



A-570-095, C-570-096
Scope and Circumvention Inquiries
From Cambodia
From Korea
From Vietnam
Public Document
E&C/OP: Team

October 11, 2023

MEMORANDUM TO: Lisa W. Wang
Assistant Secretary
for Enforcement and Compliance

FROM: Steven Presing
Acting Deputy Assistant Secretary
for Policy and Negotiations

SUBJECT: Aluminum Wire and Cable from the People's Republic of China:
Initiation of Scope and Circumvention Inquiries on the
Antidumping Duty and Countervailing Duty Orders

I. SUMMARY

On the basis of information available to the U.S. Department of Commerce (Commerce), and pursuant to 19 CFR 351.225(b), we recommend self-initiating scope inquiries to determine whether imports of aluminum wire and cable (AWC), completed in Cambodia, the Republic of Korea (Korea), or the Socialist Republic of Vietnam (Vietnam) (collectively, the third countries) using inputs manufactured in the People's Republic of China (China), are covered by the antidumping duty (AD) and countervailing duty (CVD) orders on AWC from China (collectively, the *Orders*).¹ We recommend further, pursuant to 19 CFR 351.226(b), and to section 781(b) of the Tariff Act of 1930, as amended (the Act), self-initiating country-wide circumvention inquiries to determine whether imports of AWC, if outside the scope of the *Orders*, are nonetheless circumventing the *Orders*. Lastly, we recommend aligning both scope and circumvention inquiries in accordance with 19 CFR 351.225(e)(3) and 226(e)(3).

II. BACKGROUND

On September 21, 2018, Encore Wire Corporation (Encore Wire) and Southwire Company LLC (the petitioners) filed petitions seeking the imposition of antidumping and countervailing duties

¹ See *Aluminum Wire and Cable from the People's Republic of China: Antidumping and Countervailing Duty Orders*, 84 FR 70496 (December 23, 2019) (*Orders*).



on imports of AWC from China.² Following Commerce's affirmative determinations of dumping and countervailable subsidies,³ and the U.S. International Trade Commission's (ITC) finding of material injury,⁴ Commerce issued AD and CVD *Orders* on AWC from China.⁵ The *Orders* established dumping margins of 58.51 to 63.47 percent, and subsidy rates of 33.44 to 165.63 percent.⁶

III. SCOPE OF THE *ORDERS*

The merchandise subject to the *Orders* is aluminum wire and cable, which is defined as an assembly of one or more electrical conductors made from 8000 Series Aluminum Alloys (defined in accordance with ASTM B800), Aluminum Alloy 1350 (defined in accordance with ASTM B230/ B230M or B609/B609M), and/or Aluminum Alloy 6201 (defined in accordance with ASTM B398/B398M), provided that: (1) At least one of the electrical conductors is insulated; (2) each insulated electrical conductor has a voltage rating greater than 80 volts and not exceeding 1000 volts; and (3) at least one electrical conductor is stranded and has a size not less than 16.5 thousand circular mil (kcmil) and not greater than 1000 kcmil. The assembly may: (1) Include a grounding or neutral conductor; (2) be clad with aluminum, steel, or other base metal; or (3) include a steel support center wire, one or more connectors, a tape shield, a jacket or other covering, and/or filler materials.

Most aluminum wire and cable products conform to National Electrical Code (NEC) types THHN, THWN, THWN-2, XHHW-2, USE, USE-2, RHH, RHW, or RHW-2, and also conform to Underwriters Laboratories (UL) standards UL-44, UL-83, UL-758, UL-854, UL-1063, UL-1277, UL-1569, UL-1581, or UL-4703, but such conformity is not required for the merchandise to be included within the scope.

The scope of the *Orders* specifically excludes aluminum wire and cable products in lengths less than six feet, whether or not included in equipment already assembled at the time of importation.

The merchandise covered by the *Orders* is currently classifiable under subheading 8544.49.9000 of the Harmonized Tariff Schedule of the United States (HTSUS). Products subject to the scope may also enter under HTSUS subheading 8544.42.9090. The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the *Orders* is dispositive.⁷

² See *Aluminum Wire and Cable from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 52811 (October 18, 2018); see also *Aluminum Wire and Cable from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 52805 (October 18, 2018).

³ See *Aluminum Wire and Cable from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 84 FR 58134 (October 30, 2019); *Aluminum Wire and Cable from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 58137 (October 30, 2019).

⁴ See *Aluminum Wire and Cable from China; Determinations*, 84 FR 70210 (December 20, 2019); see also *Aluminum Wire and Cable from China*, Inv. Nos. 701-TA-611 and 731-TA-1428 (Final), USITC Pub. 5001 (December 2019) (hereinafter, *USITC Aluminum Wire and Cable Report*) (included as Exhibit 1).

⁵ See *Orders*, 84 FR 70496.

⁶ *Id.*, 84 FR at 70497-98.

⁷ *Id.*, 84 FR at 70498.

