

Commerce Department Preliminarily Finds Chinese Low-Speed Personal Transportation Vehicles Unfairly Subsidized, Wiley Rein LLP Reports



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Washington, DC – Today, the U.S. Department of Commerce (Commerce) announced its preliminary finding that the government of China unfairly subsidizes its low-speed personal transportation vehicle (LSPTV) industry. Commerce calculated affirmative countervailing duties ranging from 21.23% to 515.37%. The American Transportation Vehicle Manufacturers Coalition (Coalition) – a coalition of leading U.S. producers of LSPTVs, namely Club Car LLC and Textron Specialized Vehicles Inc., which manufactures E-Z-GO® and Cushman® vehicles – commends Commerce’s decision to impose these duties, which are crucial to the domestic industry and its workers.

Today’s determination by Commerce establishes the preliminary duty rates in the subsidies portion of this investigation. Following the publication of Commerce’s preliminary determination in the *Federal Register* in approximately one week, Commerce will instruct U.S. Customs and Border Protection (Customs) to begin suspending liquidation and collecting preliminary duties (in the form of cash deposits) on entries of LSPTVs from China.

In its decision, Commerce also made a preliminary determination of critical circumstances, in part, finding that imports of Chinese LSPTVs are rapidly surging into the U.S. market. As a result, countervailing duties will be imposed retroactively on merchandise entered by certain companies up to 90 days before the preliminary determination. Commerce will continue to investigate the existence of

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critical circumstances and may find that the application of retroactive duties is warranted for additional companies in its final determination.

This is a preliminary determination only, and subsidy rates may increase when Commerce reaches its final determination. Commerce's countervailing duty investigation is ongoing, and the agency has not yet fully investigated all potential subsidies, including dozens of new subsidy allegations made by the Coalition. Commerce's final countervailing duty determination will be aligned with the agency's final antidumping duty determination, which is expected to be issued in June 2025.

Importantly, these duty rates are only for Commerce's countervailing duty investigation. They do not yet include the rates from the ongoing antidumping duty investigation of LSPTVs from China, which will be added to the preliminary subsidy rates. Commerce's preliminary dumping determination will be issued in January 2025.

"We are encouraged that the Commerce Department has taken preliminary action to remedy the unfair and illegal subsidization of low-speed and personal transportation vehicles from China," said Robert E. DeFrancesco, trade counsel to the Coalition and a partner in the International Trade Practice at Wiley. "The widespread subsidization shown by this determination confirms that the Chinese government is willing to provide significant and unfair support to boost exports of subject vehicles. It is critical that Commerce continue to rigorously investigate these subsidies and counter the harms they cause the domestic industry."

The duties that will be imposed following today's determination are assessed on the importer of record of the subject merchandise. Duty evasion, absorption, and circumvention are illegal and closely monitored by Customs, in conjunction with Commerce.

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