

Dumping/Countervailing Duties

Chinese Industrial Fabric Will Feel the Heat From Duties

BNA Snapshot

- Chinese amorphous silica fabric faces trade remedy duties
- Fabric important for defense industries, shipbuilding, says U.S. producer



By Brian Flood

Imports of amorphous silica fabric from China will face hefty trade remedy duties, after the International Trade Commission Feb. 15 found they are taking a toll on U.S. industry.

This means that the imports will face antidumping duties of about 162 percent and anti-subsidy duties of up to 165 percent.

Duties will hit fabric produced and exported by Chinese companies including Nanjing Tianyuan Fiberglass Material Co., ACIT (Pinghu) Inc. and China Beihai Fiberglass Co.

The fabric is a heat-resistant material used to protect workers and equipment in various industries, including mining, petroleum drilling and refining, automobile assembly, and shipbuilding.

National Security Risk

Kathie Leonard, president of Auburn Manufacturing of Mechanic Falls, Maine, told Bloomberg BNA that the imports weren't just an economic threat to the U.S., but a national security threat too. If domestic manufacturers are driven out of business, she said, then the Navy and defense contractors would be forced to rely on imports, which are more vulnerable to disruption in a national emergency and might not meet military standards for strength or heat resistance.

She said domestic producers were under attack from the imports for the past few years.

The Commerce Department previously found that the imports were dumped, that is, sold in the U.S. at less than fair value, at a rate of 162.47 percent, and received unfair government subsidies at rates of 48.94 percent to 165.39 percent. The U.S. will impose antidumping and countervailing duties in line with these rates.

The U.S. imported an estimated \$16 million of this fabric from China in 2015.

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For More Information

The ITC's press release for this announcement is available at <http://src.bna.com/mfy>.

Dumping/Countervailing Duties

U.S. Producers Plead for Duties on Chinese Industrial Fabric

BNA Snapshot

- U.S. manufacturers, lawmakers call for duties on Chinese amorphous silica fabric
- Commerce finds fabric dumped in U.S., unfairly subsidized



By Brian Flood

An influx of unfairly traded Chinese industrial fabric is hurting U.S. manufacturers, Maine lawmakers and business representatives told the International Trade Commission at a public hearing Jan. 18.

Amorphous silica fabric from China has seized market share by undercutting domestically produced fabric, said Douglas Heffner of Drinker Biddle & Reath LLP, representing the domestic industry.

“To put it bluntly, subject imports have decimated this industry,” said Heffner.

The ITC hearing came the same day that the Commerce Department announced its determination that the imports are dumped, i.e., sold in the U.S. at less than fair value, and benefit from unfair government subsidies.

Dumped, Subsidized

Amorphous silica fabric is a heat-resistant material used to protect workers and equipment in various industries, including mining, petroleum drilling and refining, automobile assembly, and shipbuilding.

Commerce calculated a dumping rate of 162.47 percent and subsidy rates of 48.94 percent to 165.39 percent. If the ITC finds that the imports do materially injure or threaten domestic industry, the U.S. will impose antidumping and countervailing duties based on these rates.

Representatives of domestic manufacturers Auburn Manufacturing Inc., of Mechanic Falls, Maine, and HITCO Carbon Composites, Inc., of Gardena, Calif., testified in favor of the duties. So did Sen. Angus King (I-Maine) and Rep. Bruce Poliquin (R-Maine).

“Over the last three years, Auburn Manufacturing lost 30 percent of its silica business, laid off a number of workers, and spent more than \$500,000 in legal fees” because of unfair trade practices by the Chinese government and Chinese manufacturers, Poliquin said.

Navy Ships

Kathie Leonard, president of Auburn Manufacturing, said that the imports are not just an economic threat, but a national security threat too. If domestic manufacturers are driven out of business, she said, then the Navy and defense contractors would be forced to rely on imports, which are more vulnerable to disruption in a national emergency.

Poliquin noted that amorphous silica fabric is used by workers building Navy destroyers at Maine's Bath Iron Works.

Moreover, without competition from U.S. producers, there is no guarantees that prices on the imports will stay as low as they

have been, Leonard said.

Duties would impact Chinese producers and exporters including Nanjing Tianyuan Fiberglass Material Co., ACIT (Pinghu) Inc. and China Beihai Fiberglass Co. No Chinese producers or exporters, or any U.S. importers, testified at the hearing.

The ITC's final injury ruling, which will determine whether trade remedy duties are imposed, is expected March 3.

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For More Information

Commerce's fact sheet for its decision is available at <http://src.bna.com/lwB>.