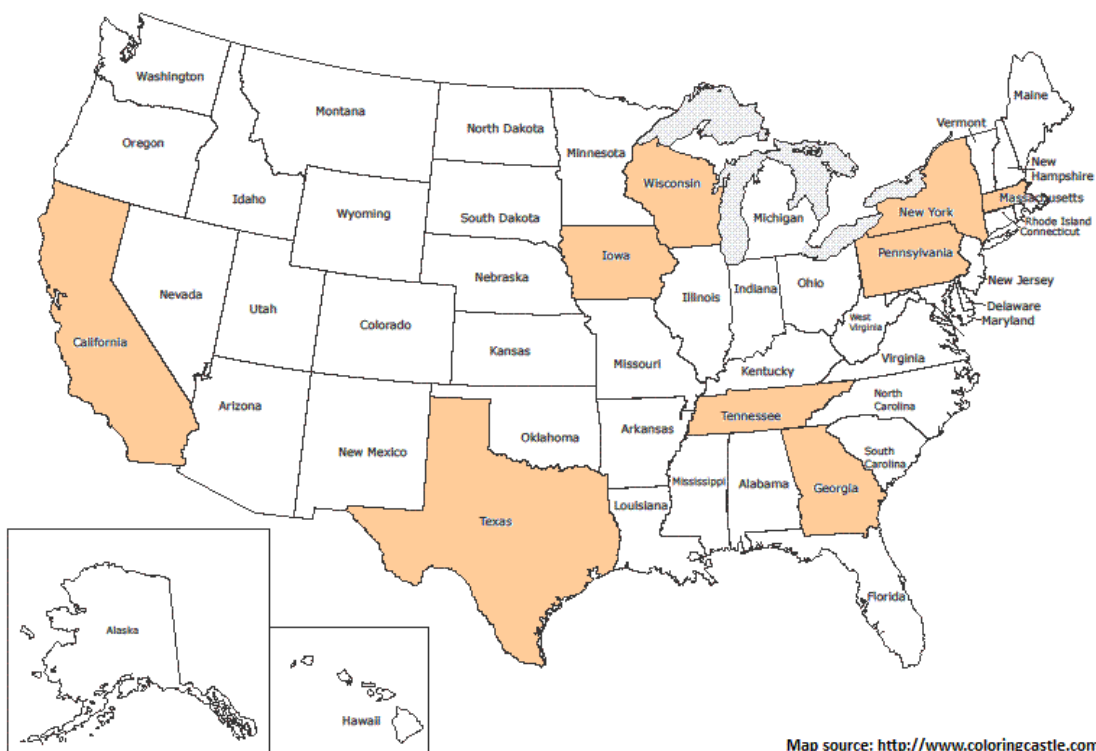
(DOC Case No. A-570-901)

Lined paper school supplies include spiral-bound and wireless notebooks, hole-punched filled paper, and composition books. The paper is typically white and wide-ruled or college-ruled.

### ***Industry at a Glance:***

- ⇒ Subject to AD order since September 28, 2006 (DOC)
- ⇒ Number of U.S. producers in 2005: 13
- ⇒ U.S. producers' U.S. shipments in 2005: \$260 million
- ⇒ U.S. employment of production and related workers in 2005: 942
- ⇒ U.S. production locations: California, Georgia, Iowa, Massachusetts, New York, Pennsylvania, Tennessee, Texas, Wisconsin (USITCc, USITCd)

### **U.S. Production Locations of Lined Paper School Supplies**



## Companies Willing to Evade U.S. AD/CV Duties on Paper Products

Staff, posing as a U.S. trading company, contacted Companies D and E via Alibaba.com to inquire whether they could avoid paying duties on paper school supplies. In the first instance, Company D proposes illegal transshipment through Malaysia to avoid paying duties. In the second instance, Company E professes that it does not know how to avoid paying antidumping duties. However, it states that it deliberately undervalues the value of its products, which is another form of duty evasion. Below are transcripts of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### Company D

Product: Paper school supplies

Country of origin: China

Means to evade duties: Illegal transshipment through Malaysia

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Wed, September 1, 2010

**Subject:** [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

Dear \*\*\*,

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this send. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: Inquiry about your product

Dear Sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customs in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your lined paper products? Also, are your lined paper products subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

#### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company D via Alibaba.com, China's largest e-commerce platform.

AvisOne Traders—Providing the Highest Quality Product at the Most Competitive Prices

## Company D (cont'd)

---

**From:** \*\*\*

Sent: Tue, August 31, 2010 10:04 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Inquiry about your product

---

Dear Paul,

It's please to get your enquiry from alibaba. Our factory \*\*\*, specializing in paper printing products, stationery notepad is our main product.

Herely I sending you our catalogue, pls check it, hop to meet your interesting. And customed item wel-come.

Actually, paper notebook is subjected to U.S. antidumping duties, because the our price is lower much than US market.

Looking forward to your soonly response.

Best regards,  
\*\*\*

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010

To: \*\*\*

Subject: Re: Inquiry about your product

---

Dear \*\*\*,

Thank you for your response. [Is there any way to avoid paying the anti-dumping duties in your experience?](#)

Regards,  
Paul

**Explanation:**

In the first email, Company D describes its business and products. In the second email, staff asks if it is possible to avoid paying duties.

## Company D (cont'd)

---

**From:** \*\*\*

Sent: Wed., September 8, 2010 5:44 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Inquiry about your product

---

Dear Paul,

Notebook of A4, A5, A6 size subjected to U.S. antidumping duties, other size no problem. [Solution is Shipping goods to Malaysia, transship to America to avoid paying the anti-dumping duties.](#)

How do you think about this solution?

Looking forward to hearing from you soon.

Thanks & Best regards,

\*\*\*

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Wed., September 8, 2010 7:20 AM

Subject: Re: Inquiry about your product

---

**Explanation:**

In the first email, Company D offers to illegally ship product through Malaysia to avoid paying duties. Company D confirms that it can change the country of origin when asked by staff.

Dear \*\*\*

Thank you for your reply. [Can your company transship through Malaysia and change the country of origin in order to evade the anti-dumping duties?](#)

Best regards,

Paul Union

**From:** \*\*\*

Sent: Wed., September 8, 2010 7:31 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Inquiry about your product

---

Dear Paul,

Thanks for your quick reply.

[yes, we can do that.](#) but first of all, you should tell me what kind of notebook are you seeking for your market, then I give you the CNF or CIF price, if price is suitable for your market, let's talk over further more.

Looking forward to your early reply with your inquiry.

Thanks & best regards,

\*\*\*

## **Company E**

Product: Paper school supplies

Country of origin: China

Means to evade duties: Undervaluation of invoice to pay less duty

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Wed, September 1, 2010

**Subject:** [avisonetraders@gmail.com]Inquiry about your product(AdminGenerate)

---

Dear \*\*\*,

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this send.

Mr. Paul Union is interested in your company.

Buyer's Message

Subject: Inquiry about your product

Dear Sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customs in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your lined paper products? Also, are your lined paper products subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company E via Alibaba.com, China's largest e-commerce platform.

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## Company E (cont'd)

---

**From:** \*\*\*

Sent: Wed, September 1, 2010 1:39 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Our product

---

Dear paul,

Let me introduce my company to you ,my company—\*\*\* is specialized in the manufacturer of various color printed paper cards, paper handbags, packing boxes, gift boxes, labels, tags, brochures, posters, packing materials and other related products for 20 years.Providing 'Quality Products, Excellent Service, Competitive Prices and Prompt Delivery', pls kindly browse our website:\*\*\* for free!

we can not only design and produce unique and fashion style products but also can make products according to your requirements, and your design is welcome

Attachment is our catalogue about some paper bags and boxes ,pls check it !

If you have some new inquiry ,pls contact us for free !

Await for your prompt reply !

Best regard !

\*\*\*

**Explanation:**

In the first email, Company E describes its business and products. In the second email, staff asks if Company E's products are subject to antidumping duties and whether it is possible to avoid paying duties.

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 8:00 PM

To: \*\*\*

Subject: Re: Our product

---

Dear \*\*\*,

Thank you for your message. Are your paper notebooks subject to U.S. anti-dumping duties? In your experience, is there any way to avoid paying the anti-dumping duties?

Regards,

Paul

## Company E (cont'd)

---

**From:** \*\*\*

**Sent:** Wed, September 15, 2010 4:26 AM

**To:** "Paul Union" <avisonetraders@gmail.com>

**Subject:** Our product

---

Dear Paul,

Thank you for your reply !

I am sorry so late reply you ! we have no experience to avoid paying the anti-dumping duties ,besides we make the commerical invoice , we write that the value of products is less than the factual cost .

Await for your prompt reply !

Best regard !

\*\*\*

**Explanation:**

In this email, Company E states that it does not know how to avoid paying antidumping duties, but professes that it undervalues products on commercial invoices, which is a form of duty evasion.



# Light-Walled Rectangular Pipe and Tube from China

(DOC Case No. A-570-501)

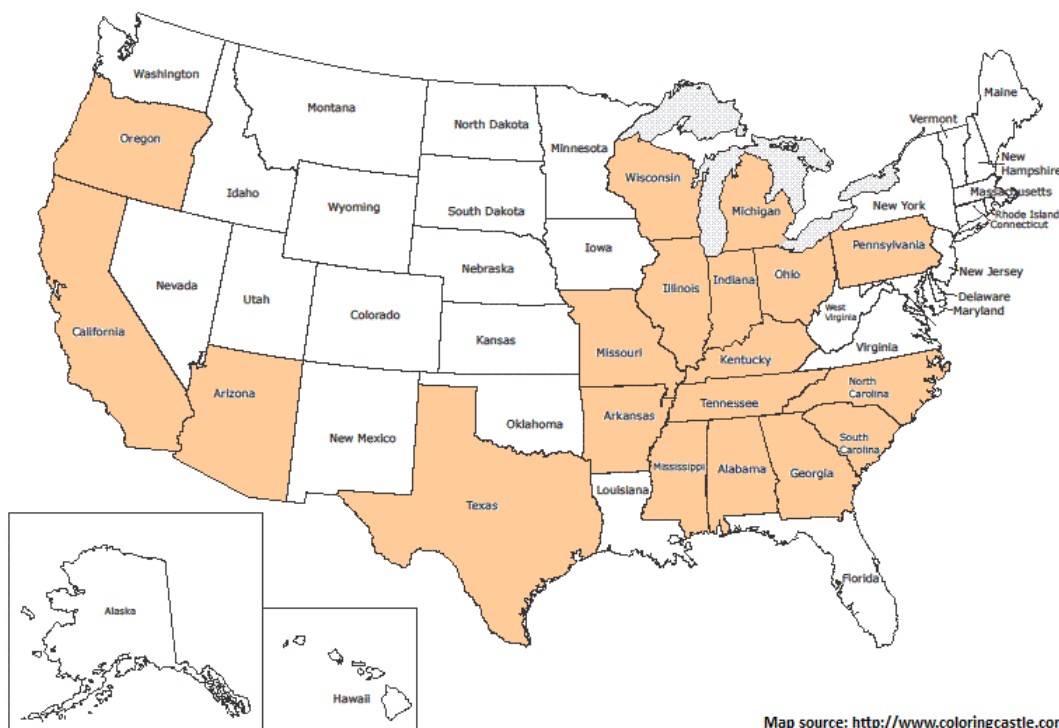
Carbon-quality welded light-walled rectangular pipe and tube is often referred to as ornamental or mechanical tubing. Principal uses include ornamental fencing, window guards and framing, and railings for construction and agricultural applications. It is also used in metal furniture, athletic equipment, and store display shelves.



## ***Industry at a Glance:***

- ⇒ Subject to AD/CVD orders since August 5, 2008 (DOC)
- ⇒ Number of U.S. producers in 2007: 28
- ⇒ U.S. producers' total shipments in 2007: \$513 million
- ⇒ U.S. employment of production and related workers in 2007: 973
- ⇒ U.S. production locations: Alabama, Arizona, Arkansas, California, Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, Mississippi, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin (USITC, USITCf)

## **U.S. Production Locations of Light-Walled Rectangular Pipe and Tube**



## Companies Willing to Evade U.S. AD/CV Duties on Light-Walled Rectangular Pipe and Tube from China

---

Staff, posing as a U.S. trading company, contacted Company F via Alibaba.com to inquire whether its rectangular pipe and tube products are subject to U.S. antidumping duties and whether it could avoid paying such duties. Below is a transcript of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### Company F

Product: Pipe and tubular products

Country of origin: China

Means to evade duties: Illegal transshipment, also known as “entrepot” trade

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Tues, August 31, 2010 5:52 AM

**Subject:** [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

---

Dear \*\*\*:

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: I want to buy the product you are selling on Alibaba.com.

