



ORTA ANADOLU  
İHRACATÇI BİRLİKLERİ  
GENEL SEKRETERLİĞİ

**Sayı:** 70430465-TİM.OAİB.GSK.İDARİ.2024/1265-7309 **Ankara, 25/06/2024**  
**Konu:** ABD / Dampinge Karşı Önlem ve Sübvansiyona Karşı Telafi Edici Önlem  
Soruşturmaları

Sayın Üyemiz,

Ticaret Bakanlığı İthalat Genel Müdürlüğünden alınan bir yazıda, Amerika Birleşik Devletleri'nde (ABD) yerli üreticiler tarafından ülkemizin yanı sıra Çin Halk Cumhuriyeti menşeli, ABD gümrük tarife cetveline göre 8708.30.50 gümrük tarife istatistik pozisyonlarında yer alan fren kampanası ürünleri (brake drums) ithalatına karşı dampinge karşı önlem ve sübvansiyona karşı telafi edici önlem soruşturmaları açılması için **19 Haziran 2024** tarihinde ABD makamlarına yapılan başvuru ABD Ticaret Departmanı Çevrimiçi Belge Portalı'nda (ACCESS) yayımlandığı belirtilmektedir.

Söz konusu, ABD'nin ilgili mevzuatı uyarınca anti-damping ve telafi edici vergi soruşturmaları iki ayrı makam tarafından yürütülmekte olup, ABD Ticaret Bakanlığı Uluslararası Ticaret İdaresi tarafından damping ve sübvansiyonun mevcudiyetine yönelik, Uluslararası Ticaret Komisyonu (ITC) tarafından ise mevcut damping veya sübvansiyon uygulamalarının ABD yerli üretimine zarar verip vermediğine ilişkin ayrı soruşturmalar yürütülmektedir. Bu çerçevede, ABD'li yerli üreticiler tarafından yapılan başvuruyu müteakip **20 gün içerisinde (bu süre 40 güne kadar uzatılabilmektedir)** ABD Ticaret Bakanlığı tarafından soruşturmanın açılıp açılmamasına ilişkin bir karar verilecek olup, yine başvurunun yapıldığı tarihten itibaren **45 gün** içerisinde ITC tarafından yürütülmekte olan zarar soruşturmasının ön bulguları açıklanacağı bildirilmektedir.

Bilgilerine sunulur.

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**Ekler:**

- 1) Başvuru Dilekçesi
- 2) Başvuru Dilekçesi- Dampinge Karşı Önlem Soruşturması
- 3) Başvuru Dilekçesi- Sübvansiyona Karşı Telafi Edici Önlem Soruşturması
- 4) Exhibit I-5

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**BEFORE THE INTERNATIONAL TRADE ADMINISTRATION OF THE  
U.S. DEPARTMENT OF COMMERCE  
AND THE  
U.S. INTERNATIONAL TRADE COMMISSION**

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**ANTIDUMPING AND COUNTERVAILING DUTY PETITIONS  
ON BEHALF OF WEBB WHEEL PRODUCTS, INC.**

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***CERTAIN BRAKE DRUMS FROM THE PEOPLE'S REPUBLIC OF CHINA AND  
TÜRKIYE***

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**VOLUME I: GENERAL ISSUES AND INJURY**

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## **I. INTRODUCTION**

These petitions are submitted to the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (the “Commission” or “ITC”) pursuant to sections 701 and 731 of the Tariff Act of 1930, as amended (the “Act”)<sup>1</sup> by Webb Wheel Products, Inc. (“Webb” or “Petitioner”) for relief from dumped and subsidized imports of gray cast iron brake drums weighing more than 50 pounds with an actual or nominal inside diameter of 14.75 inches or more but not over 16.6 inches (“subject brake drums”) from the People’s Republic of China (“China”) and Türkiye (“Turkey”). As discussed below, Petitioner accounts for over 50 percent of subject brake drum production in the United States and, therefore, represents the U.S. industry within the meaning of sections 702(c)(4) and 732(c)(4) of the Act.<sup>2</sup>

Petitioner alleges that subject brake drums, which are described in detail in Section II.E, *infra*, from China and Turkey are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731(1) of the Act.<sup>3</sup> Petitioner further alleges that the Governments of China and Turkey are providing countervailable subsidies with respect to the manufacture, production, and export of subject brake drums within the meaning of Section 701(a)(1) of the Act.<sup>4</sup> Petitioner also alleges that the unfairly traded imports are a cause of material injury to the U.S. industry producing subject brake drums and threaten to cause further material injury if remedial action is not taken.

For the reasons detailed below and supported by evidence attached, Petitioner therefore requests that antidumping duties be imposed on imports of the subject merchandise from China and Turkey in an amount equal to the amount by which the normal value exceeds the export

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<sup>1</sup> 19 U.S.C. §§ 1671a(c)(4), 1673a(c)(4).

<sup>2</sup> *Id.*

<sup>3</sup> 19 U.S.C. § 1673.

<sup>4</sup> 19 U.S.C. § 1671(a)(1).

price or constructed export price of the merchandise. Petitioner also requests that countervailing duties be imposed on imports of the subject merchandise from China and Turkey in an amount equal to the net countervailable subsidies.