IV. MERCHANDISE SUBJECT TO THE SCOPE AND CIRCUMVENTION INQUIRIES

The scope and circumvention inquiries concern AWC completed in Cambodia, Korea, or Vietnam using Chinese-origin AWC inputs (*e.g.*, stranded wire and cables or unfinished AWC), that is subsequently exported to the United States.

Available evidence shows that AWC inputs from China are processed in the third countries and subsequently exported to the United States. Consequently, the initiation of scope inquiries is warranted to determine whether an AWC input exported from China that undergoes further processing in the third countries and which does not alter it outside the physical description of the scope, is covered by the *Orders*. Therefore, we are initiating scope inquiries of Chinese-origin AWC inputs further processed in Cambodia, Korea, or Vietnam, pursuant to 19 CFR 351.225(b).

Should Commerce determine that some or all of that merchandise is not covered by the scope of the *Orders*, the circumvention inquiries would determine whether out-of-scope AWC inputs are leaving China and undergoing minor processing in the third countries that results in the production of in-scope merchandise.

V. STATUTORY AND REGULATORY FRAMEWORK FOR THE SCOPE AND CIRCUMVENTION INQUIRIES

Scope inquiries are conducted pursuant to 19 CFR 351.225 and Commerce must consider the information on the administrative record pursuant to 19 CFR 351.225(k). Commerce uses this information to determine if AWC inputs of Chinese-origin further processed in Cambodia, Korea, or Vietnam and then exported to the United States are covered by the scope of the *Orders*.

Circumvention inquiries are conducted pursuant to section 781 of the Act and 19 CFR 351.226. Section 781(b)(1) of the Act provides that Commerce, after taking into account any advice provided by the ITC under section 781(e) of the Act, may include imports of merchandise assembled or completed in a third country within the scope of an order at any time an order is in effect if: (A) the merchandise imported in the United States is of the same class or kind as any merchandise produced in a foreign country that is the subject of an antidumping and/or countervailing duty order; (B) before importation into the United States, such imported merchandise is completed or assembled in another foreign country from merchandise which (i) is subject to such order or finding, or (ii) is produced in the foreign country with respect to which such order or finding applies; (C) the process of assembly or completion in the foreign country is minor or insignificant; (D) the value of the merchandise produced in the foreign country to which the antidumping and/or countervailing duty order applies is a significant portion of the total value of the merchandise exported to the United States; and (E) Commerce determines that action is appropriate to prevent evasion of an order.

In determining whether the process of assembly or completion in a third country is minor or insignificant under section 781(b)(1)(C) of the Act, section 781(b)(2) of the Act directs

Commerce to consider: (A) the level of investment in the foreign country, (B) the level of research and development in the foreign country, (C) the nature of the production process in the foreign country, (D) the extent of production facilities in the foreign country, and (E) whether the value of processing performed in the foreign country represents a small proportion of the value of the merchandise imported into the United States. However, no single factor, alone, controls Commerce's determination of whether the process of assembly or completion in a third country is minor or insignificant.⁸ Indeed, it is Commerce's practice to evaluate the five factors as they exist in each of the third countries, depending on the totality of the circumstances of the particular circumvention inquiry.⁹

Furthermore, section 781(b)(3) of the Act sets forth additional factors to consider in determining whether to include merchandise assembled or completed in a third country within the scope of an AD and/or CVD order. Specifically, Commerce considers factors including: (A) the pattern of trade, including sourcing patterns; (B) whether the manufacturer or exporter of the merchandise is affiliated with the person who, in the third country, uses the merchandise to complete or assemble the merchandise which is subsequently imported into the United States; and (C) whether imports of the merchandise into the third country have increased after the initiation of the investigation that resulted in the issuance of such order or finding.

Under 19 CFR 351.225(b) and 226(b), Commerce may self-initiate a scope or circumvention inquiry, respectively, where it determines that information available to the agency warrants such action.

VI. INFORMATION AVAILABLE TO COMMERCE INDICATES THAT INITIATION OF SCOPE INQUIRIES IS WARRANTED

Pursuant to 19 CFR 351.225(b), if Commerce determines "from available information that an inquiry is warranted to determine whether a product is covered by the scope of an order, {the agency} may initiate a scope inquiry." Commerce has placed information on the record supporting a determination that the initiation of scope inquiries is warranted. These inquiries intend to examine AWC products of Chinese-origin further processed in Cambodia, Korea, or Vietnam, and exported to the United States.

Available information indicates that AWC imported into the United States from the third countries, whether using Chinese inputs or not, satisfies the physical description of the merchandise described in the scope of the *Orders*. When comparing the pre-initiation period (May 2014 to September 2018) to the post-initiation period (October 2018 to March 2023), the quantity of U.S. imports of AWC from China declined by 73.7 percent while U.S. imports of AWC from Korea and Vietnam increased by 862.4 percent and 23,362.6 percent, respectively.¹⁰ Additionally, U.S. imports from Cambodia went from zero to 87.4 million kilograms from the

⁸ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, Vol. I (1994) (SAA), at 893.

