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China Launches AD/CVD Investigations of U.S. Sorghum Imports

The Ministry of Commerce of China has opened antidumping and countervailing duty (AD/CVD) investigations against imports of sorghum from the United States. The action comes in response to the U.S. Department of Commerce's self-initiated AD/CVD investigations of aluminum sheet from China, as well as global safeguards on washing machines and solar panels.

According to the February 4, 2018, self-initiation notice, the Chinese government alleges an estimated dumping margin of 26.3 percent. The notice does not allege a specific countervailing duty margin but indicates that China will investigate the following U.S. programs as countervailable subsidies:

- Crop Insurance Program
- Price Loss Protection Program
- Agricultural Risk Protection Program
- Marketing Loan Program
- Export Credit Guarantee Program
- Market Access Program
- Foreign Market Development Program

Interested parties must register with the Chinese Ministry of Commerce (MOFCOM) and may file comments on the investigations within 20 days of the initiation. MOFCOM will issue questionnaires to U.S. exporters/producers and Chinese producers and importers within 10 days of its receipt of registrations from interested parties. The investigations are currently

scheduled to be concluded by February 4, 2019, but that deadline can be extended until August 4, 2019.

More Cases to Come?

In addition to the recently announced U.S. actions on aluminum sheet, washing machines and solar panels, President Trump may soon announce his decisions in the ongoing national security investigations of steel and aluminum imports. Additionally, the U.S. Trade Representative is investigating Chinese intellectual property practices, which could soon lead to additional trade restrictions on Chinese imports into the United States.

With trade tensions rising between the United States and China, more trade cases against U.S. exports may be in the works, with the agricultural industry a particular target. Recent reports indicate that the Chinese government is also considering AD/CVD duty investigations against U.S. soybean exports to China. There seems little doubt that China will focus on these and other U.S. agriculture exports in its response to trade restrictions on Chinese manufactured goods.

What This Means to You

Companies confronting these ongoing or potential cases in China should consider approaching the problem on several fronts. Working with trade associations is a natural first step. Companies should also consider how their own situation may be distinct and whether they can take advantage of that. For example, if a company is individually examined by MOFCOM as part of an antidumping case, it should work with Chinese trade counsel in coordination with U.S. trade counsel to prepare a strong individual defense. Of course, all of these actions must be taken with a strong awareness of the political setting of these cases.

Contact Us

For more information on how AD/CVD investigations may impact your business, contact Jeffrey S. Neeley, Stephen Brophy or another member of Husch Blackwell's International Trade & Supply Chain team.