These petitions set forth relevant information reasonably available to Petitioner and are filed in conformity with the requirements of section 351.202 of Commerce’s regulations and section 207.11 of the Commission’s regulations.<sup>5</sup>

## **II. GENERAL INFORMATION**

### **A. Identification of Petitioner**

This petition is filed on behalf of Webb Wheel Products, Inc. (“Webb”):

Webb Wheel Products, Inc.  
2310 Industrial Drive SW  
Cullman, AL 35055-6331  
Contact: Johnathon Capps  
Telephone: 256-775-7535  
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Webb is a U.S. manufacturer of brake drums, and therefore meets the definition of a “manufacturer, producer, or wholesaler in the United States of a domestic like product” within the meaning of section 771(9)(C) of the Tariff Action of 1930 (the “Act”). 19 U.S.C. § 1677(9)(C). Brake drums are also commonly used in an assembly, consisting of a hub and other minor parts (“drum-hub assemblies”), as explained below in subsection D.

### **B. U.S. Industry Support for Petition**

Commerce shall determine that petitions have been filed by or on behalf of the domestic industry if (1) the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product; and (2) the domestic producers or workers who support the petition account for more than 50 percent of the production of the

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<sup>5</sup> 19 C.F.R. §§ 351.202 and 207.11.

domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Webb is a domestic producer of gray cast iron brake drums weighing more than 50 pounds with an actual or nominal inside diameter of 14.75 inches or more but not over 16.6 inches, and accounts for over 50 percent of the total production of the domestic like product.

**Exhibit I-1.** To Petitioner’s knowledge, the only other U.S. producer of subject brake drums during 2023 (and currently) was Accuride Corporation, through its brand Gunitite Wheel End Components. *See Exhibit I-7.* As such, Webb’s support of the petition satisfies both of the above statutory requirements within the meaning of 19 U.S.C. § 1673a (c)(4)(A).

**C. Petitioner Has Not Sought Previous Import Relief for the Subject Merchandise**

Webb has not filed for import relief pursuant to section 337 of the Act, 19 U.S.C. § 1337, or section 201 or 301 of the Trade Act of 1974, 19 U.S.C. §§ 2251 or 2411, or section 232 of the Trade Expansion Act of 1962, 19 U.S.C. § 1862, with respect to the subject merchandise. To Petitioner’s knowledge, the subject merchandise has not been subject to previous antidumping and/or countervailing duty investigations under sections 702 and 732 of the Trade Act of 1930, as amended (the “Act”) (19 U.S.C. §§ 1671a and 1673a). As such, currently, there are no antidumping or countervailing duty orders on the subject merchandise from China or Turkey.

**D. Tariff Classification and Requested Scope Language**

This petition covers certain brake drums, made of gray cast iron, weighing more than 50 pounds with an actual or nominal inside diameter of 14.75 inches or more but not over 16.6 inches for use in commercial vehicles. These brake drums are classified under the Harmonized Tariff Schedule of the United States (“HTSUS”) number 8708.30.5020 as “Brake Drums Of Vehicles Of Headings 8701 to 8705.” Because Headings 8701 to 8705 describe tractors, motor

vehicles for transport of more than ten people, passenger cars, motor vehicles for the transport of goods, and special purpose motor vehicles, HTSUS number 8708.30.5020 covers a broader range of merchandise than in-scope brake drums. Brake drums may enter under HTSUS number 8708.30.5020 or 8708.30.5090 when combined with a hub to form an assembly. These HTSUS numbers are provided for convenience purposes only. The written description of the scope is dispositive.

Based on the product description and production process described in the sections below, this petition requests the following scope language:

*The merchandise covered by this investigation is certain brake drums made of gray cast iron, whether finished or unfinished, with an actual or nominal inside diameter of 14.75 inches or more but not over 16.6 inches, weighing more than 50 pounds. Unfinished brake drums are those which have undergone some turning or machining but are not ready for installation. Subject brake drums are included within the scope whether imported individually or with non-subject merchandise (for example, a hub), whether assembled or unassembled, or if joined with non-subject merchandise. When a subject drum is imported together with non-subject merchandise, such as, but not limited to, a drum-hub assembly, only the subject drum is covered by the scope.*

*Subject merchandise also includes finished and unfinished brake drums that are further processed in a third country or in the United States, including, but not limited to, assembly or any other processing that would not otherwise remove the merchandise from the scope of these investigations if performed in the country of manufacture of the subject brake drums. The inclusion, attachment, joining, or assembly of non-subject merchandise with subject drums either in the country of manufacture of the subject drum or in a third country does not remove the subject drum from the scope. The scope of this investigation does not include any products already covered by the AD and CVD Orders on certain chassis and subassemblies thereof from the People's Republic of China (A-570-135; C-570-136).*

*The scope also excludes composite brake drums that contain more than 40% steel by weight, while certain brake drums that meet the above criteria and that contain 40% or less steel by weight are within the scope.*



**E. Physical Characteristics**

The subject brake drums are made of gray cast iron and have an actual or nominal inside diameter of at least 14.75 inches but not more than 16.60 inches and weigh more than 50 pounds. Brake drums are primarily manufactured for sale directly, or sometimes combined with a disc hub to create drum-hub assemblies, which are essentially a brake drum fastened to a disc hub using several nuts. Additional information on the physical characteristics of the subject brake drums is provided at **Exhibit I-2**.