⁹ See *Hydrofluorocarbon Blends from the People's Republic of China: Final Negative Scope Ruling on Gujarat Fluorochemicals Ltd.'s R-410A Blend; Affirmative Final Determination of Circumvention of the Antidumping Duty Order by Indian Blends Containing Chinese Components*, 85 FR 61930 (October 1, 2020), and accompanying Issues and Decision Memorandum at 20.

¹⁰ See Exhibit 2.

pre-initiation period to the post-initiation period, while U.S. imports of AWC from Korea rose from 4.5 million kilograms to 43.6 million kilograms and U.S. imports from Vietnam rose from 209,505 kilograms to 49.2 million kilograms during the same period.¹¹ In the pre-initiation period, U.S. imports from Cambodia, Korea, and Vietnam totaled \$0, \$42.3 million, and \$3.2 million, respectively, while in the post-initiation period U.S. imports from Cambodia, Korea, and Vietnam totaled \$345.1 million, \$232.7 million, and \$161.6 million.¹² These imports entered the United States under the same HTSUS statistical reporting number covered by the scope of the *Orders*.¹³

VII. STATUTORY ANALYSIS FOR THE CIRCUMVENTION INQUIRIES

As explained above, section 781(b) of the Act directs Commerce to consider the criteria described above to determine whether merchandise completed or assembled in a third country is circumventing an order. As explained and referenced below, information available to Commerce indicates that initiation of circumvention inquiries on the *Orders* on AWC is warranted.

A. Merchandise of the Same Class or Kind

Available information indicates that AWC imported into the United States from the third countries satisfies the physical description of the merchandise described in the scope of the *Orders*. Since the initiation of the China AWC investigations, products exported from the third countries have entered the United States under the HTSUS statistical reporting number covered by the scope of the *Orders*.¹⁴

We find that the available information indicates that AWC imported into the United States from the third countries is of the same class or kind as merchandise covered by the *Orders* and, thus, supports initiation of circumvention inquiries.

B. Completion of Merchandise in a Foreign Country

As outlined below, information available to Commerce indicates that AWC exported to the United States from the third countries is completed in those countries using AWC inputs manufactured in China. The *USITC Aluminum Wire and Cable Report* describes a nine-step production process.¹⁵ The primary input used to produce AWC is aluminum wire rod, which according to information provided in the petitions, represents a majority of the cost to manufacture AWC.¹⁶ During the production process, the aluminum wire rod is drawn into wire through die to create strands which are then annealed to restore the wire's ductility (ability to be drawn without fracture).¹⁷ The individual strands are then twisted together to form a single strand (stranding) and become conductors, after which insulation

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ See USITC Aluminum Wire and Cable Report at I-13 through I-14 (included as Exhibit 1).

¹⁶ See Exhibit 3.

¹⁷ See USITC Aluminum Wire and Cable Report at I-13 through I-14 (included as Exhibit 1).

is applied to the product.¹⁸ Once the insulation stage is complete, two or more conductors may be cabled (twisted together) with other conductors.¹⁹ The final stages of the production process involve armoring, jacketing, testing, and packaging the product.²⁰

International trade data indicate that companies in Cambodia, Korea, and Vietnam may be completing the AWC production process using AWC inputs manufactured in China due to the following trends after the initiation of the AWC investigations: (1) U.S. imports of AWC from China significantly decreased,²¹ (2) U.S. imports of AWC from Cambodia, Korea, and Vietnam significantly increased,²² and (3) Cambodia, Korea, and Vietnam increased their imports of Chinese AWC inputs.²³

Specifically, when comparing the pre-initiation period (May 2014 to September 2018) to the post-initiation period (October 2018 to March 2023), the quantity of U.S. imports of AWC from China declined by 73.7 percent while U.S. imports of AWC from Korea and Vietnam increased by 862.4 percent and 23,362.6 percent, respectively.²⁴ Additionally, U.S. imports from Cambodia went from zero to 87.4 million kilograms from the pre-initiation period to the post-initiation period.²⁵ The quantity of Cambodian, Korean, and Vietnamese imports of wire and cable products including AWC from China increased by 264.7 percent, 52.0 percent, and 90.4 percent from the pre- to post-initiation periods, respectively.²⁶ Simultaneously, the quantity of Cambodian, Korean, and Vietnamese imports of stranded wire and cable from China increased by 842.8 percent, 1,598.6 percent, and 2,403.2 percent, respectively.²⁷

In addition, available information indicates that World Lighting Cable Co., LTD (World Lighting Cable), a Cambodian company, possesses some production facilities, including stranding machines, which indicates the company may have capabilities that follow the stranding phase of AWC production.²⁸ Moreover, a Korean AWC manufacturer, LS Cable & System LTD (LS Cable), has published information stating it has wire and cable production facilities in Korea and China with later stage AWC production capabilities, such as the stranding stage and all the following production stages.²⁹ However, it does not appear to possess early-stage drawing and annealing capabilities, which suggests that a majority of the value of the product is not being created by LS Cable.³⁰ There is no available information to indicate that any of the third country manufacturers possess drawing and annealing capabilities.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *See* Exhibit 2.

