

ALERT

Commerce Department Self-Initiates Circumvention Investigation of Duties on Stainless Steel from China

May 14, 2020

On May 12, 2020, the U.S. Department of Commerce (Commerce) announced that it will investigate whether Chinese stainless steel producers are circumventing U.S. antidumping (AD) and countervailing duty (CVD) orders by shipping their steel through Vietnam in order to avoid the lawful payment of duties. This self-initiated investigation covers stainless steel sheet and strip that is made in China, completed in Vietnam, and then shipped to the United States.

Typically, Commerce initiates anti-circumvention inquiries at the request of domestic producers that produce merchandise that competes directly with unfairly traded imports. However, in this case, Commerce “self-initiated” the investigation instead of waiting for the domestic industry to file a petition for trade relief in response to surging U.S. imports of stainless steel sheet and strip from Vietnam. To this end, imports from Vietnam increased in value by more than 180% in the 40-month period preceding and following the initiation of the initial AD/CVD investigation on stainless steel sheet and strip from China.

Aside from this circumvention inquiry, Commerce is simultaneously self-initiating a scope inquiry to determine whether stainless sheet and strip from Vietnam is within the scope of the existing AD/CVD orders, which cover products that have undergone minor processing in third countries. Should Commerce preliminarily determine that producers are circumventing the orders, it will direct U.S. Customs and Border Protection to begin collecting cash deposits on subject imports that are finished in Vietnam. Additionally, future imports will

Authors

Timothy C. Brightbill
Partner
202.719.3138
tbrightbill@wiley.law
Tessa Capeloto
Partner
202.719.7586
tcapeloto@wiley.law

Practice Areas

Antidumping and Countervailing Duties/
Trade Remedy Cases
International Trade

be subject to duties as well as any unliquidated entries from the start of the circumvention inquiry.

Notably, this new investigation marks the seventh time that the Trump Administration has self-initiated a circumvention inquiry and is reflective of the Administration's heightened focus on trade enforcement, generally, and aggressively addressing Chinese circumvention, specifically.