**F. Manufacturing Process**

Webb has four manufacturing facilities located in Alabama, Arkansas, and Indiana that produce brake drums. The manufacturing process for subject brake drums begins with a casting. Castings are loaded into a de-palletizer machine. The machine stacks different brake drums on various input lines to match a specific brake drum stock keeping unit (“SKU”) number to a machine number. Next, the brake drums are guided to an automated paint booth that uses a machine to apply paint by certain specifications. Once painted, the brake drums travel down automated conveyor lines to the correct machining center. Machine fixturing for hundreds of brake drum SKU numbers is stored in a tooling room. Operators ensure the correct tooling/fixturing is delivered to each computer numerical control (“CNC”) machine based on a master sheet and production schedule. Operators also ensure the correct CNC program is loaded and check the part revision against the printed or digital blueprint located at each operator’s station. After verification, an initial batch of brake drums is machined and key control characteristics (“KCCs”) are verified before full production. The first step to the multi-step machining process is machining the outer diameter and overall height of the brake drum. Step two is machining the brake surface. In step three, the inside backface, pilot diameter, and outside

backface are machined. Finally, the bolt holes and wear indicator, if applicable, are machined. Once machining is complete, CNC machines measure and verify KCC dimensions.

Each machined brake drum is then treated with a rust preventative coating to the machined surfaces and dried before inspection. A certified inspector visually inspects each machined part for material defects. After the inspector clears the part, it is then distributed to the balancer, pen stamper, rework, or scrap as needed.

Balanced brake drums require a special machine to perform a 3-step operation to ensure brake drums are “balanced” according to industry specification. First, parts feed into a weigh station that measures the brake drum’s outer diameter, correctly identifies the part, and then measures the imbalance of the brake drum. Second, the part is transferred to a milling station that removes a specified amount of material from the outer diameter of the brake drum, inherently “balancing” the brake drum. Third, the brake drum is transferred to an audit station that again measures the drum to ensure it falls within industry specifications. Separately, drum-hub assemblies are manufactured by fastening a brake drum to a disc hub using several nuts.

Every brake drum receives a date stamp for serialization and traceability purposes. The date stamp can indicate: plant location, machining day and shift, machining cell location, and machining operator. Brake drums may also have a scannable barcode label on the inner machined surface for producers to organize drums by specifications. Brake drums are then labeled to the applicable product label and stored for sale. Attached at **Exhibit I-3** is a production diagram for subject brake drums and drum-hub assemblies.

#### **G. End Uses and Customer Expectations**

The subject brake drums are a component of the braking system for motor vehicles principally designed for the transport of persons or goods, including but not limited to short and

long-haul freight carriers, and a wide variety of trucks and trailers. These brake drums are used primarily, although not exclusively, on heavy-duty trucks and trailers. Customers use the subject brake drums on trucks and trailers, both as original equipment and replacement parts for the braking system. The brake drum rotates along with the wheel and axle. When brakes are applied, the slack adjuster turns the S-cam to force the brake shoes against the brake drum, which causes friction that slows down the motor vehicle.

#### **H. Channels of Distribution**

The subject brake drums are sold primarily in two channels of distribution: original equipment (“OE”) and aftermarket (“AFM”). OE manufacturers purchase subject brake drums as first-fit production parts to be installed on new trucks and trailers. AFM suppliers purchase subject brake drums to supply replacement drums to dealers, end-users, or independent warehouse distributors. Despite the two channels of distribution, subject brake drums are the same product manufactured with the same specifications, and, in fact, subject brake drums sold in the OE channel are also sold in the aftermarket. *See Exhibit I-4.*

#### **I. Countries of Exportation**

The brake drums subject to this petition are produced in China and Turkey.

#### **J. Known Chinese and Turkish Producers and Exporters of Subject Merchandise**

Based upon information reasonably available to Petitioner, lists of Chinese producers and exporters and Turkish producers and exporters of brake drums are included in **Exhibit I-5**.

Information reasonably available to Webb does not allow it to identify the proportion of total exports to the United States accounted for during the most recent 12-month period by the producers and exporters listed in **Exhibit I-5**. *See 19 CFR § 351.202(b)(7)(i)(A).*

**K. Names and Addresses of the U.S. Importers**

Based upon information reasonably available to Petitioner, a list of importers of Chinese and Turkish brake drums is included in **Exhibit I-6**.