²² *Id.*

²³ *See* Exhibits 4 and 5.

²⁴ *See* Exhibit 2.

²⁵ *Id.*

²⁶ *See* Exhibit 4.

²⁷ *See* Exhibit 5.

²⁸ *See* Exhibits 6 and 7.

²⁹ *See* Exhibit 8.

³⁰ *Id.*

As a result, we find that the available information indicates that, before importation into the United States, AWC may be completed in Cambodia, Korea, or Vietnam from AWC inputs that are produced in China and, thus, supports initiation of circumvention inquiries.

C. Minor or Insignificant Completion Process in Cambodia, Korea, and Vietnam

Under section 781(b)(2) of the Act, Commerce considers five factors to determine whether the process of assembly or completion of merchandise in a foreign country is minor or insignificant: (1) the level of investment in the foreign country in which the merchandise is completed or assembled, (2) the level of research and development in the foreign country in which the merchandise is completed or assembled, (3) the nature of the production process in the foreign country in which the merchandise is completed or assembled, (4) the extent of production facilities in the foreign country in which the merchandise is completed or assembled, and (5) whether the value of the processing performed in the foreign country in which the merchandise is completed or assembled represents a small proportion of the value of the merchandise imported into the United States. As outlined below, information available to Commerce pertaining to these factors indicates that the process for completing AWC from AWC inputs is minor or insignificant and, thus, supports initiation of circumvention inquiries.

(1) Level of Investment in the Third Countries

Available investment information from both the order country and the third countries indicates that the level of investment in the third countries is relatively insignificant. For example, Pusan Cable & Engineering Co. LTD (Pusan Cable), a Korean manufacturer, purchased \$3.3 million in cable manufacturing equipment from Hebei Huatong Wires and Cable Group Company (Hebei Huatong), a Chinese company.³¹ Additionally, ICF Cable, a Vietnamese manufacturer, imported \$133,707 worth of equipment for producing cables.³² Comparatively, Chinese investment in AWC production is significantly higher. For example, in 2009, Jiangsu Changfeng Cable Co., Ltd. raised roughly \$29 million, of which at least a portion was used to set up aluminum alloy wire and aluminum alloy cable projects.³³ Chinese companies also have substantial production capacities (though these likely also include out-of-scope products) which would require proportional capital investment. For example, Jiangsu Changfeng Cable Co., Ltd. has an annual production capacity of \$542 million while Hebei Huatong has roughly \$465 million in annual production capacity (though these both likely include out of scope products).³⁴ Additionally, other available information indicates that the amounts invested in the third countries are comparatively insignificant. For example, at an ITC hearing, the President of Encore Wire stated that his company had, “made a decision in 2014 to invest tens of millions of dollars to upgrade our facility for the aluminum wire and cable plant.”³⁵ While there currently is no available investment information on Cambodian manufacturers, we believe it is reasonable to conclude investment costs are similar to that of the Korean and Vietnamese facilities. When comparing the Korean and Vietnamese companies’

³¹ See Exhibit 9 at 168.

³² See Exhibit 10.

³³ See Exhibit 11.

³⁴ See Exhibits 12 and 13.

³⁵ See Exhibit 14 at 117.

investment figures to those of the Chinese companies, it is also reasonable to conclude that overall, the evidence indicates that the level of investment in the third countries is minor.

Therefore, the available information indicates that the level of investment by exporters in the third countries engaged in minor processing of AWC is minor or insignificant compared to that of Chinese companies manufacturing AWC, and thus, supports initiation of circumvention inquiries. Due to the lack of available investment information for Cambodia, we are unable to address this criterion directly for that country at this stage; however, we intend to further establish our record during the course of the circumvention inquiry with respect to Cambodian investment information.

(2) Level of Research and Development in Cambodia, Korea, and Vietnam

There is no publicly available information regarding research and development in Cambodia, Korea, and Vietnam. However, other available evidence indicates that almost all the exporters in third countries do not have drawing or annealing capabilities, unlike many of the Chinese producers. As stated earlier, the majority of the value of the final product is created in the early stages of the production process, which involves acquiring the aluminum wire rod (the main input in the production process).³⁶ Accordingly, it is reasonable to conclude that research and development that occurs in the third countries is likely less than that of the more extensive production facilities in China.