Dear Sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your rectangular tubular products? Also, are your light-walled rectangular tubular products subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

#### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company F via Alibaba.com, China's largest e-commerce platform.

## Company F (cont'd)

---

**From:** \*\*\*

Sent: Fri, September 3, 2010 4:42 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: To Paul Union

---

Dear Paul Union

HAPPY WEEKEND. and hope you received my quotation of \*\*\* rectangular pipes .

About the antidumping duties .I check up alots of information on the net .I still can't sure if rectangular tubular products subject to any U.S. antidumping duties. Many informations said that On May 3rd, the InternationalTradeCommission voted for Chinese steel 99.14% at the tax anti-dumping tariffs on imports.Are you clear about this ??

Hope you can tell me more about .

Yours

\*\*\*

**Explanation:**

In the first email, Company F is not sure whether rectangular pipe and tube is subject to antidumping duties. In the second email, staff ask if it is possible to change the country of origin to avoid paying duties.

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 7:37 AM

To: \*\*\*

Subject: Re: To Paul Union

---

\*\*\*,

Thank you for your message. I am not sure if rectangular tubing is subject to U.S. anti-dumping duties. Is there any way to avoid paying the anti-dumping duties? Would it be possible to modify the country of origin certificate?

Regards,

Paul

## Company F (cont'd)

---

**From:** \*\*\*

Sent: Sat, September 4, 2010 6:38 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: To Paul Union

---

Dear Paul Union:

Thanks for your e-mail and have a good day .

I search a lot. Yes ,there has a way to avoid paying the antidumping duties .It's entrepot trade. Export documents issued by the third countries so that facilitate you in yours customs clearance, avoid "anti-dumping duties"customs clearance.

Can you accept the export file as payment terms, at the same time to third countries as its export documents, can reduce clearance documents tariffs?

And i've make certain about that rectangular tubular products subject to any U.S. antidumping duties.

Do you have any questions?

Yours Sincerely

\*\*\*

**Explanation:**

Company F offers proposes "entrepot trade" another name for illegal transshipment. Company F states that it will help find a logistics company that can illegally transship.

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Wed, September 8, 2010 7:45 AM

To: \*\*\*

Subject: Re: To Paul Union

---

Dear \*\*\*,

My apologies for my late reply. If I understand correctly, entrepot trade would involve transshipping the rectangular tubular products to another country in order to change the country of origin to avoid paying the anti-dumping duties on Chinese product? Can your company do this?

Best regards, Paul

**From:** \*\*\*

Sent: Thur, September 9, 2010 6:02 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: To Paul Union

---

Dear Paul Union:

How are you recently?

Yes you are right .entrepot trade would involve transshipping the rectangular tubular products to another country in order to change the country of origin to avoid paying the anti-dumping duties on Chinese product.I find a company can do this .But the products's price would be a little higher.

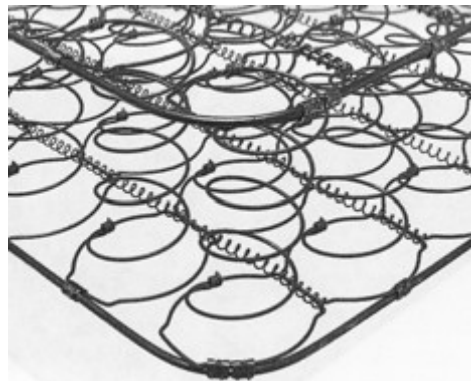
# Uncovered Innersprings Units from China

(DOC Case No. A-570-928)

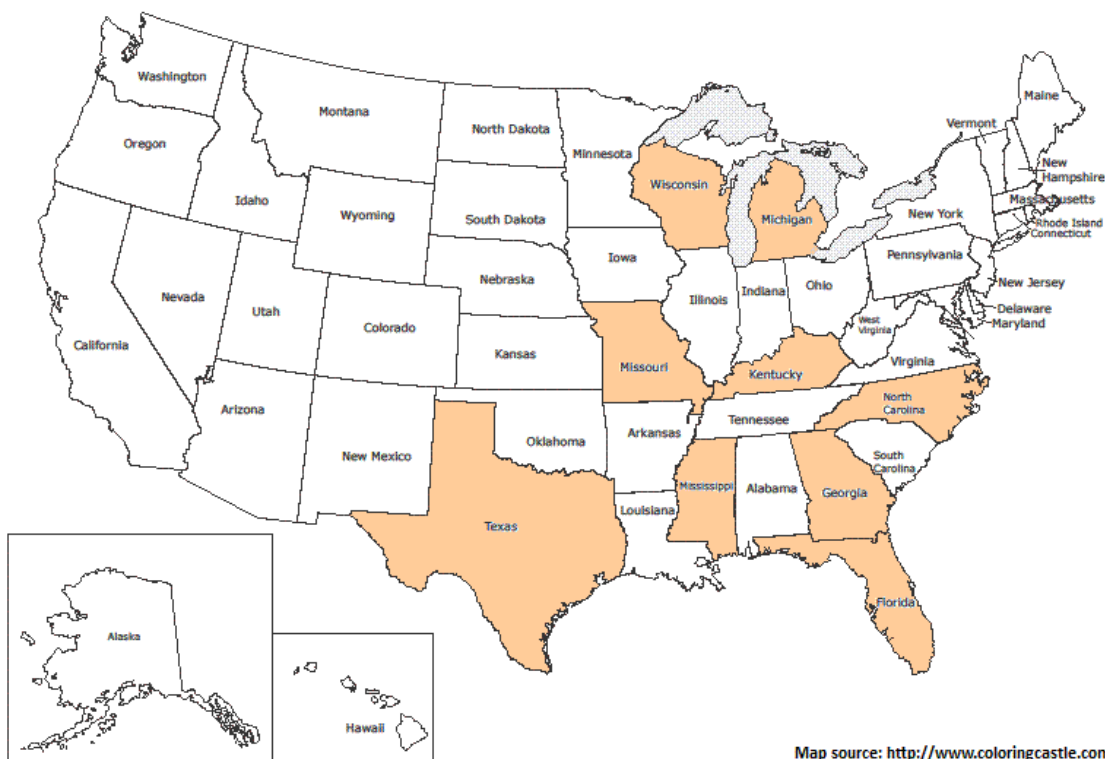
Uncovered innerspring units are composed of a series of individual metal springs joined together and used as the innerspring component in the manufacture of innerspring mattresses.

## ***Industry at a Glance:***

- ⇒ Subject to AD order since February 19, 2009 (DOC)
- ⇒ Number of U.S. producers in 2008: 8
- ⇒ U.S. producers' total shipments in 2007: \$539 million
- ⇒ U.S. employment of production and related workers in 2007: 2,970
- ⇒ U.S. production locations: Florida, Georgia, Kentucky, Michigan, Missouri, Mississippi, North Carolina, Texas, Wisconsin (USITCg, USITCh)



## **U.S. Production Locations of Uncovered Innerspring Units**





## Companies Willing to Evade U.S. AD/CV Duties on Uncovered Innersprings Units

Staff, posing as a U.S. trading company, contacted Company G via Alibaba.com to inquire whether it could avoid paying duties on uncovered innersprings units. Company G proposed illegally transshipping product through a third country, or undertaking minor assembly in the United States to avoid paying duties. Below is a transcript of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### Company G

Product: Uncovered innersprings units

Country of origin: China

Means to evade duties: Illegal transshipment or minor assembly in United States

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Tues, August 31, 2010

**Subject:** [avisonetraders@gmail.com] I want to buy the product you are selling on Alibaba.com

Dear \*\*\*

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: I want to buy the product you are selling on Alibaba.com.

Dear Sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customs in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your innersprings units? Also, are your innersprings units subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

#### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company G via Alibaba.com, China's largest e-commerce platform.

## Company G (cont'd)

**From:** \*\*\*

Sent: Wed, September 1, 2010 3:17 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: RE:FW [avisonetraders@gmail.com]I want to buy the product you are sel

Dear Paul

Thanks for your letter,and thanks for you are interested in our company.

We offer our price, as follows:

Wire :13g,(2.3mm). helical wire:17g (1.4mm) border 6g(4.88mm)

T type 36.5"\*73.5"\*6" 9\*24 10.7Kgs FOB Tianjin US\$11.07/pc

F type 51.5"\*73.5"\*6" 13\*24 14.9kgs FOB Tianjin US\$15.4/pc

Q type 58.5"\*78.5"\*6"15\*26 18.3kgs FOB Tianjin US\$18.92/pc

K type 74.5"\*78.5"\*6" 18\*26 22kgs FOB Tianjin US\$22.75/pc

Loading about 1250pcs in one 40' container. Gross weight 24Mt, Net weight :20Mt.

Yes ,our innerspring units is under U.S. antidumping duty, so we have two ways to export to your country: 1) Transit from the third part country, but would add about US\$3000/40'container fee for the third part country.

2) We could export the springs and the helical wire to your country, then you could make up them together by yourself.

What do you think, please let me know without any hesitation.

Thanks & Best Regards

\*\*\*

**Explanation:**

In response to staff's inquiry, Company G proposes illegally transshipping innersprings through a third market to avoid paying duties, or proposes that the U.S. importer undertake minor assembly of the product in the United States.



# Natural Bristle Paint Brushes from China

(DOC Case No. A-570-501)

Natural bristle paint brushes are made with natural (hog) bristle or other types of animal hair, and are used primarily to apply paint, stain, or varnish. Paint brushes come in several quality ranges and in a wide variety of widths and lengths.

## ***Industry at a Glance:***

- ⇒ Subject to AD order since February 14, 1986 (order terminated July 30, 2010 due to lack of interest) (DOC)
- ⇒ Number of U.S. producers in 2003: 12
- ⇒ U.S. producers' U.S. shipments in 2003: \$33 million
- ⇒ U.S. production locations: Florida, Illinois, Maryland, New Jersey, New York, Ohio, Oregon, Pennsylvania, Wisconsin (USITC)

## **U.S. Production Locations of Natural Bristle Paint Brushes**



## Companies Willing to Evade U.S. AD/CV Duties on Natural Bristle Paint Brushes from China

Staff, posing as a U.S. trading company, contacted Company H via Alibaba.com. Although the product is no longer subject to antidumping duties, Company H offered to ship product under a different company's name to avoid paying duties. The company stated that it could not directly change the country of origin, although it proposed illegally transshipping goods through Taiwan or Hong Kong as a way to avoid paying duties. Below is a transcript of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### Company H

Product: Natural Bristle Paint Brushes

Country of origin: China

Means to evade duties: Exporting under a different company name (e.g., shipping agent)

**From:** feedback@service.alibaba.com

**To:** \*\*\*

**Sent:** Tues, August 31, 2010 5:34 AM

**Subject:** [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

Dear \*\*\*:

You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message

Subject: I want to buy the product you are selling on Alibaba.com.

Dear Sir:

We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your natural bristle paint brushes? Also, are your paint brushes subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager

AvisOne Trading Company, Ltd.

Tel: (503) 583-4237

Email: AvisOneTraders@gmail.com

#### **Explanation:**

In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company H via Alibaba.com, China's largest e-commerce platform.

## Company H (cont'd)

---

**From:** \*\*\*

Sent: Tue, August 31, 2010 9:06 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Info of Natural bristle brush to Mr. Paul Union from China

---

Dear Mr Paul Union,

We are pleased to receive your following inquiry of natural bristle paint brush dated 31 August. Many thanks for it.

Yes, there has antidumping duties if we export to US market with natural bristle brush. Most of our US customers import paint roller and polyester brush from us. If you can use polyester brush instead of the bristle brush? Our polyester brush can hold much paints too as its split top end and the price is economic too.

Please let us know your comments about it and we will send you the details within one workday if we get your confirmation.

Best regards,  
\*\*\*

---

**From:** "Paul Union" <avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 8:27 AM

To: \*\*\*

Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

---

Dear \*\*\*,

Thanks for your response. In your experience, is there any way to avoid paying the anti-dumping duties?

Regards,  
Paul

**Explanation:**

Company H acknowledges that its natural bristle paint brushes are subject to antidumping duties and asks if AvisOne is willing to purchase a different kind of paint brush. In the second email, staff ask Company H if it is possible to avoid paying duties.

## Company H (cont'd)

---

**From:** \*\*\*

Sent: Fri, September 3, 2010 9:27 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

---

Dear Paul,

Thanks for your message, maybe we can export in the name of agent's company that can avoid paying the anti-dumping duties.