**III. THE U.S. INDUSTRY HAS BEEN MATERIALLY INJURED BY REASON OF DUMPED AND SUBSIDIZED IMPORTS FROM CHINA AND TURKEY**

**A. The Legal Standard**

The Commission must determine whether a domestic industry is materially injured — or is threatened with material injury — by reason of dumped or subsidized (“unfairly traded”) imports.<sup>6</sup> The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”<sup>7</sup> When assessing if a domestic industry is materially injured, or threatened with material injury, “by reason of” unfairly traded imports, the Commission examines the “significance” of the volume and price effects of such imports, and the impact of those imports on the condition of the domestic industry.<sup>8</sup> In assessing the impact of unfairly traded imports on the state of the industry, the Commission must account for the prevailing conditions of competition in the United States for the subject imports and the domestic like product.<sup>9</sup>

Under the “by reason of” standard, the Commission must “ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between the subject imports and material injury.”<sup>10</sup> At the same time,

the “by reason of” standard {does not} require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such

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<sup>6</sup> See 19 U.S.C. § 1673(2); 19 U.S.C. § 1671(a)(2).

<sup>7</sup> 19 U.S.C. § 1677(7)(A).

<sup>8</sup> See *id.* at § 1677(7)(B)(ii).

<sup>9</sup> See *id.* at §1677(7)(C)(iii).

<sup>10</sup> *Boltless Steel Shelving Units Prepackaged for Sale from China*, USITC Pub. 4565 at 10, Inv. Nos. 701-TA-523 and 731-TA-1259 (October 2015) (Final) (“*Boltless Steel Shelving Units*”) (citing *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008)).

as non-subject imports, which may be contributing to overall injury to an industry. It is clear that the existence of injury caused by other factors does not compel a negative determination.<sup>11</sup>

As discussed below, the data presented in the petition show that the volume, increase in volume, and pricing of subject imports have been a significant cause of the decline in the domestic industry's performance during the period of investigation ("POI"). Subject imports were more than a minimal or tangential cause of injury and none of the material injury that Petitioner ascribes to subject imports was caused by "other factors."

### **B. The Domestic Like Product and the Domestic Industry**

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of subject imports, the Commission first defines the "domestic like product" and the "industry."<sup>12</sup> The statute defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>13</sup> In turn, the statute defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."<sup>14</sup> The Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis generally considering six non-dispositive factors: (1) physical characteristics and uses; (2) common manufacturing facilities, production processes, and production employees; (3) interchangeability; (4) channels of distribution; (5) customer and producer perceptions of the product; and, where appropriate (6) price.<sup>15</sup> The

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<sup>11</sup> *Id.* at 11-12.

<sup>12</sup> *See* 19 U.S.C. § 1677(4)(A).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at § 1677(10).

<sup>15</sup> *See Changzhou Trina Solar Energy Co., Ltd. v. U.S. International Trade Comm'n*, 100 F. Supp. 3d 1314, 1319-26 (Ct. Int'l Trade 2015), *aff'd on other grounds*, Ct. No. 2016-1053 (Fed. Cir. 2018); *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007).

Commission looks for clear dividing lines among possible domestic like products and disregards any minor variations.<sup>16</sup>

### **1. Brake Drums Constitute a Single Domestic Like Product**

The starting point for the Commission's domestic like product inquiry is the imported merchandise within the scope of the investigation, as described above. The domestically manufactured products corresponding to the imported merchandise are subject brake drums, as defined above. All subject brake drums sold in the U.S. market, regardless of the country of manufacture, are interchangeable because all conform to the same manufacturing standards and meet the same industry standards. *See Exhibits I-2 and I-7.* For example, domestic brake drums and subject imports are interchangeable because the drums conform to certain specifications, like brake surface diameter, bolt hole size, pilot diameter, and flange thickness, among others. The subject brake drum, whether manufactured domestically or abroad, is not different, and serves as a key component in the braking system of heavy-duty vehicles, as described below.

*Physical characteristics and end uses:* The subject brake drums are made of gray cast iron and have an actual or nominal inside diameter of at least 14.75 inches but not more than 16.60 inches. The subject brake drums weigh more than 50 pounds. The subject brake drums are primarily manufactured for sale directly, or sometimes combined with a disc hub to create a drum-hub assembly, which is completed by fastening a brake drum to a disc hub using several fasteners. Subject brake drums are a component of the braking system for heavy duty trucks and trailers. Additional information on the physical characteristics of brake drums is provided at **Exhibit I-2.**

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<sup>16</sup> *See Nippon Steel Corp. v. United States*, 19 CIT 450, 455 & n.4 (1995); S. Rep. No. 96-249 at 90-91 (1979).

*Manufacturing facilities, production processes, and production employees:* Facilities and employees required to manufacture subject brake drums are identical regardless of the specific end use or channel of distribution.

The brake drum production process starts with castings, which are then de-palletized by machine. The machine stacks different brake drums on various input lines to match a specific brake drum SKU number to a machine number. Next, the brake drums are painted and sent to the correct machining center. Machine fixturing is stored in a tooling room. Operators ensure the correct tooling is delivered to each CNC machine and the correct CNC program is loaded at their respective stations. After verification, an initial batch of brake drums is machined and KCC are verified before full production. The first step to the multi-step machining process is machining outer diameter and overall height of the brake drum. Step two is machining the brake surface. In step three, the inside backface flat, pilot diameter, and outside brake backface are machined. Finally, the bolt holes and a patented wear indicator, if applicable, are machined. Once machining is complete, CNC machines use an automated probe to measure and verify KCC dimensions.