(3) Nature of Production Process in Cambodia, Korea, and Vietnam

According to the *USITC Aluminum Wire and Cable Report*, AWC is produced through a nine-stage process.³⁷ The primary input used to produce AWC is aluminum wire rod, which is drawn into wire through die to create strands which are then annealed to restore the wire's ductility (ability to be drawn without fracture).³⁸ The individual strands are then twisted together to form a single strand (stranding) and become conductors, after which insulation is applied to the product.³⁹ Once the insulation stage is complete, two or more conductors may be cabled (twisted together) with other conductors.⁴⁰ The final stages of the production process involve armoring, jacketing, testing, and packaging the product.⁴¹ There is no available information to indicate that the producers in the third countries have drawing or annealing capabilities. Publicly available information indicates that one manufacturer in Cambodia (World Lighting Cable) and one manufacturer in Korea (LS Cable) are capable of performing the stranding stage and the later stages of the production process.⁴² However, third country import data show that each of the third countries imported an increasing and substantial volume of stranded wire and cables following the initiation of the investigations.⁴³ This potentially indicates that the later stages of the production process (*i.e.*, post-stranding phases) are performed in the third countries, if they are utilizing this Chinese-origin

³⁶ See Exhibit 3.

³⁷ See *USITC Aluminum Wire and Cable Report* at I-13 through I-14 (included as Exhibit 1).

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² See Exhibits 7 and 8.

⁴³ See Exhibit 5.

stranded wire to complete AWC.

Therefore, the available information indicates that the nature of the production process undertaken by Cambodian, Korean, and Vietnamese companies is minor or insignificant compared to the overall production process for AWC, and thus, supports initiation of circumvention inquiries.

(4) Extent of Production Facilities in Cambodia, Korea, and Vietnam

Available information indicates the third countries do not possess primary aluminum production capabilities and therefore rely on imports of AWC inputs from China to manufacture AWC.⁴⁴ As noted above, while there is no available evidence to suggest that the third countries possess drawing capabilities for producing aluminum wire, there is evidence that one of the Cambodian manufacturers (World Lighting Cable) and one of the Korean manufacturers (LS Cable) may have wire stranding capabilities.⁴⁵ However, given the available information indicating that the third countries have less extensive production facilities than in China, most third country producers are likely limited to the final stages of the AWC production process after stranding, including insulating, cabling, armoring, jacketing, testing, and packaging.⁴⁶

Specifically, information available to Commerce indicates that World Lighting Cable, a Cambodian company, has some production facilities including stranding machines, which suggests that the company may have capabilities that follow the stranding phase of AWC production.⁴⁷ Korean company LS Cable has published information stating it has wire and cable production facilities in Korea and China.⁴⁸ However, it does not appear to possess early-stage drawing and annealing capacities in its Korea facility.⁴⁹ Vietnamese company ICF Cable appears to have imported \$133,707 worth of manufacturing equipment to produce electric cables, indicating that the company has limited AWC production facilities.⁵⁰

In contrast, available information indicates that Chinese companies possess extensive primary aluminum production capabilities for the early (and value-intensive) stages of AWC manufacturing and likely have facilities for all stages of AWC production.⁵¹ Therefore, we find that the information available to Commerce indicates that the production facilities of the third countries engaged in AWC production are only capable of minor or insignificant processing compared to those of Chinese AWC manufacturers, and thus, supports initiation of circumvention inquiries.

⁴⁴ See Exhibit 15.

⁴⁵ See Exhibits 7 and 8.

⁴⁶ *Id.*

⁴⁷ See Exhibits 6 and 7.

⁴⁸ See Exhibit 16.

⁴⁹ See Exhibit 8.

⁵⁰ See Exhibit 10.

⁵¹ See Exhibit 9 at 17.

(5) Value of Processing in Cambodia, Korea, and Vietnam Represents a Small Proportion of the Value of the Merchandise Imported into the United States

Information available to Commerce suggests that companies in Cambodia, Korea, or Vietnam that export to the United States are likely only engaged in minor processing in the finishing of AWC products. Thus, the value of the processing performed in the third countries represents a small proportion of the value of the merchandise imported into the United States.

Based on available information, the most value-intensive stages of the production process, including drawing and annealing the aluminum wire rod inputs, are not occurring in the third countries. The petitions indicate that aluminum wire rod alone represents anywhere from 64.2 percent to 78.9 percent of the cost of manufacturing and from 45.0 percent to 55.0 percent of the value of the final AWC product.⁵² Based on the information available to Commerce on third country production facilities and their imports of materials from China that are further processed than wire rod (*i.e.*, stranded wire and cables and unfinished AWC), it is likely that these data represent a conservative estimate of China's contribution to the value. Therefore, the value of the production processes performed in third countries likely represents a small portion of the total value of AWC, compared to those performed in China (*e.g.*, aluminum rod production, drawing, annealing, and stranding). As a result, it is reasonable to conclude from this information that the value of the processing performed in the third countries represents a small proportion of the total value of the merchandise imported into the United States, which supports initiation of circumvention inquiries.