Best regards,

\*\*\*

**Explanation:**

Company H proposes exporting its products under a different name—in this case, the name of the shipping agent. Staff respond by asking if it possible also to change the country of origin certificate. Company H says that this is not possible, and proposes that AvisOne purchase brushes not subject to AD duties.

From: "Paul Union"

<avisonetraders@gmail.com>

Sent: Fri, September 3, 2010 8:27 AM

To: \*\*\*

Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

---

Dear \*\*\*

My apologies for responding late to your email. As your describe it, your company can ship product under a different name (in this case, the shipping agent) in order to avoid paying the anti-dumping duties? Is it possible that your company can change the country of origin as well?

Looking forward to your thoughts on this. Best regards, Paul

**From:** \*\*\*

Sent: Wed, September 8, 2010 9:36 PM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

---

Dear Paul Union,

Thanks for reply. I checked with the Exit Inscpetion and Quarantine, but the answer is "no" to change the origin country to other.

Now we don't have any better good thoughts about it, our most customers in America used the polyester material instead or just purchased the rollers. Can you use the polyester to instead the bristle?

Looking forward to your comments.

Best regards,

\*\*\*

## Company H (cont'd)

---

From: \*\*\*

Sent: Thur, September 9, 2010 2:00 AM

To: "Paul Union" <avisonetraders@gmail.com>

Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

---

Dear Paul Union,

Do you know any companies in Taiwan or HK who can help you to export the brushes to your company? We send the brushes to them and then they export to you with their name.

**Explanation:**

In this last email, Company H proposes exporting its brushes to companies in Taiwan or Hong Kong that can then re-export the brushes under those companies' names.

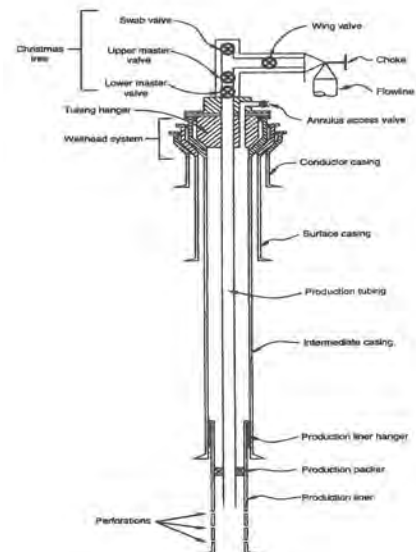




# Oil Country Tubular Goods (OCTG) from China

(DOC Case No. C-570-944)

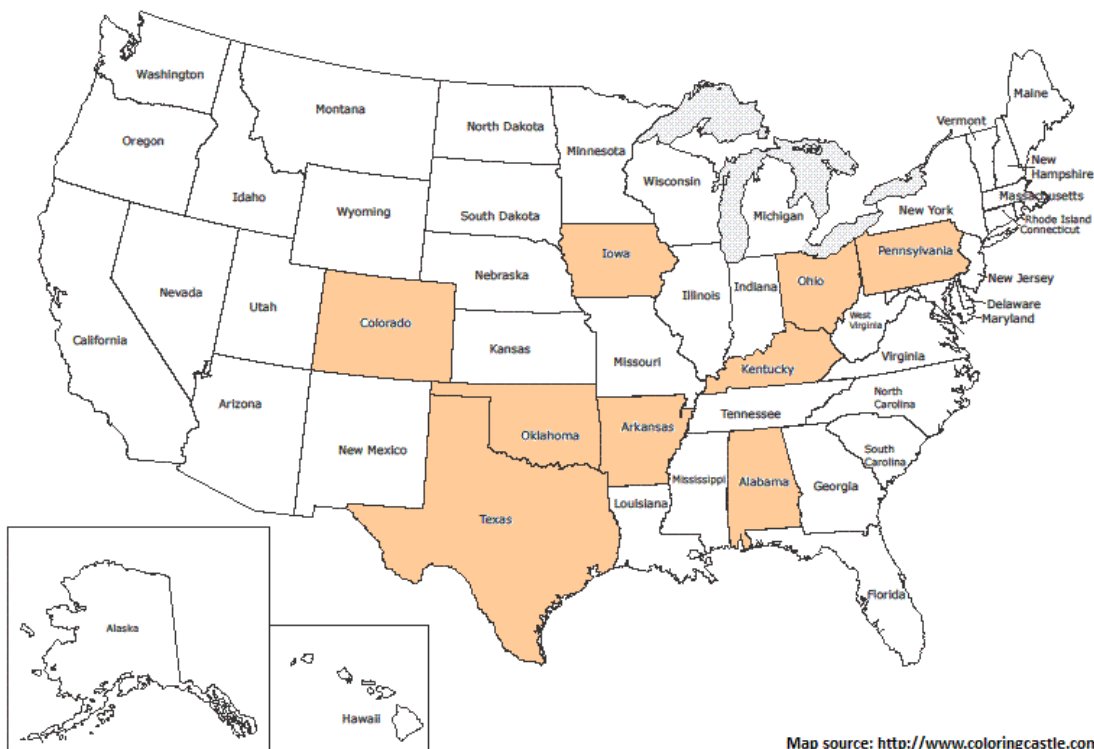
OCTG include carbon and alloy steel casing and tubing used in oil and gas wells. Casing is a circular pipe that serves as a structural retainer for the walls of the well. Tubing is installed inside the casing and is used to conduct the oil and gas to the surface.



## Industry at a Glance:

- ⇒ Subject to AD/CVD orders since May 21, 2010 (DOC)
- ⇒ Number of U.S. producers in 2009: 7
- ⇒ U.S. producers' U.S. shipments in 2008: \$6.2 billion
- ⇒ U.S. employment of production and related workers in 2008: 5,819
- ⇒ U.S. production locations: Alabama, Arkansas, Colorado, Iowa, Kentucky, Ohio, Oklahoma, Pennsylvania, Texas (USITCj, USITCK)

## U.S. Production Locations of OCTG



Map source: <http://www.coloringcastle.com>

## Companies Willing to Evade U.S. AD/CV Duties on OCTG from China

Company I is a trading company based in Turkey. It buys and sells Chinese-origin pipe products and changes the country of origin certificate to non-Chinese product. Below is a transcript of email correspondence provided to staff that document a willingness to evade AD/CVD orders on OCTG (highlighted in red). Textboxes provide an explanation of the correspondence.

### **Company I**

Product: Oil Country Tubular Goods

Country of origin: China

Means to evade duties: Changing country of origin certificate

**From: \*\*\***

Sent: Wed, August 11, 2010 3:45 AM

To: \*\*\*

Subject: DEAR \*\*\* PIPES FOR USA

DEAR \*\*\*

JUST MY BIG SPANISH PARTNER WHICH WE MADE WITH THEM OVER 10 MILLION USD PIPE ORDERS BEFORE SAID ,THEY CAN SHIP GOODS FROM VALENCIA SPAIN WITH EU ORIGIN CERTIFICATE .GOODS WILL BE PRODUCED IN CHINA& THEY WILL CHANGE ORIGIN IN SPAIN AND REEXPORT .THIS ONE OK? ALSO OUR SPAIN SELLER CAN OFFER UKRAIN OR EU ORIGIN .BUT SUGGEST ME TARGET PRICE . 4-YOUR MSN OR SKYPE ID ? MY SKYPE ID \*\*\* MY MSN \*\*\* MY MP \*\*\*

BEST REGARDS

\*\*\*

**From: \*\*\***

Sent: Wed, August 11, 2010 5:32 PM

To: \*\*\*

Subject: RE: DEAR \*\*\* PIPES FOR USA

\*\*\*,

#### **Explanation:**

In this example, Company I, working with its business partners, is offering a U.S. importer Chinese-origin pipe with a false country of origin certificate. The U.S importer recognizes that this is illegal, and ceases communication with Company I.

THIS IS ILLEGAL! It is called "circumvention" and is subject to firm prison time.

We will end all discussion at this stage.

## Company I (cont'd)

---

From: \*\*\*  
Sent: Wed, August 11, 2010 9:46 AM  
To: \*\*\*  
Subject: DEAR \*\*\* PIPES FOR USA

---

DEAR \*\*\*  
YOU ARE VEYR HARDWORKING PERSON.  
IT MEANS IF THEY CHANGE ORIGIN WITH COATING,PAINTING,BEVELLING ETC FORMALLY ,ACCORDING TO EU LAW ALSO NOT POSSIBBLE TO USE CHINESE RAW MATERIAL ? SO I IGNORE IT.  
2-ANY TARGET PRICE AS 0 ANTIDUMPING TAX ORIGINS ?

BEST REGARDS  
\*\*\*

**Explanation:**

Company I acknowledges that Chinese-origin pipe is subject to anti-dumping duties, but “ignores it.”



# Diamond Sawblades from China

(DOC Case No. 570-900)

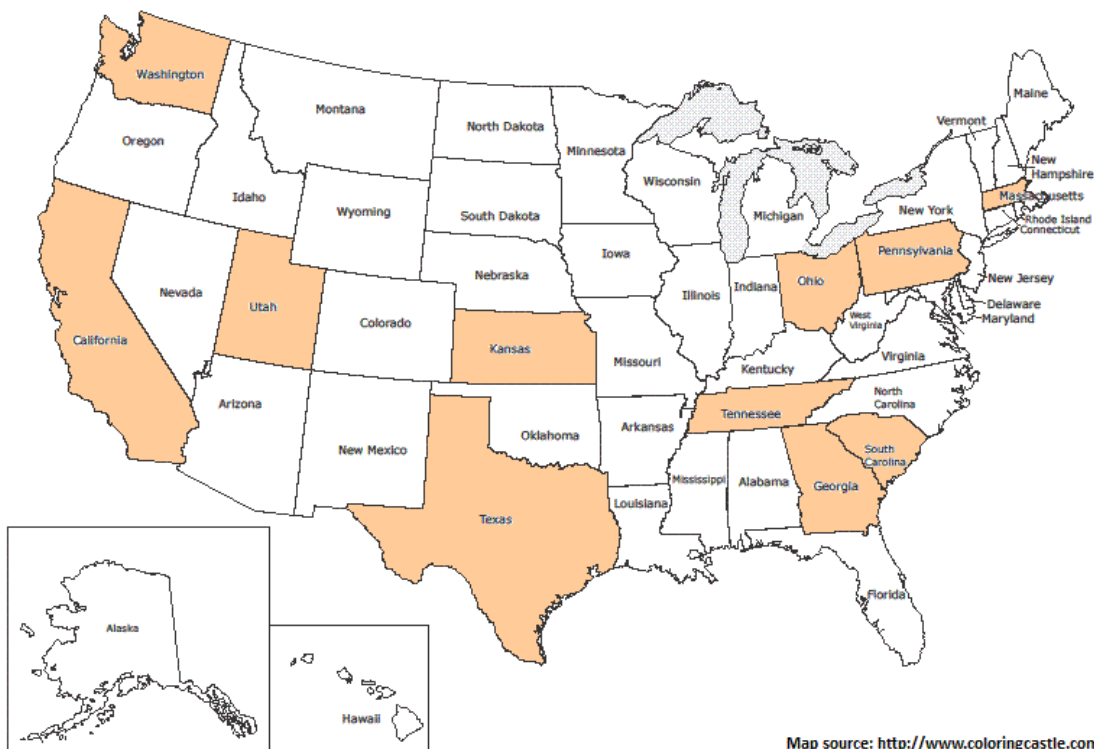
Diamond sawblades are circular cutting tools that have numerous functions and applications for cutting, ranging from cement, asphalt, marble, and tile, to masonry work such as brick and stone.

## ***Industry at a Glance:***

- ⇒ Subject to AD/CVD orders since January 23, 2009 (DOC)
- ⇒ Number of U.S. producers in 2005: 22
- ⇒ U.S. producers' U.S. shipments in 2004: \$121 million
- ⇒ U.S. employment of production and related workers: 480 (finished diamond sawblades only)
- ⇒ U.S. production locations: California, Georgia, Kansas, Massachusetts, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington (USITCI, USITCm)



## **U.S. Production Locations of Diamond Sawblades**



Map source: <http://www.coloringcastle.com>

## Companies Willing to Evade U.S. AD/CV Duties on Diamond Sawblades from China

Companies J and K are Chinese trading companies that import and export diamond sawblades. Company J characterizes antidumping duties as a “political game,” while Company K admits that it engages in illegal transshipment to avoid paying antidumping duties. Below are transcripts of email correspondence documenting a willing to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### **Company J**

Product: Diamond sawblades

Country of origin: China

Means to evade duties: Undervaluing invoices and misclassifying goods to avoid paying duties

**From: \*\*\***

Sent: Thur, December 10, 2009 6:54 AM

To: Sales email account

Subject: Diamond tools and cutting machineries

#### **Explanation:**

In this email, Company J describes its business and products.