Each machined brake drum then receives a rust preventative coating to the machined surfaces. The parts are dried and then inspected for material defects. After the inspector clears the part, it is then distributed to the balancer, pen stamper, rework, or scrap as needed. This inspection process is standardized, and inspectors engage in a similar process to ensure drums are manufactured to industry specifications. This process is similar across the industry.

Balanced brake drums require an additional three-step process to ensure the drums are balanced according to industry specification: (i) the parts feed into a weigh station to measure the drum's outer diameter and measure the imbalance of the drum; (ii) the part is transferred to a

milling station to remove a specific amount of material from the drum to balance the drum; and, (iii) the part is transferred to an audit station to ensure the drum falls within industry specifications. Separately, drum-hub assemblies are manufactured industry-wide by fastening a brake drum to a disc hub using several nuts.

Finally, brake drums receive a date stamp for serialization and traceability, which can indicate plant location, machining day and shift, machining cell location, and machining operator. Brake drums may also have a scannable barcode label on the inner machined surface for producers to organize drums by specifications. Brake drums are then labeled to the applicable product label and stored for sale. *See Exhibit I-3.*

*Interchangeability:* All subject brake drums are used for the same application, as a component of the braking system for heavy duty trucks and trailers. Subject brake drums are used as new or replacement parts of the braking system because subject brake drums are sold in both OE and AFM channels of distribution, as explained below. Brake drums produced in the United States are interchangeable with those produced in China, Turkey, or anywhere else, because they are made to the same specifications, such as brake surface diameter, bolt hole size, pilot diameter, and flange thickness, among others. *See Exhibits I-2 and I-7.*

*Channels of distribution:* Subject brake drums are primarily sold in two channels of distribution: OE and aftermarket. OE manufacturers use subject brake drums as new parts installed on new trucks and trailers and aftermarket suppliers supply replacement brake drums to dealers, end-users, or independent warehouse distributors. Subject brake drums sold in OE and aftermarket channels are not distinct; rather, subject brake drums have the same specifications and meet the same industry standards. In fact, drums sold to OE manufacturers are also sold in the aftermarket. *See Exhibit I-4.*



*Customer and distributor perceptions:* Manufacturers, retailers, distributors, and customers alike consider subject brake drums to comprise the same product: brake drums for braking systems on trucks and trailers needing a drum. Manufacturers, retailers, distributors, and customers view subject imports to be a one-for-one replacement to the domestic like product.

*Price:* Subject brake drums are products made to a particular industry standard and specification. Thus all brake drums manufactured to the same standard and specifications are interchangeable and compete on the basis of price.

## **2. The Domestic Industry**

The statute defines the domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>17</sup> Accordingly, the domestic industry consists of domestic producers of subject brake drums described in Part I.D, above. To Petitioner’s knowledge, it represents the majority of domestic production of subject brake drums during the period of investigation.

### **C. Subject Imports Surpass the Negligibility Threshold**

Pursuant to Section 771(24) of the Act, 19 U.S.C. § 1677(24)(A)(i), imports from any single country are generally considered “negligible” where they account for less than 3 percent of the total import volume of the merchandise under consideration in the most recent 12-month period for which data are available preceding the filing of the petition. Based on information reasonably available to Petitioner, both China and Turkey individually exceed 3 percent of import quantity during the most recent 12-month period. In fact, subject imports exceed 90 percent of total import quantity during the most recent 12-month period, on a cumulated basis.

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<sup>17</sup> 19 U.S.C. § 1677(4)(A).

For this purpose, Petitioner used data collected from third party data sources that seek to limit the data presented to the universe of brake drums for heavy duty vehicle applications. See **Exhibit I-8**, which contains the relevant table and dataset.

**D. The Commission Should Assess the Volume of and Effect of Imports Cumulatively**

Section 771(7)(G)(i) of the Act (19 U.S.C. § 1677(7)(g)(i)) requires the Commission to cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which petitions were filed under section 732(b) on the same day, if such imports compete with each other and with the domestic like product in the United States.<sup>18</sup> The statutory factors mandating a cumulative analysis are met in this case. Specifically, petitions against subject brake drum imports from China and Turkey are being filed simultaneously. Further, none of the statutory exceptions to cumulation applies in this case.<sup>19</sup> Thus, provided there is evidence of a reasonable overlap in competition, cumulation of subject imports is mandatory.

An examination of the factors traditionally considered by the Commission to determine whether a reasonable overlap of competition exists demonstrates that each factor is met in this case. Thus, the Commission should cumulate subject imports because such evidence shows reasonable overlap in competition.

**1. Imports From All Subject Countries Are Fungible**

Subject brake drum imports from China and Turkey are substitutable with each other and with the domestic like product. Imports from each of the subject countries are generally made by the same processes on similar equipment, and generally have the same basic components and

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<sup>18</sup> *Id.* at § 1677(7)(g)(i).