| AWC Value-Add Calculations ⁵³ | | | | | | | |
|--|------------------------------|-----------------------------------|--------------------------------|---------------------------|-----------------------------|------------|------------------------------------|
| Examples | Aluminum Rod Usage Rate (UR) | Aluminum Rod Surrogate Value (SV) | Cost of Aluminum Rod (UR X SV) | Cost of Manufacture (COM) | Aluminum Rod % Value of COM | Final Cost | Aluminum Rod % Value of Final Cost |
| Monmouth | 0.73 | 1.59 | 1.16 | 1.47 | 78.9% | 2.11 | 55.0% |
| Wake Forest | 0.72 | 1.59 | 1.15 | 1.79 | 64.2% | 2.56 | 45.0% |

D. Value of the Merchandise Produced in China is a Significant Portion of the Total Value of the Merchandise Exported to the United States

As noted above, the value added by the later stage processing of the final AWC product is likely minor compared to the value added by producing primary aluminum rod and drawing and annealing the wire rod into wire. While the third countries do not have aluminum smelting capacities, China currently has aluminum smelters and is capable of producing the primary aluminum used in the aluminum wire rod.⁵⁴ Based on information in the petitions, aluminum

⁵² See Exhibit 3.

⁵³ *Id.*

⁵⁴ See Exhibit 15.

wire rod inputs represent between 64.2 and 78.9 percent of overall AWC manufacturing costs.⁵⁵ Trade data and information regarding Chinese production capabilities indicate that Chinese producers may be exporting merchandise that has undergone production steps beyond drawing aluminum wire rod to third countries, and as such, the value attributed to the AWC produced in China likely represents a significant portion of the total value of AWC exported to the United States from Cambodia, Korea, or Vietnam. Therefore, the available information regarding this criterion supports initiation of circumvention inquiries.

E. Additional Factors to Consider in Determining Whether Circumvention Inquiries are Warranted

Section 781(b)(3) of the Act directs Commerce to consider additional factors in determining whether to include merchandise assembled or completed in a foreign country within the scope of the *Orders*, such as: “(A) the pattern of trade, including sourcing patterns, (B) whether the manufacturer or exporter of the merchandise...is affiliated with the person who uses the merchandise...to assemble or complete in the foreign country the merchandise that is subsequently imported into the United States, and (C) whether imports into the foreign country of the merchandise...have increased after the initiation of the investigation which resulted in the issuance of such order or finding.” As explained below, the available information regarding the additional factors under section 781(b)(3) of the Act supports initiation of circumvention inquiries.

(1) Pattern of Trade and Sourcing

The first factor to consider under section 781(b)(3) of the Act is changes in the pattern of trade, including changes in sourcing patterns. Trade data indicate a shift in U.S. imports away from China and towards Cambodia, Korea, and Vietnam, while imports of AWC inputs into Cambodia, Korea, and Vietnam from China have increased. This trend supports the possibility that U.S. imports of AWC from Cambodia, Korea, and Vietnam may undergo minor processing in those countries before being imported into the United States.

U.S. imports of AWC from Cambodia rose from zero in the pre-initiation period (May 2014 to September 2018) to 87.4 million kilograms in the post-initiation period (October 2018 to March 2023), while U.S. imports of AWC from Korea rose from 4.5 million kilograms to 43.6 million kilograms and U.S. imports from Vietnam rose from 209,505 kilograms to 49.2 million kilograms during the same period.⁵⁶ In addition, during this timeframe, the quantity of U.S. imports of AWC from China fell 73.7 percent.⁵⁷ The quantity of Cambodian, Korean, and Vietnamese imports of wire and cable products including AWC from China increased by 264.7 percent, 52.0 percent, and 90.4 percent, respectively from the pre-period to the post-period.⁵⁸ Simultaneously, Cambodian, Korean, and Vietnamese imports of stranded wires and cables from China increased by 842.8 percent, 1,598.6 percent, and 2,403.2 percent, by quantity, respectively.⁵⁹

⁵⁵ See Exhibit 3.

⁵⁶ See Exhibit 2.

⁵⁷ *Id.*

⁵⁸ See Exhibit 4.

⁵⁹ See Exhibit 5.

(2) Affiliation

The second factor to consider under section 781(b)(3) of the Act is whether a manufacturer or exporter of AWC in China is affiliated with companies in Cambodia, Korea, or Vietnam that complete the merchandise exported to the United States. Evidence available to Commerce indicates that some companies exporting AWC to the United States from the third countries may be affiliated with Chinese producers of AWC.

