

Zhongwang Found Circumventing AD/CVD Orders

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Press Contact

Patricia O'Connell
T: 202.719.4532
poconnell@wiley.law

Washington, DC— On Friday, the U.S. Department of Commerce preliminarily determined that Zhongwang used heat-treated 5050 alloy aluminum extrusions to avoid duties. In its determination, Commerce concluded that this alloy grade was never intended to be used in extrusion applications and that Zhongwang had engaged in this activity solely to avoid duties.

“We are gratified by Commerce’s preliminary determination to take steps to shut down what has been a significant avenue of circumvention for Zhongwang and other Chinese producers,” said Alan H. Price, counsel to the Petitioners and chair of Wiley Rein’s International Trade Practice.

Mr. Price indicated that “regardless of what it has said publicly, rather than address Commerce’s concerns, Zhongwang once again refused to participate in this proceeding.” The evidence provided by Petitioners showed that almost as soon as the orders went into effect, Zhongwang began circumventing the duties through this and other schemes.

“Zhongwang has no interest in participating at Commerce and has instead looked for ways to exploit the system from the beginning,” Mr. Price added. “The Department’s determination is a step in the right direction to correct Zhongwang’s blatant attempts to cheat and evade the orders.”

Related Professionals

Alan H. Price
Partner
202.719.3375
aprice@wiley.law

Practice Areas

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“The AEC is pleased to see this decision from the Department of Commerce, said Jeff Henderson, President of the Aluminum Extruders Council, which had petitioned for the Commerce investigation. “We know Commerce has worked hard on this case, and we thank them for that.”

Background:

Commerce preliminarily determined that aluminum extrusions meeting 5050 aluminum alloy specifications, regardless of producer, exporter, or importer, constitute later-developed merchandise and are circumventing the antidumping (AD) and countervailing (CVD) orders on Aluminum Extrusions from China. Within the industry, the 5050-grade alloy is a rolling alloy and is not intended for use as an extrusion. To use it as an extrusion, the product must be heat-treated following extrusion, which is not a recognized practice for this alloy. The Department found that 5050 aluminum alloy extrusions were not available at the time the petition was filed and that these 5050 aluminum extrusions were developed with the intent of evading the payment of AD and CVD duties. Because of Chinese producers’ widespread practice of circumventing the AD and CVD orders using 5050 aluminum alloys, Commerce has applied its ruling on a country-wide basis to all Chinese producers and exporters. The Department’s preliminary determination indicates that Customs and Border Protection will suspend liquidation and collect cash deposits on 5050 aluminum alloy extrusions that entered the United States on or after March 21, 2016. The Department will issue its final circumvention determination no later than January 9, 2017.