<sup>19</sup> *Id.* at § 1677(7)(g)(ii).

physical properties as the domestic like product. Because brake drums from subject countries are identical and made to the same standards, they are fungible with each other and with the domestic like product. *See Exhibits I-2 and I-7.*

## **2. All Subject Imports Compete in the Same Geographic Markets**

Imports from each of the subject countries compete with imports from the other subject country and with the domestic like product throughout the U.S. market. **Exhibit I-9** shows significant overlap among the subject countries with respect to the ports into which they entered the United States during the POI from 2021 to March 2024. For example, 30 ports featured imports from either China or Turkey, of which 21 featured imports from both China and Turkey. The 21 ports of entry where imports from both sources were present during this period accounted for approximately [ ] percent of total subject import volume during this period. Brake drums produced in the United States and imported from the subject countries are all currently sold nationwide. For these reasons, this factor supports cumulation of the subject imports.

## **3. Subject Imports Are Sold Through the Same Channels of Distribution**

All subject brake drums, whether produced in the United States or imported, are either (i) sold to OE manufacturers, who supply new parts to manufacturers of trucks and trailers; or, (ii) sold to aftermarket suppliers, who sell replacement parts to dealers, end-users, or independent warehouse distributors. Moreover, the same brake drum sold in the OE channel is also sold in the aftermarket channel. *See Exhibits I-4 and I-7.* Thus, Chinese and Turkish brake drums compete against domestic brake drums and each other in the same channels of distribution. Indeed, as explained in detail below, Petitioner competes regularly against subject imports in both channels. Subject imports are capturing market share from the domestic industry, providing compelling evidence that some customers have switched their purchases from the domestic like product to subject imports. This factor also supports cumulation of the subject imports.

#### **4. Subject Imports Are Simultaneously Present in the U.S. Market**

Imports of brake drums from China and Turkey entered the United States in every period during the POI. *See Exhibits I-8 and I-9.* Domestically-produced brake drums also have been available in the U.S. market throughout the POI, in every month from January 2021 through March 2024. Thus, this factor supports cumulation because subject imports competed, and continue to compete, with each other and the domestic like product throughout the POI.

#### **5. Conclusion**

Both domestically-produced and subject brake drums, whether imported from China or Turkey, are fungible products that are produced to industry specifications and compete directly against one another. Imports from China and Turkey and the domestic product are sold through the same distribution channels, both OE and aftermarket, and are sold in the same geographic markets. Imports from each subject country and domestically-produced brake drums have been simultaneously present in the U.S. market throughout the POI.

These factors collectively support the conclusion that there is a reasonable overlap of competition between the subject imports and the domestic like product within the meaning of the statute. Accordingly, the Commission should cumulate imports of subject brake drums from China and Turkey in analyzing whether the subject imports have caused material injury to the domestic industry in this case.

#### **E. Conditions of Competition**

The conditions of competition in the subject brake drum market make the domestic industry particularly susceptible to injury from unfairly traded imports from China and Turkey. Domestic and subject brake drums are interchangeable and highly substitutable, and compete primarily on the basis of price. Domestic brake drums simply cannot compete because subject imports are sold at cut-rate prices and there are no domestic barriers to subject import surges, as

new entry is demonstrably easy. Moreover, there are no apparent limits to the supply of unfairly traded brake drum imports from the world's largest producer, China. Combined with unfairly traded imports from Turkey, there is no way for the domestic industry to avoid the injurious effect of current and future unfairly traded imports absent trade remedy protection.

**1. Domestic and Subject Brake Drums are Interchangeable Products**

Domestic and subject brake drums have similar manufacturing processes, the same end uses, and are sold to the same customers through the same channels of distribution. The drums are a crucial component of the braking system for heavy duty trucks and trailers. All brake drums must meet the same standard based on industry specifications, regardless of country of origin. These drums are manufactured to identical specifications for brake surface diameter, bolt hole size, pilot diameter, and flange thickness, among others, making domestic and imported brake drums highly substitutable. *See Exhibits I-2 and I-7.*

Because of a high degree of product interchangeability and economic substitutability, domestic and subject brake drums compete for sales and market share. Subject and domestic brake drums compete for direct sales to U.S. manufacturers, distributors, and retailers, and in turn end-users through sales to OE and AFM suppliers. The domestic industry faces fierce subject import competition. Moreover, as a consequence of the high degree of fungibility between domestic brake drums and subject imports, this competition is primarily on the basis of price.

**2. Demand for Brake Drums is Highly Inelastic Making the Domestic Industry Especially Susceptible to Injury**

Brake drums have no substitutes for their end uses. Currently, all motor vehicles that utilize subject brake drums require brake drums as a component for their braking system. When brakes are applied, friction between brake drums and other parts of the braking system slow

down the motor vehicle, making brake drums an essential component to the braking system. It is unlikely that brake drums will be replaced by a different product because existing motor vehicles will continue to purchase replacement drums as heavy-duty trucks and trailers remain on America's roadways. This means that each imported subject brake drum, which is interchangeable with a domestic drum, is a one-for-one replacement of domestic production. This is the predicate for the large negative impact of unfairly traded brake drum imports on domestic industry shipments, prices, and profits.