Available information indicates that World Lighting Cable, a company that is an exporter of AWC to the United States, is located in an economic zone that is centered on a partnership between Cambodian and Chinese companies.⁶⁰ Raw materials and production inputs are exempt from certain taxes within the zone, which increases the likelihood that companies located in this zone are importing AWC inputs from China.⁶¹

Multiple Korean companies have connections with Chinese AWC manufacturers or have facilities in China. LS Cable has at least one wire and production cable facility in China.⁶² Pusan Cable is a subsidiary of Hebei Huatong, a Chinese AWC manufacturer, and purchased \$3.3 million in manufacturing equipment from Hebei Huatong.⁶³ Also, TMC Co. LTD, another AWC manufacturer based in Korea, has a branch located in China.⁶⁴

Lastly, ICF Cable, which is a Vietnamese exporter of AWC to the United States, has connections with China. Publicly available information on the record indicates that ICF Cable's website listed Jiangsu Changfeng Cable Co., which was a mandatory respondent in the AWC investigations, as the manufacturer of at least some of its AWC products and that ICF Cable may have exported that merchandise to the United States.⁶⁵

(3) Increased Shipments of AWC Inputs from China After Initiation of the China AWC Investigations

The third factor to consider under section 781(b)(3) of the Act is whether imports into Cambodia, Korea, or Vietnam of AWC inputs from China have increased since the initiation of the China

⁶⁰ See Exhibit 7.

⁶¹ See Exhibit 17.

⁶² See Exhibit 16.

⁶³ See Exhibit 9 at 168.

⁶⁴ See Exhibit 18.

⁶⁵ See Exhibit 19. We note that Commerce selected ICF Cable as a mandatory respondent in the first administrative reviews of the *Orders* and subsequently found the company to be part of the China-wide entity in the AD proceeding, assigning the company an assessment rate of 52.79 percent. See *Aluminum Wire and Cable from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2019-2020*, 86 FR 73251 (December 27, 2021) and accompanying Issues and Decision Memorandum at 4-5; see also *Aluminum Wire and Cable from the People's Republic of China: Rescission of Countervailing Duty Administration Review; 2019*, 86 FR 36522 (July 12, 2021). We further note that since the imposition of the *Orders*, the domestic industry has expressed concerns that imports from Vietnam may be evading the *Orders*. Specifically, one of the petitioners alleged that ICF Cable was evading the imposition of countervailing duties on AWC from China. See Exhibit 20. Based on the information it received in the context of the proceeding, Commerce contacted U.S. Customs and Border Protection (CBP) regarding the allegations of potential evasion and provided the publicly available documents for CBP's review and consideration. See Exhibit 20.

AWC investigations. Comparing the pre-initiation period (May 2014 to September 2018) and the post-initiation period (October 2018 to March 2023), evidence available to Commerce indicates that the quantity of Cambodian, Korean, and Vietnamese imports of wire and cable products including AWC from China rose by 264.7 percent, 52.0 percent, and 90.4 percent, respectively, since the initiation of the China AWC investigations.⁶⁶ In addition, during the same time period, Cambodian, Korea, and Vietnamese imports of stranded wire and cables from China rose by 842.8 percent, 1,598.6 percent, and 2,403.2 percent, respectively, by quantity.⁶⁷ Accordingly, we find that the available data indicates that Cambodian, Korean, and Vietnamese imports of AWC inputs from China have increased since the initiation of the China AWC investigations.

VII. COUNTRY-WIDE SCOPE AND CIRCUMVENTION INQUIRIES

If, as a result of a scope or circumvention inquiry, Commerce determines that the products at issue are subject to the scope of the *Orders* or are circumventing the *Orders*, then in accordance with 19 CFR 351.225(m)(1) and 226(m)(1), respectively, Commerce may apply its determination on a producer-specific, exporter-specific, or importer specific basis, or on a country-wide basis, regardless of the producer, exporter or importer of the products being exported from the third countries to the United States. The information available information to Commerce supports initiating the scope inquiries on a country-wide basis; however, Commerce will consider the appropriate application of its scope rulings upon conducting its scope inquiries.

Further, as explained above, available information indicates that, since the initiation of the AWC investigations, exports of subject merchandise from China to the United States have decreased, exports of AWC from Cambodia, Korea, and Vietnam to the United States have increased, and third country imports of AWC inputs from China have increased.⁶⁸ Information available to Commerce indicates that multiple third country producers/exporters only have the facilities necessary to conduct minor processing of the merchandise in question and/or are affiliated with Chinese AWC producers.⁶⁹ Accordingly, the information available to Commerce supports initiating the circumvention inquiries on a country-wide basis. As noted above, if Commerce determines that some or all of the merchandise at issue, *i.e.*, AWC completed in the third countries using AWC inputs manufactured in China and subsequently exported from the third countries to the United States, is not subject to the scope of the *Orders*, Commerce may make circumvention determinations in these cases. Commerce will consider the appropriate application of any circumvention determinations in conducting the circumvention inquiries and may apply the determinations on a country-wide basis.⁷⁰

⁶⁶ See Exhibit 4.

⁶⁷ See Exhibit 5.

⁶⁸ See Exhibits 3-5.

⁶⁹ See Exhibits 7, 8, 9, 16, 18, and 19.

