



FACT SHEET

Commerce Finds Dumping and Subsidization of Bottom Mount Combination Refrigerator-Freezers from the Republic of Korea and Dumping from Mexico

- On March 19, 2012, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of bottom mount combination refrigerator-freezers (bottom mount refrigerators) from the Republic of Korea (Korea) (AD/CVD) and Mexico (AD).
- For the purpose of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than fair value. For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce determined that producers/exporters from Korea and Mexico have sold bottom mount refrigerators in the United States at dumping margins ranging from 0.00 to 15.41 percent, and 6.00 to 30.34 percent, respectively.
- Commerce also determined that producers/exporters from Korea have received countervailable subsidies ranging from 0.30 to 12.90 percent *ad valorem*.
- In the Korea CVD investigation, mandatory respondents Daewoo Electronics Corporation (Daewoo), LG Electronics, Inc. (LG Korea) and Samsung Electronics, Inc. (Samsung Korea) received net subsidy rates of 12.90 percent, 0.30 percent and 2.46 percent, respectively. All other Korean producers/exporters received a net subsidy rate of 2.79 percent.
- In the Korea AD investigation, mandatory respondents Daewoo, LG Korea and Samsung Korea received dumping rates of 0.00 percent, 15.41 percent and 5.16 percent, respectively. All other Korean producers/exporters received the dumping rate of 10.29 percent.
- In the Mexico AD investigation, mandatory respondents Controladora Mabe S.A. de C.V. /Mabe S.A. de C.V. (Mabe), Electrolux Home Products, Corp. NV/Electrolux Home Products De Mexico, S.A. de C.V. (Electrolux), LG Electronics Monterrey Mexico, S.A. de C.V. (LG Mexico) and Samsung Electronics Mexico S.A. de C.V. (Samsung Mexico) received dumping rates of 6.00 percent, 22.94 percent, 30.34 percent and 15.95 percent, respectively. All other Mexican producers/exporters received the dumping rate of 20.26 percent.
- The petitioner alleged targeted dumping on a time-period-specific basis for LG Korea, Samsung Korea, Electrolux, LG Mexico, and Samsung Mexico. Commerce found targeted dumping with respect to just LG Korea and Samsung Korea.
- With respect to LG Mexico, Commerce applied the multinational corporation (MNC) provision and calculated its dumping margin by comparing the prices of its sales to the United States to the

prices of the sales made by its parent, LG Korea, in its Korean home market. The purpose of the provision is to protect a domestic industry against an MNC that shifts some production to one country (in this case Mexico), uses it as an export platform to engage in dumping, and leverages that dumping with higher prices in the MNC's parent market (in this case Korea) or another market where the MNC has production and sales.

- In the AD investigations, Commerce determined that critical circumstances do not exist with respect to imports of bottom mount refrigerators from Korea. In the Mexico investigation, Commerce determined that critical circumstances exist only with respect to imports of bottom mount refrigerators from Samsung Mexico.
- As a result of the final AD determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to continue to collect cash deposits or bonds equal to the weighted-average dumping margins, adjusted for export subsidies found in the final determination of the companion Korea CVD investigation. As a result of the affirmative final CVD determination (which follows a negative preliminary determination), Commerce will instruct CBP to collect a cash deposit or bond on imports of bottom mount refrigerators from Korea based on the final CVD rates, except for LG which received only *de minimis* subsidies, and will therefore not be subject to this requirement.
- The petitioner for these investigations is Whirlpool Corporation (MI) with plants in Iowa and Arkansas.
- The products covered by these investigations are all bottom mount combination refrigerator-freezers and certain assemblies thereof from Korea and Mexico. For purposes of the investigations, the term “bottom mount combination refrigerator-freezers” denotes freestanding or built-in cabinets that have an integral source of refrigeration using compression technology, with all of the following characteristics:
 - The cabinet contains at least two interior storage compartments accessible through one or more separate external doors or drawers or a combination thereof;
 - An upper-most interior storage compartment(s) that is accessible through an external door or drawer is either a refrigerator compartment or convertible compartment, but is not a freezer compartment (The existence of an interior sub-compartment for ice-making in an upper-most storage compartment does not render an upper-most storage compartment a freezer compartment); and
 - There is at least one freezer or convertible compartment that is mounted below an upper-most interior storage compartment(s).

For purposes of the investigations, a refrigerator compartment is capable of storing food at temperatures above 32 degrees F (0 degrees C), a freezer compartment is capable of storing food at temperatures at or below 32 degrees F (0 degrees C), and a convertible compartment is capable of operating as either a refrigerator compartment or a freezer compartment, as defined above. Also covered are certain assemblies used in bottom mount combination refrigerator-freezers, namely: (1) any assembled cabinets designed for use in bottom mount combination refrigerator-freezers that incorporate, at a minimum: (a) an external metal shell, (b) a back panel, (c) a deck, (d) an interior plastic liner, (e) wiring, and (f) insulation; (2) any assembled external doors designed for use in bottom mount combination refrigerator-freezers that

incorporate, at a minimum: (a) an external metal shell, (b) an interior plastic liner, and (c) insulation; and (3) any assembled external drawers designed for use in bottom mount combination refrigerator-freezers that incorporate, at a minimum: (a) an external metal shell, (b) an interior plastic liner, and (c) insulation.

- Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (HTSUS): 8418.10.0010, 8418.10.0020, 8418.10.0030, and 8418.10.0040. Products subject to these investigations may also enter under HTSUS subheadings 8418.21.0010, 8418.21.0020, 8418.21.0030, 8418.21.0090, and 8418.99.4000, 8418.99.8050, and 8418.99.8060. These HTS numbers are provided for convenience and Customs purposes only; the written description of the scope is dispositive.
- In 2011, imports of refrigerators, including the refrigerators included by these investigations, from Korea and Mexico were valued at an estimated \$965.5 million and \$2.3 billion, respectively. However, the bottom mount refrigerators subject to these investigations are classified within HTSUS basket categories that contain products beyond the scope of the investigations.

NEXT STEPS

- The ITC is currently scheduled to issue its final injury determinations on or before April 30, 2012.
- If the ITC makes affirmative final determinations that imports of bottom mount refrigerators from Korea and Mexico materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If a CVD order is issued, LG Korea will be excluded from its requirements, based on its *de minimis* countervailable subsidy rate. Similarly, if an AD order is issued, Daewoo will be excluded from its requirements, based on its dumping margin of zero. If the ITC makes negative injury determinations, these investigations will be terminated.

FINAL DUMPING RATES:

| COUNTRY | PRODUCER/EXPORTER | MARGIN | CASH DEPOSIT |
|---------|-------------------|--------|--------------|
| KOREA | Daewoo | 0.00% | 0.00% |
| | LG | 15.41% | 15.41% |
| | Samsung | 5.16% | 3.51%* |
| | All Others Rate | 10.29% | 8.69%** |

| COUNTRY | PRODUCER/EXPORTER | MARGIN |
|---------|-------------------|--------|
| MEXICO | Electrolux | 22.94% |
| | LG | 30.34% |
| | Mabe | 6.00% |
| | Samsung | 15.95% |
| | All Others Rate | 20.26% |

* The cash deposit rate reflects the offset of the export subsidies found for Samsung in the CVD investigation, which was 1.65 percent.

**The cash deposit rate reflects the offset for the “all others” export subsidy rate found in the CVD investigation, which was 1.60 percent.

FINAL SUBSIDY RATES:

| PRODUCER/EXPORTER | SUBSIDY RATE |
|-------------------|-------------------|
| Daewoo | 12.90% |
| LG (Korea) | <u>De Minimis</u> |
| Samsung (Korea) | 2.46% |
| All Others Rate | 2.79% |

CASE CALENDAR¹:

| EVENT | AD | CVD |
|--------------------------------------|-------------------------|------------------------|
| Petition Filed | March 30, 2011 | March 30, 2011 |
| DOC Initiation Date | April 19, 2011 | April 19, 2011 |
| ITC Preliminary Determination | May 16, 2011 | May 16, 2011 |
| DOC Preliminary Determination | October 26, 2011 | August 29, 2011 |
| DOC Final Determination | March 16, 2012 | March 16, 2012 |
| ITC Final Determination | April 30, 2012 | April 30, 2012 |
| Issuance of Order* | May 7, 2012 | May 7, 2012 |

* This will take place only in the event of final affirmative determinations by both Commerce and the ITC.

IMPORT STATISTICS:

| KOREA | 2009 | 2010 | 2011 |
|---------------------|----------------------|----------------------|----------------------|
| Value (US\$) | 600,925,000 | 880,683,000 | 965,486,000 |
| MEXICO | 2009 | 2010 | 2011 |
| Value (US\$) | 1,951,043,000 | 2,315,055,000 | 2,339,063,000 |

Source: U.S. Bureau of Census, accessed through Global Trade Atlas. (HTSUS 8418.10.0010, 8418.10.0020, 8418.10.0030, 8418.10.0040, 8418.21.0010, 8418.21.0020, 8418.21.0030, 8418.21.0090, 8418.99.4000, 8418.99.8050, and 8418.99.8060).

NOTE: These HTSUS subheadings do not differentiate between top mount, side-by-side, and bottom mount refrigerator units and their parts. Therefore, import statistics in the above table may include significant amounts of non-subject merchandise. Volume could not be calculated, as imports of subject merchandise are reported in multiple units of measure.

¹ For a CVD investigation, the deadline is set forth in section 705(a)(1) of the Tariff Act of 1930, as amended (the Act). For an AD investigation, the deadline is set forth in section 735(a) of the Act.