Dear Sir or Madam,

We are a Chinese company specialized in manufacturing various diamond tools which are widely used in Europe and USA.

Best ratio of quality to price could be achieved with the help of our diamond tools.

I'd like to offer you below tools for a reference in hope that we could be your competent and reliable partner in China.

Once got your requests, I'd like to send you our whole catalogue and pricelist.

Your prompt reply would be mostly appreciated.

Regards

\*\*\*

## Company J (cont'd)

---

**From:** \*\*\*

Sent: Thur, December 10, 2009 9:47 PM

To: \*\*\*

Subject: Re: Diamond tools and cutting machineries

---

Are your saw blades subject to antidumping duties?

**From:** \*\*\*

Sent: Thur, December 10, 2009

To: \*\*\*

Subject: Diamond tools and cutting machineries

---

Hi Sir,

Thanks for your prompt reply.

I don't think it's a big problem for us. We have 3 solutions to help you out of this high duty---it's just a political game: anti-dumping duty.

1. We can change the actual value of products in the Invoice a little bit.(as for small quantity such as trial order )
2. Our factory has responded to the lawsuit and will only be charged with 20% duty. When you order large quantity, it's no big deal.
3. We could ship the blades as the category of core.

Moreover, if you have any solutions, we would like to cooperate your actions from our side.

Regards

\*\*\*

**Explanation:**

The U.S. importers asks if Company J's sawblades are subject to anti-dumping duties. Company J responds that antidumping is a "political game." Company J offers to undervalue the company invoice or misclassify the goods to avoid paying duties.



## **Company K**

Product: Diamond sawblades

Country of origin: China

Means to evade duties: Illegal transshipment

### **Explanation:**

Company K engages in illegal transshipment to avoid paying duties.

**From:** \*\*\*

Sent: Thur, August 5, 2010 9:28 PM

To: \*\*\*

Subject: Re: Diamond Blades

---

Hi \*\*\*,

Thanks for getting back to me.

No, we are not affected by the anti-dumping as we can do trans-shipment.

Regards,

\*\*\*

# Steel Wire Garment Hangers from China

(DOC Case No. A-570-918)

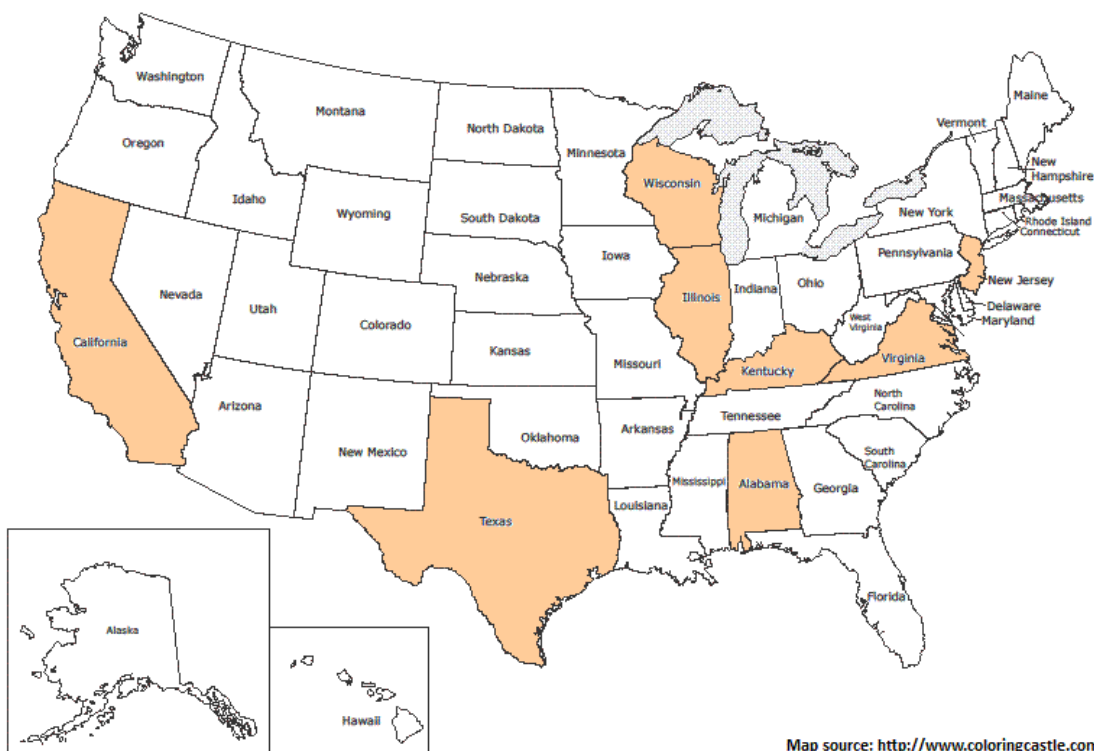
Steel wire garment hangers are produced primarily for use by the dry cleaning, industrial laundry, textile, and uniform rental industries.

## ***Industry at a Glance:***

- ⇒ Subject to AD order since October 6, 2008 (DOC)
- ⇒ Number of U.S. producers in 2007: 7
- ⇒ U.S. producers' U.S. shipments in 2007: \$12 million
- ⇒ U.S. employment of production and related workers: 139
- ⇒ U.S. production locations: Alabama, California, Illinois, Kentucky, New Jersey, Texas, Virginia, Wisconsin (USITCn, USITCo)



## **U.S. Production Locations of Steel Wire Garment Hangers**



Map source: <http://www.coloringcastle.com>

## Companies Willing to Evade U.S. AD/CV Duties on Steel Wire Garment Hangers from China

Companies L and M are Chinese metal hanger producers. In the first instance, Company L states that it can illegally transship through either Taiwan or Malaysia. In the second instance, Company M states that it can illegally transship via a third country for its “friends.” Below are transcripts of email correspondence provided to staff that document a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

### **Company L**

Product: Steel wire garment hangers

Country of origin: China

Means to evade duties: Illegal transshipment

**From: \*\*\***

Sent: Thu, January 14, 2010 11:57:59 PM

To: \*\*\*

Subject: Re: \*\*\*

Attachment is our price list (FOB Shanghai), please find it. We have two ways to ship containers to US. One is from Taiwan, the transport charge is \$4200.00 per container. Another is from Malaysia, the transport charge is \$3200 per container, but the shipping date will be much longer than from Taiwan.

Please check the price, if it's ok, please let me know.

Best regards,

\*\*\*

#### **Explanation:**

Company L offers to ship containers to the United States via Taiwan or Malaysia. Although not explicitly stated in this email, the motive for shipping through a third country is to avoid paying duties.

## **Company M**

Product: Steel wire garment hangers  
Country of origin: China  
Means to evade duties: Illegal transshipment

**From: \*\*\***

Sent: Friday, April 09, 2010 9:27 PM

To: \*\*\*

Subject: Re: RE: RE: Re: Re: Hanger Business

---

Yes, the tariff rate is high. However, we are not extinct because of it.

We keep a solution for our friends. It is benefit for us and our client. Both have made profit from it.

We do not know how much profit you can make from working with wells. In China, yes, wells' tariff rate is the lowest in china.

It is about 16%. He is the only one company for the first rank. Our factory is of the second rank.

However, we still alive. "Fact speaks louder." Our clients also make profit working with us.

For this kind of client, we usually ship via another country, through which you only need to pay about 3.5% or lower rate. So for this, usually, CIF, DDU or DDP is suitable for you.

If you do not know it properly, we can do DDP for you. That is, door to door service. Its procedure is very easy for you, just like we send a package through courier. Through it, we will send the hangers directly to your warehouse. In a word, it will save you much energy, and most important, a lot of money.

A trial order may make you know much about us.

We look forward to your reply, and hope we can cooperate with each in the near future.

\*\*\*

### **Explanation:**

Company M offers to illegally ship product through a third country to avoid paying duties. As stated by Company M, this service is offered to "our friends" and that illegal transshipment "is a benefit for us and our client."

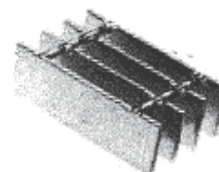


# Steel Grating from China

(DOC Case Nos. A-570-947 and C-570-948)

Steel grating (commonly referred to as bar grating), consists of two or more pieces of steel, including load-bearing pieces and cross pieces, joined by any assembly process, regardless of: (1) size or shape; (2) method of manufacture; (3) metallurgy (carbon, alloy, or stainless); (4) the profile of pieces; and (5) whether or not they are galvanized, painted, coated, clad or plated. Excluded from the scope are expanded metal grating, which is a single sheet or thin plate that has been slit and pulled; and safety plank grating, which is a single sheet or this plate that has been pierced or cold formed.

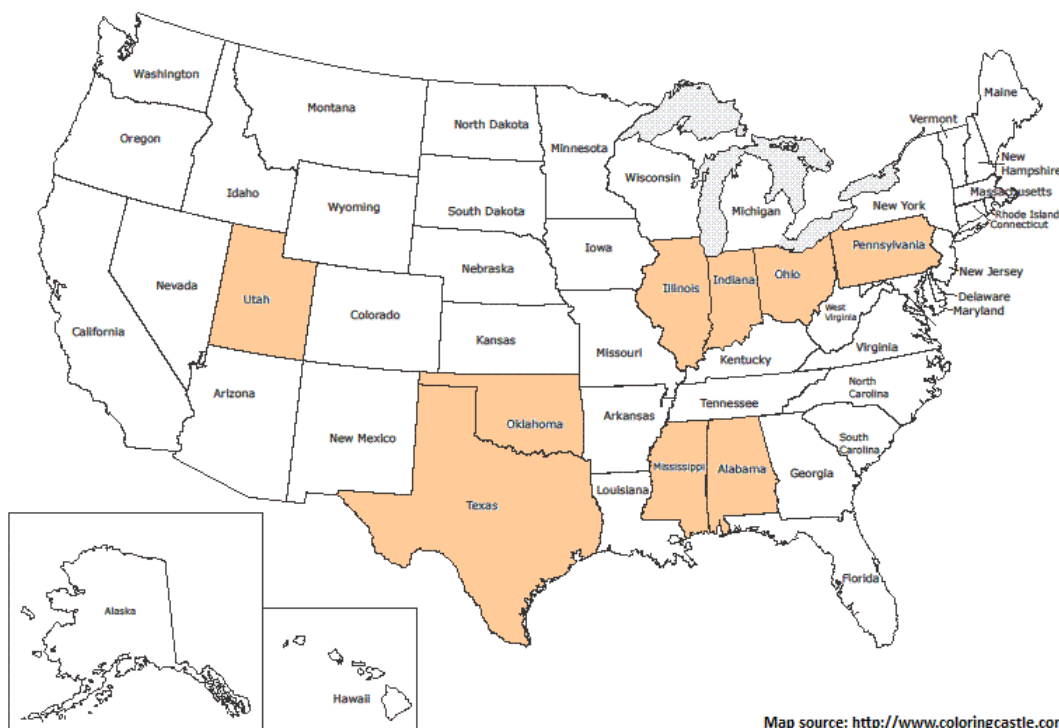
Steel grating is designed to support and distribute the weight of objects. Common end uses include walkways, mezzanines, catwalks, fire escapes, stairways, and flooring.



## Industry at a Glance:

- ⇒ Subject to AD/CVD orders since July 23, 2010 (DOC)
- ⇒ Number of U.S. producers in 2009: 7
- ⇒ U.S. producers' U.S. shipments in 2009: \$162 million
- ⇒ U.S. employment of production and related workers in 2009: 518
- ⇒ U.S. production locations: Alabama, Illinois, Indiana, Ohio, Oklahoma, Mississippi, Pennsylvania, Texas, Utah (USITCp, USITCq)

## U.S. Production Locations of Steel Grating



## Companies Willing to Evade U.S. AD/CV Duties on Steel Grating

Company N is a Chinese steel grating producer. Below is an email provided to staff that documents the company's disregard for antidumping duty orders (highlighted in red).