### **3. Unfairly Traded Subject Brake Drum Imports Face No Barriers to Entering the U.S. Market**

The record over the POI shows that there were no barriers to the rapid and injurious increase in volumes of unfairly traded Chinese and Turkish brake drums. Even with Section 301 duties in place on brake drums from China, subject imports have successfully penetrated the domestic market. *See Table 1.* Using unfairly low pricing, manufacturers from subject countries have quickly cemented distribution networks and a large base of customers over the POI. Data show that the volume of subject imports from China and Turkey increased by nearly [ ] percent from 2021 to 2023. *Id.* The increase in unfairly traded volumes corresponds to a market share increase of [ ] percentage points from 2021 to 2023 at the expense of the domestic industry. A similar story is told by the increase in subject import volume of [ ] percent from the first quarter of 2023 to the first quarter of 2024. Thus, in addition to the high degree of economic substitutability of domestic and subject brake drums and its inelastic demand, the lack of barriers to Chinese and Turkish imports makes the domestic industry especially susceptible to unfairly traded imports. Subject imports' share of apparent U.S. consumption increased significantly from [ ] percent in 2021 to [ ] percent in 2023 and by a further [ ] percentage points from the first quarter of 2023 to the first quarter of 2024. *Id.*

**4. China and Turkey are the Dominant Global Suppliers of Brake Drums Targeting the U.S. Market**

China is among the largest suppliers of automotive parts in the world, and its automotive industry has experienced massive growth over the past two decades. *See Exhibit I-12* at 1 and *Exhibit I-13* at 2. As a result, a condition of competition in the U.S. brake drum market is the ever-present and unending availability of Chinese and Turkish brake drums. China has used its leverage to penetrate the U.S. market, claiming a [ ] percent market share in 2023. *See Table 1, supra*. Chinese capacity to produce brake drums increased throughout the POI, and, according to the Global Market Monitor, China’s brake disc and brake drum market was expected to reach \$2.253 billion in 2023. *See Exhibit I-14* at 1.

In Turkey, EKU is a producer that exports subject Turkish brake drums to “major American vehicle manufacturers, wholesale spare parts dealers, commercial vehicle manufacturers and major services.” *See Exhibit I-15* at 2. It is “the largest company exporting brake discs and drum brake systems to the USA.” *Id.* In 2022, 90 percent of EKU’s production was exported as it became a top 500 company in the Turkish Exporters’ Association. *See Exhibit I-16* at 3. Because of its success in exporting subject brake drums to the U.S. market, EKU has made significant investments set to be completed by 2024 that will “increase {its} production capacity by 200 percent.” *Id.* at 4. EKU’s trajectory for increased production capacity will likely cement Turkey as a top global supplier of subject brake drums.

Chinese and Turkish prices have a significant impact on the global and U.S. markets. As the evidence contained in this petition demonstrates, and as discussed in more detail below, the overwhelming availability of Chinese and Turkish brake drums at significantly low prices has materially injured the domestic industry and threatens it with further injury if trade remedy is not granted.

**F. Subject Imports are a Cause of Material Injury to the Domestic Industry**

Subject imports are a cause of material injury to the domestic industry for the reasons explained below. Two critical reasons are: (i) subject imports flooded the U.S. market in 2022, resulting in excess inventory in 2023; and, (ii) subject imports are being sold at prices that are below the domestic industry's cost of production. These conditions resulted in a cost-price squeeze for the domestic brake drum industry during the second half of the POI, causing negative trends in its financial, operation, and employment-related indicators. Without an AD/CVD order on subject imports, the domestic industry will continue to suffer material injury.

**1. The Volume of Subject Imports is Significant and Increasing**

During the POI, a surge of low-priced subject imports has eroded the domestic industry's market share (despite available capacity) and profitability. To demonstrate these trends, Petitioner has relied on import statistics collected from [ ]. Official U.S. import statistics use classifications for brake drums that are broader than the subject merchandise. Therefore, to be as accurate as possible, Petitioner has culled through [ ] data for the POI in order to identify shipment volumes to consignees that are reasonably known to Petitioner to import and purchase subject brake drums. The [ ] dataset is provided at **Exhibits I-10 and I-11**. We have also relied on Webb's data as a proxy for the domestic industry; these data are provided in **Exhibit I-17**.



The volume of unfairly traded subject imports from China and Turkey reflected in **Table 1** is significant in absolute terms and has increased rapidly during the past three years.

<b>Table 1</b>						
		2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Quantity in 1,000 Units						
U.S. Producers	[					]
Imports from China	[					]
Imports from Turkey	[					]
China and Turkey Total	[	<b>3,502</b>				<b>1,031</b> ]
Imports from All Other Sources	[					]
Apparent U.S. Consumption	[					]
% Share of Quantity in Units						
U.S. Producers	[					]
Imports from China	[					]
Imports from Turkey	[					]
China and Turkey Total	[					]
Imports from All Other Sources	[					]
Apparent U.S. Consumption	[					]

*Source: Exhibits I-10, I-11 and I-17.*

In 2021, subject imports totaled [3,502 thousand ] units. By 2023, subject imports had increased by [ ] percent, totaling [ ] units, despite the fact that apparent U.S. consumption fell by [ ] percent over that period. The trend continued between the interim periods, with subject imports increasing by [ ] percent to [1,031 thousand] units in the first quarter of 2024 from [ ] units in the first quarter of 2023.

