

Department of Commerce Self-Initiates Steel Anti- Circumvention Proceeding

August 15, 2019

The U.S. Department of Commerce [announced](#) on Wednesday that it is self-initiating an inquiry into whether U.S. imports of corrosion-resistant steel products (CORE) from Costa Rica, Guatemala, Malaysia, South Africa, or the United Arab Emirates using hot-rolled or cold-rolled substrate from China and Taiwan are circumventing existing antidumping (AD) and countervailing (CVD) duties. This is Commerce's first-ever exercise of authority to self-initiate such proceedings "based on its own monitoring of trade patterns" and involving multiple countries. Commerce's announcement also notes that the decision to self-initiate is consistent with the Trump Administration's focus on "strict enforcement of U.S. trade law," and demonstrates the agency's "vigilance to stop circumvention of U.S. trade laws, wherever it occurs."

In July 2016, Commerce issued AD and CVD orders on CORE from China and an AD order on CORE from Taiwan (along with AD and CVD orders on U.S. imports of CORE from India, Italy, and South Korea). CORE subject to the orders is generally defined as a steel sheet that has been coated or plated with a corrosion- or heat-resistant metal (such as zinc, zinc-iron alloy, aluminum, or zinc-aluminum alloy) to prevent corrosion and thereby extend the service life of products produced from the steel. According to Commerce, shipments of CORE from Costa Rica, Guatemala, Malaysia, South Africa, and the UAE to the United States increased in value by 29,210 percent, 35,944 percent, 151,216 percent, 629 percent, and 5,571 percent, respectively, in the 45 months before and after the 2015 initiation of the AD and CVD investigations on CORE from China and Taiwan. If Commerce preliminarily determines that circumvention of these orders is occurring, Commerce will instruct Customs and Border Protection to suspend liquidation and begin collecting cash deposits on imports of CORE from Costa Rica, Guatemala, Malaysia, South Africa, and the UAE using Chinese-origin substrate, and CORE completed in Malaysia using Taiwanese-origin substrate.

Commerce has previously investigated and found circumvention of the AD and CVD orders on imports of CORE from China and Taiwan. In November 2016, in response to requests from domestic CORE producers, Commerce initiated an anti-circumvention inquiry into whether imports of CORE from Vietnam using hot-rolled and cold-rolled steel substrates from China were circumventing the AD and CVD orders on CORE from China. In May 2018, Commerce reached an affirmative final determination in that anti-circumvention proceeding, applying cash deposit rates of 39-199 percent to imports of CORE from Vietnam unless use of non-Chinese origin substrate is documented. In August 2018, Commerce initiated two additional anti-circumvention inquiries – again, at the domestic industry's request – into whether imports of Vietnamese CORE using substrate from Taiwan and Korea circumvented the duties on CORE from those two countries. In July 2019, Commerce reached preliminary affirmative circumvention determinations with respect to the orders on CORE from both Taiwan and Korea.

Kelley Drye & Warren LLP represented domestic CORE producer ArcelorMittal USA LLC in the original

CORE AD and CVD investigations and in the 2016 and 2018 anti-circumvention proceedings.