### **Company N**

Product: Steel grating

Country of origin: China

Means to evade duties: Illegal transshipment

**From: \*\*\***

Sent: Mon, August 30, 2010 1:01 AM

Subject: \*\*\*

Below is the result of your feedback form. It was submitted by () on Monday, August 30, 2010 at 01:01:13

Name: \*\*\*

Company: \*\*\*

Address: \*\*\*

City: Ningbo

State: Zhejiang

ZIP: 315195

Country: China

Phone: \*\*\*

Email: \*\*\*

Comments: Dear Sir,

If you need the best steel grating with low-cost, why not contact us directly here?

[FYI, Antidumping duty is no problem for us.](#)

Submit: Send!

---

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**Part II:**  
**Foreign Logistics Companies Willing to Evade U.S.**  
**AD/CV Duties**

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## Foreign Companies Willing to Evade U.S. AD/CV Duties

The following foreign logistics companies publically advertise services to avoid paying AD/CV duties and other import restrictions like import quotas. These firms advertise their services in both English and Chinese on websites like alibaba.com, China's largest e-commerce website that links buyers and sellers. Most evasion schemes involve illegal transshipment through a third country and falsified country of origin certificates for Chinese-origin product destined to the United States and other export markets. Many firms work with factories located in third countries to obtain authentic country of origin certificates for Chinese-origin product.

### EverySky International Forwarding Agency

Address:	No. 455, Zhong Shan East Road, Ningbo, Zhejiang, China, 315400 Tel: +(86) 0574 2790 3558
Web:	<a href="http://www.everskyline.com/special1.php?id=6">http://www.everskyline.com/special1.php?id=6</a> <a href="http://www.alibaba.com/member/cn109650969.html">http://www.alibaba.com/member/cn109650969.html</a> <a href="http://www.made-in-china.com/showroom/infism/companyinfo/Eversky-International-Forwarding-Agency-Co-Ltd-.html">http://www.made-in-china.com/showroom/infism/companyinfo/Eversky-International-Forwarding-Agency-Co-Ltd-.html</a>
Company representative:	Mr. Zhao Hui Customer service representative: Mr. Cheng Tel: +(86) 0574 2787 9775 Email: jeffningbo@163.com
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Prepares false country of origin certificates for Indonesia and Malaysia. Principal transit ports are Singapore and Port Klang, Malaysia.

### H&T International Logistics Ningbo Ltd.

(subsidiary of Hualianton International Logistics Co., Ltd.)

Address:	Room 10-1, Yinyi Time Square, No. 8, Lengjing Street, Haishu District, Ningbo, China Tel: +(86) 574 8785 2330
Web:	<a href="http://www.hltNB.com">http://www.hltNB.com</a> <a href="http://blog.china.alibaba.com/blog/nb75520859/article/b0-i7726014.html">http://blog.china.alibaba.com/blog/nb75520859/article/b0-i7726014.html</a>
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Prepares and provides false country of origin certificates and re-exports products through Port Klang, Malaysia. Company stipulates that domestic (Chinese) exporters must reach an understanding with the foreign importers regarding export documents (i.e. falsified country of origin certificates) and payment terms. Products illegally transshipped include fasteners, steel pipe, steel wire rope, steel wire hangers, aluminum products, clothing, shoes, candles, bearings, and citric acid.

## Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

### Ningbo Star International Freight Forwarding Co., Ltd

Address:	Also known as: Ningbo Richstar Freight Forwarding Agent Co., Ltd. High Storm International Freight Forwarding Co., Ltd. Win-Win International Freight Forwarding Co., Ltd.  Sharp Gate Street, Ningbo City, Zhejiang Province, No. 58, City Renhe Center, 16-1, China Tel: +(86) 0574 8768 6088
Web:	<a href="http://www.richstarfreight.com">http://www.richstarfreight.com</a> <a href="http://www.sweiphone.eb80.com">http://www.sweiphone.eb80.com</a>
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Company uses different names when advertising transshipment services. Obtains authentic country of origin certificates from foreign factories despite product being of Chinese origin. Ships product from the Chinese ports of Dalian, Tianjin, Qingdao, Ningbo, Xiamen, and Shenzhen to Port Klang, Malaysia.
Illegal export procedures:	(1) Company's Malaysian branch acts as consignee in Malaysia. Removes first leg transportation manifest from China. (2) After cargo leaves China, customers provide copy of release of export documentation (e.g., first leg transportation, packing list, and invoice). (3) Malaysian branch in charge of procedures for changing containers and arranging booking for second leg transportation. (4) Before departure, Malaysia factories apply for certificates of origin for use for shipment of Chinese origin.

### Pulinktrans China, Ltd.

Address:	Room 206, Goldenland Building, No. 773 Siping Road, Shanghai, China, 200092 Tel: +(86) 21 6107 6102
Web:	<a href="http://pulinktranschina-3141826.en.gongchang.com/">http://pulinktranschina-3141826.en.gongchang.com/</a> <a href="http://www.hifob.com/redirect.php?tid=22211&amp;goto=lastpost">http://www.hifob.com/redirect.php?tid=22211&amp;goto=lastpost</a>
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Provides authentic third-country country of origin certificates to clients, and can provide official authentication (by foreign country embassy) and notarized inspection report. Reportedly has cooperated closely with Ministries of Trade and Industry and Chambers of Commerce in Singapore, Malaysia, Indonesia, Thailand, Hong Kong, and the United Arab Emirates. Ports include Shanghai, Ningbo, Qingdao, Tianjin, Zhapu, Wenzhou, Shenzhen, and Hong Kong. Transshipment hubs include Malaysia and Thailand. Products illegally transshipped include fasteners, steel pipes, steel wire hangers, and clothing.

## Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

### Shenzen Sunpower Interntional Logistics, Ltd.

Address:	Room 2207, Gonglu Building, Block C, Yitai Centre, Dongmembei Road, Luohu District, Shenzhen, China, 518003 Tel: +(86) 0755 2519 1363 Email: sunpower@szsuperior.com
Web:	<a href="http://www.szsuperior.com/cn/home/index.asp">http://www.szsuperior.com/cn/home/index.asp</a> <a href="http://www.ilazhu.cn/search/sell-service-9.html">http://www.ilazhu.cn/search/sell-service-9.html</a>
Other info:	Company based in Shenzhen, China, but headquartered in Ipoh, Malaysia. Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Provides various country of origin certificates depending on degree of customs inspection, production subject to AD/CV duties, and country of destination. Third-country certificates of origin provided include Taiwan, Malaysia, Indonesia, Bangladesh, Thailand, Vietnam, and Sri Lanka. All certificates of origin are provided by in-country factories. Company provides all documentation, customs declarations, factory inspection, and other relevant procedures.

### Wintrans Logistics and Investment & Management Co., Ltd

Addresses:	Room 26A-D, Ocean Building, 268 Lujian Road, Xiamen, Fujian, China Tel: +(86) 592 806 5305 Email: info@wintrans.com.cn  <b>Shenzhen Wintrans Logistics Co., Ltd.</b> Luohu District, Shenzhen City, Pacific Business Building, B1402, Shenzhen, Guangdong, China  <b>Shanghai Wintrans Branch</b> Siping Road, 188 2108, Shanghai China
Web:	<a href="http://www.wintrans.com.cn/en/info/detail.asp?ID=5">http://www.wintrans.com.cn/en/info/detail.asp?ID=5</a> <a href="http://cn.made-in-china.com/showroom/wintransalice/companyinfo/%E5%8E%A6%E9%97%A8%E9%80%9A%E6%B4%B2%E7%89%A9%E6%B5%81%E6%8A%95%E8%B5%84%E7%AE%A1%E7%90%86%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8.html">http://cn.made-in-china.com/showroom/wintransalice/companyinfo/%E5%8E%A6%E9%97%A8%E9%80%9A%E6%B4%B2%E7%89%A9%E6%B5%81%E6%8A%95%E8%B5%84%E7%AE%A1%E7%90%86%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8.html</a>
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Claims to work with business partners in Indonesia, Myanmar, and Malaysia that provide certificates of origin issued by factories located in those countries. Directs payment through Malaysia or Hong Kong. Products include steel pipes, apparel, shoes, ceramics, and furniture. Export markets include the United States, Canada, Mexico, Turkey, and Latin America.

## Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

### Gateway Container Line Co., Ltd.

Addresses:	<p><b>Gateway Container Line Co., Ltd. (Qingdao)</b> B-1022, Yu Yuan Mansion, No. 75 West Hong Kong Road, Qingdao, China, 266071 Tel: +(86) 532 8197 8801</p> <p><b>Gateway Container Line Co., Ltd. (Tianjin)</b> Room 2602, Twain building, Hangua Plaza, Dagunan Road, Hexi District, Tianjin, China, 300000</p> <p><b>Gateway Container Line Co., Ltd. (Shanghai)</b> Room 2201, No. 1, Alley 258, Dongbaoxing Road, Shanghai, China, 200080 Tel: +(86) 21 6356 0173</p> <p>Room 612, Hesun Building, No. 1600 Yan'an Road (W), Shanghai, China, 200052 Tel: +(86) 21 5258 5515</p> <p><b>Gateway Container Line Co., Ltd. (Ningbo)</b> 19 Floor, Unit B, Century Square, No. 118 Daliang Street, Ningbo, China, 315000 Tel: +(86) 574 8717 5858</p> <p><b>Gateway Container Line Co., Ltd. (Shenzhen)</b> Room 1705, Building A, Huaguoshan Building, South Garden Road, Shekou, Shenzhen, China, 518067 Tel: +(86) 755 2680 5586</p>
Web:	<a href="http://www.gateway-group.cn/en/index.htm">http://www.gateway-group.cn/en/index.htm</a>
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Claims to provide services to both domestic (Chinese) exporters and foreign importers.

## Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

### Global Success International Transportation (Shenzhen) Ltd.

Address:	18F, Overseas Friendship Building, No. 12, Ying Chun Road, Luohu, Shenzhen, China, 510800 +(86) 755 8214 5368 Email: info@globalsourcing.com.cn
Web:	<a href="http://www.globesuccess.com.cn/en/index.asp">http://www.globesuccess.com.cn/en/index.asp</a> <a href="http://www.ecplaza.net/tradeleads/seller/5605380/transshipment_project.html">http://www.ecplaza.net/tradeleads/seller/5605380/transshipment_project.html</a>
Registration no:	Certified by China's Ministry of Commerce as a licensed non-vessel operating common carrier (NVOCC) (NVOCC#MOCNV 01254).
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Transshipment hubs include Malaysia, Singapore, Indonesia, Bangladesh, the Philippines, and India. Third-country certificates of origin are issued for Chinese-origin product. Provides illegal transshipment services for the following products subject to U.S. AD/CVD orders: fasteners, threaded rod, steel hangers, locks, and wooden bedroom furniture. Also provides transshipment services for products subject to AD/CV duties in Europe, South America, and Turkey.

### Dyna International Shipping Ltd.

Address:	Room 01-02, 16/F, Ginza International Building, Shennan Road, Shenzhen, Guangdong, China Tel: +(86) 755 2151 7557 Email: Shenzhen@dynaprc.com  Other offices located in: Hong Kong, Guangzhou, Shanghai, Beihai, Huangpu, Nanhai, Foshan, Zhongshan, Wuhan, Kunming, Ningbo
Web:	<a href="http://www.dynaprc.com/english/index.asp">http://www.dynaprc.com/english/index.asp</a> <a href="http://www.hardware-wholesale.com/d-p115413722755560100-service-to-avoid-the-anti-dump-tax-import-from-china/">http://www.hardware-wholesale.com/d-p115413722755560100-service-to-avoid-the-anti-dump-tax-import-from-china/</a>
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Transshipment hubs include Malaysia, Singapore, Thailand, and Indonesia with third-country certificates of origin. Advertises illegal transshipment services for Chinese products subject to AD/CV duties in the United States, Mexico, Colombia, Egypt, Turkey, and Europe.

## Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

### Hanhen Shipping (China) Co., Ltd.

Address:	A-1109, Jintian Building, Heping Road, Luohu, Shenzhen, China Tel: +(86) 0755 2556 5280
Web:	<a href="http://www.hanhen.com">http://www.hanhen.com</a> <a href="http://ca2.mofcom.gov.cn/aarticle/supplydemandofchina/supply/200905/20090506267440.html">http://ca2.mofcom.gov.cn/aarticle/supplydemandofchina/supply/200905/20090506267440.html</a>
Identification no:	China Tax ID: 440300769195249 United Nations Procurement Division Vendor ID: 09D00065 (Logistic Supplier)
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Transshipment hubs include Singapore and Dubai. Country of origin certificates from Malaysia, Vietnam, Indonesia, and Bangladesh are issued for Chinese-origin products subject to AD/CVD orders. Advertises illegal transshipment services on the website of the Embassy of China in Canada.

