

ITC Paves Way For Steep Duties On Chinese Refrigerant

By Asher Stockler

Law360 (February 11, 2021, 2:14 PM EST) -- The U.S. International Trade Commission determined by unanimous vote Wednesday that U.S. industry is being materially harmed by cheap imports of refrigerant from China, paving the way for trade officials to impose steep anti-dumping duties.

The U.S. Department of Commerce made a parallel determination in January pursuant to its responsibilities under the Tariff Act of 1930, calculating dumping margins ranging from 161.49% to 221.06% for the difluoromethane.

Wednesday's vote comes after a January 2020 petition from King of Prussia, Pennsylvania-based Arkema, the sole U.S. producer of difluoromethane, alleging imports were being sold in the U.S. at less than fair value.

Attorneys for Arkema and U.S. importers of Chinese refrigerant did not return requests for comment.

Difluoromethane is used in various hydrofluorocarbon blends to produce refrigerants with commercial and residential applications. It can also be used to etch silicon wafers. It was developed in part to replace hydrochlorofluorocarbons, which contributed to ozone depletion.

"Large and increasing volumes of unfairly traded [difluoromethane] from China have had a significant adverse effect on U.S. prices," Arkema said in its petition, adding that weak demand for the product in China "leaves 295 thousand metric tons of available capacity in the foreseeable future, much of which, as discussed below, will target the United States."

According to a USITC preliminary report, imports of Chinese difluoromethane "were the only other source" of the refrigerant during the commission's period of investigation.

Arkema has estimated that U.S. imports of Chinese difluoromethane were worth \$21.5 million in 2018.

"Absent effective relief from these Chinese imports — which are being illegally dumped at margins up to 87.98 percent — the U.S. industry's condition will continue to worsen, and its ability to reinvest in American manufacturing and employment will remain in jeopardy," the petition said.

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

The investigation is Difluoromethane (R-32) from China, investigation number 731-TA-1472, at the U.S. International Trade Commission.

--Editing by Marygrace Murphy.

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