

## Chinese Refrigerant Gas Targeted For New Duties

By **Alex Lawson**

*Law360 (January 23, 2020, 7:00 PM EST)* -- A Pennsylvania company on Thursday asked the government to set a nearly 90% duty on imports of a Chinese gas compound used to make refrigerant, claiming the gas has been dumped on the U.S. market at unfairly low prices.

Imports of the gas, known as R-32, have spiked considerably over the last four years as prices have plummeted, according to petitions filed by Arkema Inc., which called for an 87.98% anti-dumping duty on the merchandise.

"Without an AD order, Chinese R-32 will continue to enter the U.S. market at aggressively low prices, thus increasing the demand for subject imports and having substantial negative impacts on the domestic industry — threatening its very survival," the company said in its petition.

Arkema's petition is an outgrowth of the anti-dumping duty order the U.S. Department of Commerce placed on Chinese hydrofluorocarbon blends in 2016. Those blends are coolants used in home refrigerators and vehicle air conditioning systems, but the order did not cover HFC components such as R-32.

Since the order on the blends took effect, importers have taken to bringing in more of the components and completing their own blends within the U.S., the company said.

"While blends imports dried up due to the imposition of the AD duty order, existing blenders increased their imports of subject R-32 and new blenders entered the U.S. market," Arkema said in its petition.

Arkema filed petitions with the Commerce Department, which will be tasked with deciding whether R-32 has been dumped, and the U.S. International Trade Commission, which will ascertain whether the imports have hindered domestic production.

Any duties recommended by Commerce will only take effect if the ITC finds that U.S. producers have been injured or threatened by the imports.

"Arkema is confident that, once the facts underlying the petition are reviewed by the relevant agencies, Chinese R-32 imports will be deemed by those agencies to compete unfairly in the U.S. market," the company said in a statement.

The company's petitions were filed days after Commerce issued a preliminary decision finding that a number of companies were circumventing the existing duties on Chinese refrigerant blends. The agency expects to issue a final decision by April.

Arkema is represented by Sydney H. Mintzer and Timothy C. Lee of Mayer Brown LLP.

Counsel information for the Chinese respondents was not immediately available Thursday.

The case is Difluoromethone (R32) from the People's Republic of China, investigation number A-570-121, in the U.S. Department of Commerce's International Trade Administration. Case information for the ITC investigation was not immediately available Thursday.

--Editing by Stephen Berg.