### Suzhou Yuncheng Ex/Im Co., Ltd.

Address:	No. 8-7 Shop, Shuixiang West Road, Meili Street, Songling Town, Wujiang, Jiangsu, China, 215200
Web:	<a href="http://yuncheng.en.alibaba.com/trustpass_profile.html">http://yuncheng.en.alibaba.com/trustpass_profile.html</a> <a href="http://www.alibaba.com/product-gs/269042075/Third_country_re_exports_seamless_steel.html">http://www.alibaba.com/product-gs/269042075/Third_country_re_exports_seamless_steel.html</a>
Company representative:	Mr. Yucheng Zhou
Business registration no.:	320584000113121
Issuing authority:	Suzhou City Wujiang Administration for Industry and Commerce
Issue date:	10/18/2007
Expiration date:	10/17/2017
Registered capital:	RMB 3,000,000
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Advertises illegal transshipment services for seamless steel pipe and carbon steel fasteners, among other products.

## Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

### L'Assurex International Logistic Ltd.

Address:	Room 1207, Logistics Center, No. 1, Haitian Road, Huli, Xiamen, Fujian, China, 361000
Web:	<a href="http://www.lassurex.com">http://www.lassurex.com</a> <a href="http://www.alibaba.com/product-gs/282892965/sea_freight.html">http://www.alibaba.com/product-gs/282892965/sea_freight.html</a> <a href="http://lassurex.en.alibaba.com/product/283189523-209769395/shipping_agency_in_china.html?tracelog=cgsotherproduct1">http://lassurex.en.alibaba.com/product/283189523-209769395/shipping_agency_in_china.html?tracelog=cgsotherproduct1</a>
Company representative:	Mr. Liming Zheng
Registration no.:	350200200006505
Issuing authority:	Xiamen City Administration for Industry and Commerce
Issue date:	10/11/2007
Expiration date:	10/10/2027
Registered capital:	RMB 10,000,000
Other info:	Advertises illegal transshipment services on alibaba.com to avoid paying AD/CV duties and other import restrictions. Provides certificates of origin from Malaysia, Indonesia, and India for Chinese-origin product. Export markets include the United States, Venezuela, Brazil, Argentina, Europe, Jordan, Egypt.





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**Part III:**  
**Examples of Companies Advertising**  
**Illegal Transshipment Services on the Internet**

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Embassy of the People's Republic of China in Canada  
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### Hanhen Shipping Company search for cooperation

Thursday, May 21, 2009 Posted: 21:12 BJT(12 GMT)  
From: Hanhen Shipping Company Article type: Reproduced

Dear Sir/Madam,

I am writing to introduce you to Hanhen Shipping Company, which is based in Shenzhen on the east coast of China. We have taken the liberty of obtaining your details from the website and have made contact with a view to our respective organizations doing business together.

About Hanhen Shipping Company -- <http://www.hanhen.com/>  
Logistics Partner of United Nations ( VENDOR ID:09D00065)

My company has many years' experience in handling FCL/LCL/AIR/LAND/RAIL shipments. We provide a wide range of shipping services, including arranging local contact with the shipper(MAERSK, YANGMING, EVERGREEN, WANHAI, APL, COSCO and CSCL etc.), issuing of delivery documents, custom clearances etc. Especially we have a great advantage in rail transport from China to Russia/Middle Asia and large engineering machine transport. We operate according to international law and the laws of the Republic of China.

Key services  
We enjoy long-term relationships with all of the main shipping lines and airlines. As your shipping and trading agent we can offer:

Competitive freight rates and reliable service to and from most locations  
Rail transport from Tianjin/Shanghai/Lianyungang/Xiamen/Shenzhen to Russia/Middle Asia, etc.  
Industrial Projects Handling, Large Engineering Machine Transport (Such as crane, Heavy equipment etc.)  
Sea Export & Import Service (FCL/LCL/Consolidation)  
Air Freight Service  
Third Party Logistics  
Dangerous Cargo Handling  
Transshipment from China to Malaysia then to USA direct, to avoid quota and provide C/O of Malaysia.  
Handling of documents and cargos for FOB to CIF transactions, including switch MBL and HBL  
Assistance in application for Certificate of Origin, Form A, Legalisation of Docs, BV, SGS, as per instructions  
Diversion of Shipments  
Import to Shanghai/Ningbo/Shenzhen/Guangzhou  
Import from Hongkong to Mainland China under CEPA  
ATA/Personal Effects/Air Shipment  
Door to door delivery (Mainly USA, Canada, India, Europe)  
Warehouse consolidation services - 1. Receive cargo from more than one suppliers and loading container; and 2. Our warehouse can be used as your storage centre, you can put some cargo first, and sell them to your buyers in China  
We have several offices in the India and other different countries of Asia

If you need any further information, pls kindly feel free to contact us! And I'm sorry if any inconvenienced that caused by this e-mail.

Best Regards!  
kent chen

Hanhen Shipping (China) Co., Ltd  
1109, Jintian Building, Heping Road,  
Luohu, Shenzhen, China.  
Tel: +86 0755 25565280  
Fax: +86 0755 25561580  
Cell: +86 13818671486  
Skype: kentchenxujun  
Msn: kent@hanhen.com  
Email: kent@hanhen.com  
<http://www.hanhen.com>  
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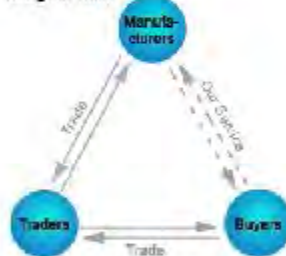
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International Distribution  
Triangular Trade  
Business Service

According to traders' demands in commercial interests and import tariff reduction, we provide BL switch for triangular trade, changing the CO, etc in order to protect the interests of traders and save tariff expenses.

1. Based on the principle of commercial confidentiality, we HANHEN work seriously as a intermediate part between processing manufacturers, traders and end-buyers and switch documents reasonably.
2. We use Singapore, Dubai to offer entrepot trade service and issue CO of Malaysia, Vietnam, Indonesia, Bangladesh in order to avoid tariff barriers.



Triangular Trade



Re-export Trade



Contact: [sales@hanhen.com](mailto:sales@hanhen.com) | Global Contact: [info@hanhen.com](mailto:info@hanhen.com)  
Tel: +86 755 25594780 Fax: +86 755 25561580/1680

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About 909 results: Sea Freight (296)

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Language Options

There are 909 transshipment from 115 suppliers on Alibaba.com

Related Searches: transshipment, Wholesale transshipment

**transshipment, the best way to avoid anti-dumping**  
Other products by Shipment Type: FCL and LCL  
FOB Price: US \$2,000 - 8,000 / Carton **Negotiable**  
Port: china  
Minimum Order Quantity: 1 Carton/Cartons  
Supply Ability: 100 Carton/Cartons per Day  
Payment Terms: L/C, D/A, D/P, Western Union, MoneyGram

**Supplier Details**  
**Asavvy Furniture Co., Ltd.**  
Jiangsu, China (Mainland) |  
Business Type:  
Manufacturer, Trading Company,  
Distributor/Wholesaler  
Contact Details  
Gold Supplier (1<sup>st</sup> Year)  
ASV Checked  
Online Showrooms: 247 Products  
Other Similar Products from this Supplier  
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**Ms. Helen Lu**  
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Send a Message to this Supplier

**Product Details** Company Profile

Report Item

**Quick Details**  
Place of Origin: Zhejiang China (Mainland)  
Brand Name: eversky  
Model Number: transshipment  
Departure: china  
Destination: all over the world  
Route: EU  
Carrier: EverySky International freight forward...  
Departure Day: Monday  
Transit Time (Days): 35  
Shipment Type: FCL and LCL

**Specifications**  
Are you looking for a way to avoid anti-dumping?  
Transshipment may be the best way at present.  
Nowadays, Transshipment is the best way to avoid anti-dumping duties. Now, we will tell you how it helps you to avoid anti-dumping and how it reduces your cost.  
As we know, your country doesn't charge high tariffs for all the country but China. Now we can help you to provide the documents to your government certifying that the products are made of other low tariff countries instead of China.  
How can we do it?  
1st: We need to export those products (made in China) to other country (just as Malaysia). It is easy for us to do it and which just need cost your little money.  
2nd: We will finish custom clearance for those cargos in Malaysia and then send it to our warehouse. Picking up those to re-load it to the new container (booking with Malaysia).  
3rd: Finding a local factory to provide all the original documents to your country. And then export the products to your instruction Port.  
After the operation of above, the original will be changed from China to Malaysia. You just need to pay the normal import duty.

**Send your message to this supplier**  

**Ms. Helen Lu**  
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Enter between 20 to 2,000 characters. English only.

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transshipment, the best way to avoid anti-dumping  
Are you looking for a way to avoid anti-dumping?  
Transshipment may be the best way at present.  
**US \$ 2000-8000**  
Min. Order: 1 Carton/Cartons

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### shipping service in china

FOB Price: [Get Latest Price](#)  
Payment Terms: T/T

[Ms. rainnie ling](#)

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#### Supplier Details

**L'assurex International Logistic Ltd.**  
(Fujian, China (Mainland))  
Business Type:  
Trading Company, Agent  
[Contact Details](#)  
[Gold Supplier \(1st Year\)](#)  
[A&V Checked](#)

Online Showroom: 39 Products  
Other Similar Products from this Supplier  
[View this Supplier's Website](#)

Product Details
Company Profile

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#### Quick Details

Place of Origin: Fujian China (Mainland)	Brand Name: L'Assurex	Model Number: Garment;Shoes;Small household ap...
Departure: China	Destination: Brazil	

#### Specifications

shipping service in china:Avoid high duty& tax or Anti-dumping duty Service: Malaysia/ Indones Form A/ CO & India CO/Bengal Fo

We have more than 4 years experience in this field, which mainly trade in consulting services in Certificate of Origin.

shipping service in china: Malaysia Form A/Co & Indonesia Form B/Form A & India Co/ Bengal Form A

to Europe /Turkey/USA/Venezuela/Brazil/Argentina/Jordon/Egypt etc...

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---shipping company from singapore to Japan --- SITC/SINOTRANS competitive rate

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China Trade Leads

Service to Avoid the Anti-Dump Tax Import from China

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## Service to Avoid the Anti-Dump Tax Import from China

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1. Service to avoid this anti-dump tax import shoes from China to Europe/Mexico/USA.
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Now, more and more countries are restricting or anti-dumping import Made in China products, espacially Turkey and Mexico are restricting the fabrics which made in china is the severest. The transshipment is the only way to avoid it.

We can help you to avoid anti-dumping if ...

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Company Name:	Entrepot Logistics Shanghai
Country/Territory:	China
Business Type:	Others
Registration Date:	2010/04/01 (Year/Month/Date)
Buyer / Seller in EC21:	Both
Keyword	fabrics, laminate floor, yarns, polyester

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Are you looking for a way to avoid antidumping? Transshipment may be the best way at present.

Now we will show you how it helps you to avoid anti-dumping and how it reduces your cost.

As we know, your country doesn't charge high tariffs for all the country but China. Now we can help you to provide the documents to your government certifying that the products are made of other low tariff countries instead of China.

How can we do it?

1st: We need to export those products (made in China) to other country (just as Malaysia). It is easy for us to do it and which just need cost your little money.

2nd: We will finish custom clearance for those cargos in Malaysia and then send it to our warehouse. Picking up those to re-load it to the new container (booking with Malaysia).

3rd: Finding a local factory to provide all the original documents to your country. And then export the products to your instruction Post.

After the operation of above, the original will be changed from China to Malaysia. You just need to pay the normal import duty.

We are experienced in it for many years, and we are confident that we have the ability to help you to lower the import tariff. You are welcomed to contact us if you are fond of our service

Tags: transshipment, freight forwarder, sea freight, air freight, avoid anti-dumping

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Posting Date : Feb 20, 2009 GMT

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Company: Globe Success International Transportation (Shenzhen) LTD

Membership: Free Member since Feb 20, 2009

Country/Region: China

Address: 18FL, Oversea Friendship Building, 12#, Yingchun Road, Luohu, shenzhen, Guangdong, China 510800

Contact: **Ms. ANNA LEE**

Phone: 86-755-8214-5702

Fax: 86-755-8230-7954

Mobile: 86-1371-4045-400

Tags: TO AVOID ANTIDUMPING TAX

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1) In order to save the antidumping tax when import the goods from China, here we would like to provide the service to China shippers and oversea consignees to arrange their goods via the third countries' port( this can be in Malaysia, Singapore, Indonesia, Bangladesh, Philippine, India, etc.) and issue the third country document to ship the goods to the final destination country.

