



FACT SHEET

Commerce Finds Dumping and Countervailable Subsidies of Imports of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China

- On March 21, 2017, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of 1-hydroxyethylidene-1, 1-diphosphonic acid (HEDP) from the People's Republic of China (China).
- The AD and CVD laws provide U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of an AD investigation, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of a CVD investigation, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce found that dumping has occurred by mandatory respondents Shandong Taihe Chemical Co., Ltd., and Nanjing University of Chemical Technology Changzhou Wujin Water Quality Stabilizer Factor and Nantong Uniphos Chemical Co., Ltd. (collectively "WW Group"), at dumping margins of 167.58 percent and 184.01 percent, respectively. Commerce assigned a final margin of 179.76 percent to the non-selected respondents eligible for a separate rate. Commerce determined a final dumping margin of 184.01 percent based on adverse facts available for all other producers/exporters in China that are part of the China-wide entity due to their failure to respond to Commerce's requests for information.
- Commerce calculated a final subsidy rate of 2.40 percent for mandatory respondents Shandong Taihe Chemicals Co., Ltd. and Shandong Taihe Water Treatment Technologies Co., Ltd., (collectively, the Taihe Companies) and a final subsidy rate of 0.75 percent (*de minimis*) for mandatory respondent Nanjing University of Chemical Technology Changzhou Wujin Water Quality Stabilizer Factory ("Wujin Water"). Seven companies, which did not respond to the Department's request for quantity and value information, have been assigned a rate of 54.11 percent, based on total adverse facts available (AFA). All other producers/exporters in China have been assigned a final subsidy rate of 2.40 percent.
- Upon publication of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable final weighted-average dumping margins. Commerce will not order the resumption of the suspension of liquidation under the CVD proceeding, nor will it require cash deposits equal to the final subsidy rates, unless and until the U.S. International Trade Commission (ITC) issues an affirmative injury determination. At that time, pursuant to sections 777A(F) and 772(c)(1)(C) of the Act, Commerce will also reduce the AD cash deposit rates by the amount of the final CVD export subsidies (*i.e.*, 0.3 percent for Shandong

Taihe Chemicals Co., Ltd. and the two separate-rate companies only). In the event of a negative ITC determination, the AD and CVD proceedings will be terminated and all entries liquidated without regard to cash deposits.

- The petitioner is Compass Chemical International LLC (GA).
- The merchandise covered by these investigations includes all grades of aqueous acidic (non-neutralized) concentrations of 1-hydroxyethylidene-1, 1-diphosphonic acid (HEDP), also referred to as hydroxyethylidenediphosphonic acid, hydroxyethanediphosphonic acid, acetodiphosphonic acid, and etidronic acid. The Chemical Abstract Service (CAS) registry number for HEDP is 2809-21-4.

The merchandise subject to these investigations is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 2931.90.9043. It may also enter under HTSUS subheadings 2811.19.6090 and 2931.90.9041. While HTSUS subheadings and the CAS registry number are provided for convenience and customs purposes only, the written description of the scope of these investigations is dispositive.

- In 2015, imports of HEDP from China were valued at an estimated \$290.1 million.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its final determinations on or about May 4, 2017.
- If the ITC makes affirmative final determinations that imports of HEDP from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.

FINAL DUMPING MARGINS:

COUNTRY	EXPORTER/PRODUCER	DUMPING RATES	CASH DEPOSIT**
China	Shandong Taihe Chemical Co., Ltd.	167.58 %	167.28 %
	WW Group	184.01 %	184.01 %
	Separate Rate Companies*	179.76 %	179.46 %
	China-Wide Rate	184.01 %	184.01 %

*The separate rate companies are Henan Qingshuiyuan Technology Co., Ltd. and Jianghai Environmental Protection Co., Ltd.**

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

FINAL SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Taihe Companies	2.40%
	Wujin Water	0.75% (<i>de minimis</i>)
	AFA Companies (See Attached List)	54.11%
	All others	2.40%

CASE CALENDAR:

EVENT	AD	CVD
Petitions Filed	March 31, 2016	March 31, 2016
DOC Initiation Date	April 20, 2016	April 20, 2016
ITC Preliminary Determinations	July 5, 2016	July 5, 2016
DOC Preliminary Determinations	October 27, 2016	August 29, 2016
DOC Final Determinations	March 20, 2017	March 20, 2017
ITC Final Determinations	May 4, 2017	May 4, 2017
Issuance of Orders*	May 11, 2017	May 11, 2017

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For AD investigations, the deadlines are set forth in sections 733(b) and 735(a) of the Tariff Act of 1930, as amended. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

*This will take place only in the event of final affirmative determinations by the ITC.

IMPORT STATISTICS:

CHINA	2013	2014	2015
Volume (metric tons)	118,900	89,500	92,900
Value (USD)	566,660,000	363,245,000	290,096,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 2931.90.9043).

The above HTSUS subheading is a basket category and may cover both subject and non-subject merchandise. Imports of HEDP may also enter under HTSUS 2811.19.6090 and 2931.90.9041. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.

AFA Rate

COMPANY	SUBSIDY RATE
Changzhou Kewei Fine Chemicals Co., Ltd.	54.11%
Hebei Longke Water Treatment Co., Ltd.	54.11%
Shandong Huayou Chemistry Co., Ltd.	54.11%
Shandong Xintai Water Treatment Technology	54.11%
Zaozhuang Fuxing Water Treatment Technology	54.11%
Zaozhuang YouBang Chemicals Co., Ltd.	54.11%
Zouping Dongfang Chemical Industry Co., Ltd.	54.11%