

U.S. Department of Commerce Issues Decision on Zhongwang Holdings Ltd.'s Fake Aluminum Pallets

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Press Contact

Alan H. Price

T: 202.719.3375

aprice@wiley.law

Washington, DC – The U.S. Department of Commerce has determined that aluminum pallets from the People's Republic of China (PRC) made of 6xxx-series aluminum alloy are included within the scope of the antidumping and countervailing duty orders on aluminum extrusions from the PRC.

On March 3, 2017, on behalf of the Aluminum Extrusions Fair Trade Committee, Wiley Rein LLP filed a scope ruling request with the Department presenting substantial evidence that these alleged pallets are part of an extensive and concerted scheme to evade the antidumping and countervailing duty orders on aluminum extrusions from the PRC. These alleged pallets were produced by Zhongwang Holdings Limited and were never intended to be used as pallets. These pallets were produced and exported solely for the purpose of being re-melted and used as aluminum feedstock after entering the United States. In line with the Department's December 2016 decision on the same pallets made of 1xxx-series aluminum alloy, the Department again concluded that these products are not suitable for use as pallets and are simply aluminum extrusions that have merely been shaped to have the appearance of pallets and are plainly covered by the orders.

Related Professionals

Alan H. Price
Partner
202.719.3375
aprice@wiley.law

Practice Areas

International Trade

"We are very gratified by the victory today," said Alan H. Price, chair of Wiley Rein's International Trade Practice. "Since the orders have been in place, Chinese producers have engaged in an effort to evade the antidumping and countervailing duty orders on aluminum extrusions. Today's decision will help to address some of the most egregious evasions."

As indicated in recent press reports, U.S. Customs and Border Protection (CBP) has been investigating whether Zhongwang's affiliated importers of these pallets intentionally evaded antidumping and countervailing duties by importing these fake pallets. Mr. Price said: "We hope today's decision aids CBP in its investigation and helps to accurately assess the full amount of duties owed, along with any penalties."

In addition, Mr. Price noted that "unfortunately, large parts of this stockpile of aluminum continue to float around the world, distorting global markets. It is difficult to imagine that a scheme like this and a stockpile of this size could exist without the massive subsidies provided by the Chinese government to its aluminum industry."