Special Duties FAQ

An Introduction to U.S. Trade Remedies

Unfair foreign pricing and government subsidies distort the free flow of goods and adversely affect American business in the global marketplace. Import Administration, within the International Trade Administration of the Department of Commerce, enforces laws and agreements to protect U.S. businesses from unfair competition within the U.S. resulting from unfair pricing by foreign companies and unfair subsidies to foreign companies by their governments.

What is Dumping?

Dumping occurs when a foreign producer sells a product in the United States at a price that is below that producer's sales price in the country of origin ("home market"), or at a price that is lower than the cost of production. The difference between the price (or cost) in the foreign market and the price in the U.S. market is called the dumping margin. Unless the conduct falls within the legal definition of dumping as specified in U.S. law, a foreign producer selling imports at prices below those of American products is not necessarily dumping.

What is a Countervailable Subsidy?

Foreign governments subsidize industries when they provide financial assistance to benefit the production, manufacture or exportation of goods. Subsidies can take many forms, such as direct cash payments, credits against taxes, and loans at terms that do not reflect market conditions. The statute and regulations establish standards for determining when an unfair subsidy has been conferred. The amount of subsidies the foreign producer receives from the government is the basis for the subsidy rate by which the subsidy is offset, or "countervailed," through higher import duties.

How is Dumping or Subsidization Remedied?

If a U.S. industry believes that it is being injured by unfair competition through dumping or subsidization of a foreign product, it may request the imposition of antidumping or countervailing duties by filing a petition with both Import Administration and the United States International Trade Commission. Import Administration investigates foreign producers and governments to determine whether dumping or subsidization has occurred and calculates the amount of dumping or subsidies.

What is the role of the International Trade Commission

The International Trade Commission determines whether the domestic industry is suffering material injury as a result of the imports of the dumped or subsidized products. The International Trade Commission considers all relevant economic factors, including the domestic industry's output, sales, market share, employment, and profits. For further information on the International Trade Commission's injury investigation, see **http://www.usitc.gov**. Both the International Trade Commission and Import Administration must make affirmative preliminary determinations for an investigation to go forward.

What relief is the end result of an Antidumping or Countervailing Duty Investigation?

If both Commerce and the International Trade Commission make affirmative findings of dumping and injury, Commerce instructs the U.S. Customs Service to assess duties against imports of that product into the United States. The duties are assessed as a percentage of the value of the imports and are equivalent to the dumping and subsidy margins, described above. For example, if Commerce finds a dumping margin of 35%, the U.S. Customs Service will collect a 35% duty on the product at the time of importation into the United States in order to offset the amount of dumping. Information on the U.S. Customs Service may be found at **http://www.customs.ustreas.gov**

How long does it take for Antidumping or Countervailing Duty Orders to be issued?

If both the International Trade Commission and Import Administration make affirmative preliminary determinations (within 190 days of initiation of the antidumping investigation, or 130 days for countervailing duty investigation) importers are required to post a bond or cash to cover an estimated amount for the duties which would be collected in the event that an AD or CVD order is issued upon the completion of the investigations. Typically, the final phases of the investigations by Import Administration and the International Trade Commission are completed within 12 to 18 months of initiation.

What are the requirements for filing an Antidumping or Countervailing Duty Petition?

Petitions may be filed by a domestic interested party, including a manufacturer or a union within the domestic industry producing the product which competes with the imports to be investigated. To ensure that there is sufficient support by domestic industry for the investigation, the law requires that the petitioners must represent at least 25% of domestic production. The statute requires the petition to contain certain information, including data about conditions of the U.S. market and the domestic industry, as well as evidence of dumping or unfair subsidization.

Antidumping and countervailing duty trade remedies have been successfully pursued by a variety of domestic industries, including producers of steel, industrial equipment, computer chips, agricultural products, textiles, chemicals, and consumer products. Both the Import Administration and the International Trade Commission have staff available to assist domestic industries in deciding whether there is sufficient evidence to file a petition for antidumping or countervailing duty investigations. The staff may also assist eligible small businesses with the filing process.

How can I learn more about filing a petition?

Contact the Import Administration, Office of Policy at (202) 482-4412 or by e-mail at: **Petitioners_Support@ita.doc.gov**

Additional information can also be found at the Import Administration web site: **ia.ita.doc.gov**