⁷⁰ See, *e.g.*, *Certain Corrosion-Resistant Steel Products from the Republic of Korea and Taiwan: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders*, 83 FR 37785 (August 2, 2018); see also *Carbon Steel Butt-Weld Pipe Fittings from the People's Republic of China: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty Order*, 82 FR 40556, 40560 (August 25, 2017) (stating at initiation that Commerce would evaluate the extent to which a country-wide finding applicable to all exports might be warranted); *Certain Corrosion-Resistant Steel Products from the People's Republic of China: Initiation of Anti-*

Consistent with the approach in other scope and circumvention inquiries that were initiated on a country-wide basis,⁷¹ Commerce intends to issue questionnaires to solicit information from companies in the third countries concerning their shipments of AWC to the United States and the origin of any imported AWC inputs being processed into AWC. A company's failure to respond completely to Commerce's requests for information may result in the application of partial or total facts available, pursuant to section 776(a) of the Act, which may include adverse inferences, pursuant to section 776(b) of the Act.

VIII. RECOMMENDATION

We recommend initiation of country-wide scope inquiries and circumvention inquiries, pursuant to 19 CFR 351.225(b) and 226(b) and section 781(b) of the Act to determine whether U.S. imports of AWC, further processed in Cambodia, Korea, or Vietnam using AWC inputs manufactured in China, are covered by the scope of the *Orders*, or, if they are covered by the scope of the *Orders*, if they are being exported to the United States in circumvention of the *Orders*. In addition, pursuant to 19 CFR 351.225(e)(3) and 226(e)(3), due to the interrelated nature of these scope and circumvention inquiries, Commerce plans to align the deadlines for the scope inquiries with the circumvention inquiries.

We have determined that, in this instance, we must first analyze the products at issue pursuant to 19 CFR 351.225(b) and determine if they are covered by the scope of the *Orders*. If we determine that all relevant merchandise is, in fact, covered by the scope of the *Orders*, then Commerce will not complete circumvention inquiries. If Commerce determines that none or only some of the merchandise is covered by the scope of the *Orders*, then Commerce may continue with its circumvention inquiries.

Pending an outcome of the scope inquiries, all factual information should be placed on the record in the scope segments. As outlined in 19 CFR 351.225(f), interested parties will be permitted 30 days from the date of this initiation to submit one set of comments and factual

Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders, 81 FR 79454, 79458 (November 14, 2016) (stating at initiation that Commerce would evaluate the extent to which a country-wide finding applicable to all exports might be warranted).

⁷¹ See, e.g., *Quartz Surface Products from the People's Republic of China: Initiation of Scope and Circumvention Inquiries of the Antidumping Duty and Countervailing Duty Orders*, 87 FR 6844 (February 7, 2022); and *Stainless Steel Sheet and Strip from the People's Republic of China: Initiation of Anti-Circumvention and Scope Inquiries on the Antidumping and Countervailing Duty Orders*, 85 FR 29401 (May 15, 2020).

information addressing the self-initiation of the scope inquiries. Interested parties will then have 14 days to submit comments and factual information to rebut, clarify, or correct this information.

Agree

Disagree

10/11/2023

X



Signed by: LISA WANG

Lisa W. Wang
Assistant Secretary
for Enforcement and Compliance

Supporting Exhibits

| Exhibit No. | Description |
|-------------|--|
| Exhibit 1 | <i>Aluminum Wire and Cable from China</i> , Inv. Nos. 701-TA-611 and 731-TA-1428 (Final), USITC Pub. 5001 (December 2019) Excerpts |
| Exhibit 2 | U.S. Imports of AWC |
| Exhibit 3 | Normal Value Calculations Worksheet |
| Exhibit 4 | Third Country Imports of AWC Inputs – 8544.49 |
| Exhibit 5 | Third Country Imports of AWC Inputs – 7614.90 |
| Exhibit 6 | Sihanoukville Special Economic Zone – Employee Appreciation Post |
| Exhibit 7 | Sihanoukville Special Economic Zone – World Lightning Facebook Post |
| Exhibit 8 | LS Cable & System Production Process |
| Exhibit 9 | Hebei Huatong Wire & Cables Group - 2021 Annual Report |
| Exhibit 10 | ICF Cable Import of Manufacturing Equipment |
| Exhibit 11 | Jiangsu Changfeng Cable Co., LTD - 2009 Investment |
| Exhibit 12 | Jiangsu Changfeng Cable Col, LTD - Production Capacity |
| Exhibit 13 | Hebei Huatong Wire & Cables Group - Production Capacity |
| Exhibit 14 | USITC Aluminum Wire and Cable Conference Transcript |
| Exhibit 15 | IMAU – Countries with Operating Smelters |
| Exhibit 16 | LS Cable – Business Locations |
| Exhibit 17 | Cambodia Sihanoukville Special Economic Zone Tax Benefits |
| Exhibit 18 | TMC China Branch |
| Exhibit 19 | AWC ICF Cable – Petitioner Comments on CBP Data and Respondent Selection – Public Version |
| Exhibit 20 | Evasion Allegation Letter to CBP |