A. antidumping goods export from China to USA:

a. fastener, thread rod, steel hangers, locks, bed room wooden furniture, etc.

B. antidumping goods export from China to Europe:

a. fastener, thread rod, leather shoes, bicycle and energy saving lamp, etc.

C. Antidumping goods export from China to South America:

a. Hardware, garment, bicycle, tyre, etc.

D. antidumping goods export from China to Turkey:

a. Ironing board, garment, shoes, tile, ceramic etc.

E. other antidumping goods, just keep us inquired

2) Any further inquiry, just let us know below information, then we will provide our best project for the routine way and advice for yr choosing.

A. goods name( if any H.S CODE, it is better)

B. quantity

C. destination

D. shpt ready date—if any

E. yr special requirement—if any( such as transiting country, document, time, etc.)

Appreciated for yr further contact.

Best regards!

Anna Lee

Globe Success International Transportation (Shenzhen) LTD

SHENZHEN OFFICE

TEL: 86-755-82145702

FAX: 86-755-82307954

MOBILE: 86-13714045400

18FL, Oversea Friendship Building, No.12 Ying Chun Rd, Shenzhen, China.

## Optional Information

- HS Code : 7318 Screws, Bolts, Nuts, Coach Screws, Screw Hocks, Rivets, of Iron or Steel

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## Contact Information

**Ms. ANNA LEE**

( transhipment dept. )

[Contact Now](#)

Company : Globe Success International Transportation (Shenzhen) LTD

Address : 18FL, Oversea Friendship Building, 12#, Yingchun Road, Luohu, shenzhen, Guangdong, China

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Our service: Avoid antidumping transshipment; Customs clearance in Russia.

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3. To provide Russia, ... [ [Click for Details](#) ]

## Member Info

Business Type: Service, Agent, Other  
 Number of Employees: 5 ~ 50  
 Business Scope: Service  
 Member Since: 2009  
 Last Sign In Date: 2010-09-29

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Product Name	Update Date
Export Via A-Third-Country Against The Anti-Dumping Policy	2010-07-05
Customs Clearance in Russia or Ukraine	2010-01-18

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## Contact Details



Pulinktrans

Company Name: Pulinktrans China Ltd.  
 Company Address: Room 206, Goldenland Building, No. 773 Siping Rd, Shanghai, P. R. China  
 City/Town: Shanghai  
 Province/State: Shanghai  
 Country/Region: China  
 Zip/Postal Code: 200092

## Phone Number:

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Contact Person (Department): Mr. Zhang(Re-Export Department)

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We are a professional forwarder who can provide this entrepot services via Malaysia or Indonesia.

This will help you to evade high anti-dumping duties and anti-subsidies at your country, so that we may have chance to re-establish our business.

The general procedure can be operated as below steps:

1. Transport from China ports to Malaysia, Port Klang / Singapore
2. Transport from ... [ [Click for Details](#) ]

#### Member Info

Business Type: Trade, Service  
Number of Employees: 5 ~ 50  
Business Scope: Transportation  
Member Since: 2010  
Last Sign In Date: 2010-04-21

#### Contact Details



Company Name: Shanghai Wintrans Branch  
Company Address: Siping Road 188 2108, Shanghai, China  
City/Town: Shanghai  
Province/State: Shanghai  
Country/Region: China  
Zip/Postal Code:  
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ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 5

*U.S. Imports of Steel Wire Products from China; Calendar Years 2017—2021.*

## U.S. IMPORTS OF STEEL WIRE PRODUCTS FROM CHINA CALENDAR YEARS 2017-2021

QUANTITIES IN NET TONS FOR ALL PRODUCTS EXCEPT GARMENT HANGERS  
QUANTITIES OF GARMENT HANGERS IN UNITS

PRODUCT CATEGORIES								
YEAR	DRAWN WIRE	WIRE ROPE	WIRE STRAND*	WOVEN WIRE FABRIC	WIRE GRILL, NETTING AND FENCING	NAILS AND STAPLES*	INDUSTRIAL FASTENERS	STEEL WIRE GARMENT HANGERS*
2017	117,834	35,649	72,664	294,014	108,539	312,678	593,673	414,634,072
2018	118,084	41,046	95,276	273,326	110,557	349,099	606,617	28,590,625
2019	98,443	36,025	70,720	13,579	67,667	266,724	446,132	9,626,091
2020	68,373	23,800	48,797	18,450	71,967	253,211	386,529	3,570,406
2021	79,574	25,261	62,465	18,073	78,953	308,969	446,663	2,288,400

\* Antidumping ("AD") and/or countervailing duty ("CVI") petitions filed against imports from China, resulting in AD and/or CVD orders.

Source: U.S. Department of Commerce and U.S. International Trade Commission, Trade Data Web; AIS Import Report 3 (2017-2021).

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 6

*Proclamation 9705 of March 8, 2018; Adjusting Imports of Steel Into the United States,*  
83 Fed. Reg. 11, 625 (15-March-2018).

## Presidential Documents

**Proclamation 9705 of March 8, 2018**

### **Adjusting Imports of Steel Into the United States**

**By the President of the United States of America**

#### **A Proclamation**

1. On January 11, 2018, the Secretary of Commerce (Secretary) transmitted to me a report on his investigation into the effect of imports of steel mill articles (steel articles) on the national security of the United States under section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862).

2. The Secretary found and advised me of his opinion that steel articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States. The Secretary found that the present quantities of steel articles imports and the circumstances of global excess capacity for producing steel are “weakening our internal economy,” resulting in the persistent threat of further closures of domestic steel production facilities and the “shrinking [of our] ability to meet national security production requirements in a national emergency.” Because of these risks and the risk that the United States may be unable to “meet [steel] demands for national defense and critical industries in a national emergency,” and taking into account the close relation of the economic welfare of the Nation to our national security, *see* 19 U.S.C. 1862(d), the Secretary concluded that the present quantities and circumstances of steel articles imports threaten to impair the national security as defined in section 232 of the Trade Expansion Act of 1962, as amended.

3. In reaching this conclusion, the Secretary considered the previous U.S. Government measures and actions on steel articles imports and excess capacity, including actions taken under Presidents Reagan, George H.W. Bush, Clinton, and George W. Bush. The Secretary also considered the Department of Commerce’s narrower investigation of iron ore and semi-finished steel imports in 2001, and found the recommendations in that report to be outdated given the dramatic changes in the steel industry since 2001, including the increased level of global excess capacity, the increased level of imports, the reduction in basic oxygen furnace facilities, the number of idled facilities despite increased demand for steel in critical industries, and the potential impact of further plant closures on capacity needed in a national emergency.

4. In light of this conclusion, the Secretary recommended actions to adjust the imports of steel articles so that such imports will not threaten to impair the national security. Among those recommendations was a global tariff of 24 percent on imports of steel articles in order to reduce imports to a level that the Secretary assessed would enable domestic steel producers to use approximately 80 percent of existing domestic production capacity and thereby achieve long-term economic viability through increased production. The Secretary has also recommended that I authorize him, in response to specific requests from affected domestic parties, to exclude from any adopted import restrictions those steel articles for which the Secretary determines there is a lack of sufficient U.S. production capacity of comparable products, or to exclude steel articles from such restrictions for specific national security-based considerations.

5. I concur in the Secretary's finding that steel articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States, and I have considered his recommendations.

6. Section 232 of the Trade Expansion Act of 1962, as amended, authorizes the President to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

7. Section 604 of the Trade Act of 1974, as amended (19 U.S.C. 2483), authorizes the President to embody in the Harmonized Tariff Schedule of the United States (HTSUS) the substance of acts affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

8. In the exercise of these authorities, I have decided to adjust the imports of steel articles by imposing a 25 percent ad valorem tariff on steel articles, as defined below, imported from all countries except Canada and Mexico. In my judgment, this tariff is necessary and appropriate in light of the many factors I have considered, including the Secretary's report, updated import and production numbers for 2017, the failure of countries to agree on measures to reduce global excess capacity, the continued high level of imports since the beginning of the year, and special circumstances that exist with respect to Canada and Mexico. This relief will help our domestic steel industry to revive idled facilities, open closed mills, preserve necessary skills by hiring new steel workers, and maintain or increase production, which will reduce our Nation's need to rely on foreign producers for steel and ensure that domestic producers can continue to supply all the steel necessary for critical industries and national defense. Under current circumstances, this tariff is necessary and appropriate to address the threat that imports of steel articles pose to the national security.

9. In adopting this tariff, I recognize that our Nation has important security relationships with some countries whose exports of steel articles to the United States weaken our internal economy and thereby threaten to impair the national security. I also recognize our shared concern about global excess capacity, a circumstance that is contributing to the threatened impairment of the national security. Any country with which we have a security relationship is welcome to discuss with the United States alternative ways to address the threatened impairment of the national security caused by imports from that country. Should the United States and any such country arrive at a satisfactory alternative means to address the threat to the national security such that I determine that imports from that country no longer threaten to impair the national security, I may remove or modify the restriction on steel articles imports from that country and, if necessary, make any corresponding adjustments to the tariff as it applies to other countries as our national security interests require.

10. I conclude that Canada and Mexico present a special case. Given our shared commitment to supporting each other in addressing national security concerns, our shared commitment to addressing global excess capacity for producing steel, the physical proximity of our respective industrial bases, the robust economic integration between our countries, the export of steel articles produced in the United States to Canada and Mexico, and the close relation of the economic welfare of the United States to our national security, *see* 19 U.S.C. 1862(d), I have determined that the necessary and appropriate means to address the threat to the national security posed by imports of steel articles from Canada and Mexico is to continue ongoing discussions with these countries and to exempt steel articles imports from these countries from the tariff, at least at this time. I expect that Canada and Mexico will take action to prevent transshipment of steel articles through Canada and Mexico to the United States.

11. In the meantime, the tariff imposed by this proclamation is an important first step in ensuring the economic viability of our domestic steel industry.

Without this tariff and satisfactory outcomes in ongoing negotiations with Canada and Mexico, the industry will continue to decline, leaving the United States at risk of becoming reliant on foreign producers of steel to meet our national security needs—a situation that is fundamentally inconsistent with the safety and security of the American people. It is my judgment that the tariff imposed by this proclamation is necessary and appropriate to adjust imports of steel articles so that such imports will not threaten to impair the national security as defined in section 232 of the Trade Expansion Act of 1962, as amended.

NOW, THEREFORE, I, DONALD J. TRUMP, President of the United States of America, by the authority vested in me by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, section 604 of the Trade Act of 1974, as amended, and section 232 of the Trade Expansion Act of 1962, as amended, do hereby proclaim as follows:

(1) For the purposes of this proclamation, “steel articles” are defined at the Harmonized Tariff Schedule (HTS) 6-digit level as: 7206.10 through 7216.50, 7216.99 through 7301.10, 7302.10, 7302.40 through 7302.90, and 7304.10 through 7306.90, including any subsequent revisions to these HTS classifications.

(2) In order to establish increases in the duty rate on imports of steel articles, subchapter III of chapter 99 of the HTSUS is modified as provided in the Annex to this proclamation. Except as otherwise provided in this proclamation, or in notices published pursuant to clause 3 of this proclamation, all steel articles imports specified in the Annex shall be subject to an additional 25 percent ad valorem rate of duty with respect to goods entered, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on March 23, 2018. This rate of duty, which is in addition to any other duties, fees, exactions, and charges applicable to such imported steel articles, shall apply to imports of steel articles from all countries except Canada and Mexico.

(3) The Secretary, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the United States Trade Representative (USTR), the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, and such other senior Executive Branch officials as the Secretary deems appropriate, is hereby authorized to provide relief from the additional duties set forth in clause 2 of this proclamation for any steel article determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality and is also authorized to provide such relief based upon specific national security considerations. Such relief shall be provided for a steel article only after a request for exclusion is made by a directly affected party located in the United States. If the Secretary determines that a particular steel article should be excluded, the Secretary shall, upon publishing a notice of such determination in the *Federal Register*, notify Customs and Border Protection (CBP) of the Department of Homeland Security concerning such article so that it will be excluded from the duties described in clause 2 of this proclamation. The Secretary shall consult with CBP to determine whether the HTSUS provisions created by the Annex to this proclamation should be modified in order to ensure the proper administration of such exclusion, and, if so, shall make such modification to the HTSUS through a notice in the *Federal Register*.

(4) Within 10 days after the date of this proclamation, the Secretary shall issue procedures for the requests for exclusion described in clause 3 of this proclamation. The issuance of such procedures is exempt from Executive Order 13771 of January 30, 2017 (Reducing Regulation and Controlling Regulatory Costs).

(5) (a) The modifications to the HTSUS made by the Annex to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time

on March 23, 2018, and shall continue in effect, unless such actions are expressly reduced, modified, or terminated.

(b) The Secretary shall continue to monitor imports of steel articles and shall, from time to time, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the USTR, the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, the Director of the Office of Management and Budget, and such other senior Executive Branch officials as the Secretary deems appropriate, review the status of such imports with respect to the national security. The Secretary shall inform the President of any circumstances that in the Secretary's opinion might indicate the need for further action by the President under section 232 of the Trade Expansion Act of 1962, as amended. The Secretary shall also inform the President of any circumstance that in the Secretary's opinion might indicate that the increase in duty rate provided for in this proclamation is no longer necessary.

(6) Any provision of previous proclamations and Executive Orders that is inconsistent with the actions taken in this proclamation is superseded to the extent of such inconsistency.

IN WITNESS WHEREOF, I have hereunto set my hand this eighth day of March, in the year of our Lord two thousand eighteen, and of the Independence of the United States of America the two hundred and forty-second.





**ANNEX****TO MODIFY CHAPTER 99 OF THE HARMONIZED TARIFF  
SCHEDULE OF THE UNITED STATES**

Effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on March 23, 2018, subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States is modified by inserting in numerical sequence the following new note and tariff provision, with the material in these provisions inserted in the columns labeled "Heading/Subheading", "Article Description", "Rates of Duty 1-General", and "Rates of Duty 2", respectively:

- "16. (a) Heading 9903.80.01 sets forth the ordinary customs duty treatment applicable to all entries of iron or steel products from all countries, except products of Canada and of Mexico, classifiable in the headings or subheadings enumerated in this note. Such goods shall be subject to duty as provided herein. No special rates of duty shall be accorded to goods covered by heading 9903.80.01 under any tariff program enumerated in general note 3(c)(i) to the tariff schedule. All anti-dumping, countervailing, or other duties and charges applicable to such goods shall continue to be imposed.
- (b) The rates of duty set forth in heading 9903.80.01 apply to all imported products of iron or steel classifiable in the provisions enumerated in this subdivision:
- (i) flat-rolled products provided for in headings 7208, 7209, 7210, 7211, 7212, 7225 or 7226;
  - (ii) bars and rods provided for in headings 7213, 7214, 7215, 7227, or 7228, angles, shapes and sections of 7216 (except subheadings 7216.61.00, 7216.69.00 or 7216.91.00); wire provided for in headings 7217 or 7229; sheet piling provided for in subheading 7301.10.00; rails provided for in subheading 7302.10; fish-plates and sole plates provided for in subheading 7302.40.00; and other products of iron or steel provided for in subheading 7302.90.00;
  - (iii) tubes, pipes and hollow profiles provided for in heading 7304, or 7306; tubes and pipes provided for in heading 7305.
  - (iv) ingots, other primary forms and semi-finished products provided for in heading 7206, 7207 or 7224; and
  - (v) products of stainless steel provided for in heading 7218, 7219, 7220, 7221, 7222 or 7223.
- (c) The Secretary of Commerce may determine and announce any exclusions from heading 9903.80.01 that may be appropriate for individual iron or steel products

otherwise covered by subdivision (b) of this note or for individual shipments thereof, whether or not limited to particular quantities of any such goods or shipments, and shall immediately convey all such determinations to U.S. Customs and Border Protection ("CBP") for implementation by CBP at the earliest possible opportunity, but not later than five business days after the date on which CBP receives any such determination from Commerce.

- (d) Any importer entering the iron or steel products covered by this note under heading 9903.80.01 shall provide any information that may be required, and in such form, as is deemed necessary by CBP in order to permit the administration of this subheading. Importers are likewise directed to report information concerning any applicable exclusion granted by Commerce in such form as CBP may require.

Heading/ Subheading	Article description	Rates of Duty		
		1		2
		General	Special	
9903.80.01	"Products of iron or steel provided for in the tariff headings or subheadings enumerated in note 16 to this subchapter, except products of Canada or of Mexico or any exclusions that may be determined and announced by the Department of Commerce....."	25%		The duty provided in the applicable subheading + 25%"

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 7

*U.S. Imports of Steel Wire Products from All Sources Except China; Calendar Years  
2017—2021.*

# U.S. IMPORTS OF STEEL WIRE PRODUCTS FROM ALL SOURCES EXCEPT CHINA CALENDAR YEARS 2017-2021

QUANTITIES IN NET TONS FOR ALL PRODUCTS

PRODUCT CATEGORIES				
YEAR	WIRE STRAND*	WIRE GRILL, NETTING AND FENCING	NAILS AND STAPLES*	INDUSTRIAL FASTENERS
2017	254,854	149,925	497,660	868,244
2018	264,058	146,029	527,482	892,587
2019	316,240	129,713	508,017	920,935
2020	272,808	153,156	569,469	893,405
2021	309,987	158,329	676,857	1,036,807

\* *Antidumping ("AD") and/or countervailing duty ("CVD") orders on these products from various countries.*

*Source: U.S. Department of Commerce and U.S. International Trade Commission, Trade Data Web; AIS Import Report 3 (2017-2021).*

ECONOMIC IMPACT OF SECTION 232 AND 301 TARIFFS ON U.S. INDUSTRIES

INVESTIGATION NO. 232-591

U.S. INTERNATIONAL TRADE COMMISSION

WRITTEN STATEMENT ON BEHALF OF THE AMERICAN WIRE PRODUCERS  
ASSOCIATION

EXHIBIT 8

*Status of U.S. Antidumping (AD) and Countervailing Duty (CVD) Orders on Steel Wire Products  
(August 2022).*

# AMERICAN WIRE PRODUCERS ASSOCIATION

## STATUS OF U.S. ANTIDUMPING (AD) AND COUNTERVAILING DUTY (CVD) ORDERS ON STEEL WIRE PRODUCTS

### BY COUNTRY

AUGUST 2022

COUNTRY	PRODUCT	TYPE OF ORDER	DATE OF ORDER	DEPOSIT RATES
CHINA	STEEL NAILS	AD	August 1, 2008	0.00%—118.04%
	STEEL WIRE GARMENT HANGERS	AD	October 6, 2008	55.31%—187.25%
	UNCOVERED INNERSPRING UNITS	AD	February 19, 2009	164.75%—234.51%
	STEEL THREADED ROD	AD	April 14, 2009	0.00%—206.00%
	STEEL THREADED ROD (ALLOY)	AD	April 9, 2020	4.26%—59.45%
	STEEL THREADED ROD (CARBON & ALLOY)	CVD	April 9, 2020	31.02%—66.81%
	WIRE SHELVING	AD	September 14, 2009	0.00%—95.99%
	WIRE SHELVING	CVD	September 14, 2009	7.85%—264.09%
	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	June 29, 2010	42.42%—193.55%
	PRESTRESSED CONCRETE STEEL WIRE STRAND	CVD	July 7, 2010	9.42%—45.85%
	STEEL GRATING	AD	July 23, 2010	38.16%—145.18%
	STEEL GRATING	CVD	July 23, 2010	62.46%
	MATTRESSES	AD	December 16, 2019	57.03%—1,731.75%
	MATTRESSES	CVD	May 14, 2021	97.78%
	COLLATED STEEL STAPLES	AD	July 20, 2020	96.15%—122.55%
	COLLATED STEEL STAPLES	CVD	July 20, 2020	12.32%—192.64%
VIETNAM	UNCOVERED INNERSPRING UNITS	AD	December 11, 2008	116.31%
	STEEL WIRE GARMENT HANGERS	AD	February 5, 2013	157.00%—220.68%
	STEEL WIRE GARMENT HANGERS	CVD	February 5, 2013	31.58%—90.42%
	STEEL NAILS	AD	July 13, 2015	323.99%
	STEEL NAILS	CVD	July 14, 2015	288.56%—313.97%
	MATTRESSES	AD	May 14, 2021	144.92%—668.38%
INDIA	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	January 28, 2004	83.65%—102.07%
	PRESTRESSED CONCRETE STEEL WIRE STRAND	CVD	February 4, 2004	62.92%

**STATUS OF U.S. ANTIDUMPING (AD) AND COUNTERVAILING DUTY (CVD) ORDERS  
ON STEEL WIRE PRODUCTS**

**BY COUNTRY**

AUGUST 2022

PAGE 2

COUNTRY	PRODUCT	TYPE OF ORDER	DATE OF ORDER	DEPOSIT RATES
	STEEL THREADED ROD (CARBON & ALLOY)	AD	April 9, 2020	2.75%—28.34%
	STEEL THREADED ROD (CARBON & ALLOY)	CVD	April 9, 2020	6.07%—211.72%
	STEEL NAILS	AD	Pending	
	STEEL NAILS	CVD	Pending	
KOREA	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	January 28, 2004	35.64%—54.19%
	STEEL NAILS	AD	July 13, 2015	0.00%—11.80%
MEXICO	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	January 28, 2004	62.78%—77.20%
	STANDARD STEEL WIRE MESH	AD	August 9, 2021	23.04%—110.42%
	STANDARD STEEL WIRE MESH	CVD	April 12, 2021	1.03%—102.10%
TAIWAN	STEEL WIRE GARMENT HANGERS	AD	December 10, 2012	69.98%—125.43%
	STEEL NAILS	AD	July 13, 2015	0.00%—78.13%
	STEEL THREADED ROD (CARBON & ALLOY)	AD	February 5, 2020	32.26%
	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	23.89%
ARGENTINA	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	60.40%
BRAZIL	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	January 28, 2004	118.75%
CAMBODIA	MATTRESSES	AD	May 14, 2021	52.41%
COLOMBIA	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	86.09%
EGYPT	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	29.72%
INDONESIA	MATTRESSES	AD	May 14, 2021	2.22%
INDONESIA	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	5.76%—72.28%
ITALY	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	3.59%—19.26%
JAPAN	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	December 8, 1978	0.00%—15.80%
MALAYSIA	STEEL NAILS	AD	July 13, 2015	0.00%—39.35%
MALAYSIA	MATTRESSES	AD	May 14, 2021	42.92%
MALAYSIA	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	3.94%—26.95%

**STATUS OF U.S. ANTIDUMPING (AD) AND COUNTERVAILING DUTY (CVD) ORDERS  
ON STEEL WIRE PRODUCTS**

**BY COUNTRY**

AUGUST 2022

PAGE 3

COUNTRY	PRODUCT	TYPE OF ORDER	DATE OF ORDER	DEPOSIT RATES
NETHERLANDS	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	30.86%
OMAN	STEEL NAILS	AD	July 13, 2015	0.00%—154.33%
OMAN	STEEL NAILS	CVD	Pending	
SAUDI ARABIA	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	194.40%
SERBIA	MATTRESSES	AD	May 14, 2021	112.11%
SOUTH AFRICA	UNCOVERED INNERSPRING UNITS	AD	December 11, 2008	121.39%
SOUTH AFRICA	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	155.10%
SRI LANKA	STEEL NAILS	AD	Pending	
SRI LANKA	STEEL NAILS	CVD	Pending	
SPAIN	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	14.75%
THAILAND	PRESTRESSED CONCRETE STEEL WIRE STRAND	AD	January 28, 2004	0.98%—12.91%
THAILAND	STEEL THREADED ROD (CARBON & ALLOY)	AD	December 13, 2019	20.83%
THAILAND	MATTRESSES	AD	May 14, 2021	37.48%—763.28%
THAILAND	STEEL NAILS	AD	Pending	
THAILAND	STEEL NAILS	CVD	Pending	
TUNISIA	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	30.58%
TURKEY	MATTRESSES	AD	May 14, 2021	20.03%
TURKEY	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	53.65% (44.60%)
TURKEY	PRESTRESSED STEEL WIRE STRAND	CVD	February 3, 2021	30.78%—158.44%
TURKEY	STEEL NAILS	AD	Pending	
TURKEY	STEEL NAILS	CVD	Pending	
UKRAINE	PRESTRESSED STEEL WIRE STRAND	AD	June 4, 2021	19.30%
U.A.E.	STEEL NAILS	AD	May 10, 2011	0.87%—184.41%
U.A.E.	PRESTRESSED STEEL WIRE STRAND	AD	February 1, 2021	170.65%
VIETNAM	MATTRESSES	AD	May 14, 2021	144.92%—668.38%