Subject imports also increased significantly relative to U.S. consumption. Subject imports represented [ ] percent of the U.S. market in 2021, increasing to [ ] percent by 2023. Significantly, the sharp increase in subject import market share came at the expense of the U.S. industry, which saw its market share drop from [ ] percent in 2021 to only [ ] percent in 2023. This trend continued between the interim periods, with U.S. producers' share falling from [ ] percent in the first quarter of 2023 to only [ ] percent in the first quarter of 2024, while

subject import share increased from [ ] percent to [ ] percent over the same period. In sum, subject import volumes, and the increase of subject imports, are “significant” and evidence the adverse volume effects of subject imports during the POI.

**2. Subject Imports Have Caused Significant Negative Price Effects on the Domestic Industry**

**a. Subject Imports Have Undersold the Domestic Like Product**

Subject imports have consistently undersold U.S.-produced brake drums during the POI. By Q3 2023, subject imports began selling at prices that were below the domestic industry’s cost of production. *See Exhibit I-18.*

The available data from the U.S. Census Bureau also show that subject import average unit values (“AUVs”) from China and Turkey were far lower than the U.S. industry’s U.S. shipment AUVs throughout the POI, as summarized below:

<b>Table 2</b>					
<b>Comparison of Subject Import AUVs vs. U.S. Producers' U.S. Shipments AUVs During POI (\$ per Unit)</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Jan-Mar 2023</b>	<b>Jan-Mar 2024</b>
U.S. Producers' U.S. Shipments	[ ]	[ ]	[ ]	[ ]	[ ]
Imports from China	23.95	32.75	38.37	43.83	33.57
Margin of Underselling	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%
Imports from Turkey	60.06	77.12	77.32	65.92	64.46
Margin of Underselling	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%
<i>Sources: U.S. Census Bureau Imports for Consumption Data for HTS 8708.30.5020, values are landed, duty-paid; U.S. Producer AUVs based on Exhibit I-17.</i>					

Petitioner expects that pricing data collected by the Commission will provide more definitive evidence of subject import underselling. Petitioner suggests the following pricing products for purposes of the preliminary phase investigation:

**Product 1: Value or Economy Brake Drum**

Value or economy brake drums are brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter,

and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds. Do not include drums sold or imported as part of an assembly or finished good.

**Product 2: Standard Brake Drum**

Standard brake drums are brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds. Do not include drums sold or imported as part of an assembly or finished good.

Petitioner recommends that the Commission, in addition to collecting quarterly quantity and value data for shipments by U.S. importers, also collect direct import quantities and values by U.S. importers. Petitioner competes directly against foreign exporters for sales to U.S. importers. *See Exhibit I-19*, [

]; *see also Exhibit I-6*. In this context, collecting direct import quantities and values is consistent with other investigations where U.S. producers compete directly with foreign suppliers on sales to U.S. importer-users.<sup>20</sup> Prices should be reported FOB U.S. point-of-shipment, and quantities should be reported in units (*i.e.*, number of drums). Direct import costs should be reported as U.S.-landed duty-paid and quantities also in units. As discussed above, the significant underselling by Chinese and Turkish imports has caused great adverse effects on the prices of domestically-produced subject brake drums.

**b. Subject Imports Have Suppressed U.S. Producer Prices to a Significant Degree**

Large and increasing volumes of unfairly traded brake drums from China and Turkey have had a significant adverse effect on U.S. prices during the POI. Chinese and Turkish brake

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<sup>20</sup> *Tool Chests and Cabinets from China*, USITC Pub. 4753 at 27, V-5 Inv. No. 701-TA-575 (January 2018) (Final); *Fine Denier Polyester Staple Fiber from China and India*, USITC Pub. 4765 at 23, V-11, Inv. Nos. 701-TA-579-580 (March 2018) (Final).

drum prices have remained far below U.S. prices throughout the POI, preventing domestic industry price increases that would otherwise have occurred. U.S. prices for brake drums were at an elevated level in 2022 due to increased charges for ocean freight and other logistics costs associated with COVID-driven supply chain issues, but collapsed beginning in 2023 as ocean freight costs normalized and importers from subject countries aggressively took advantage to slash prices and take market share from the domestic industry. This is reflected in **Exhibit I-18. Table 2** above also indicates that U.S. shipment AUVs declined precipitously between the first quarter of 2023 and the first quarter of 2024, from [ ] to [ ].

<b>Table 3 Price Suppression During POI</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Q1 2023</b>	<b>Q1 2024</b>
Net Sales (\$1,000)	[ ]	[ ]	[ ]	[ ]	[ ]
COGS (\$1,000)	[ ]	[ ]	[ ]	[ ]	[ ]
COGS/ Net Sales	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%

*Source: Exhibit I-17.*

In addition, subject imports have suppressed U.S. prices. As shown in **Table 3**, while the ratio of Petitioner’s cost of goods sold to net sales revenues declined from 2021 to 2022 (due to the logistics-related price increases discussed above), there has been an increase in the ratio from 2022 to 2023 and a [ ] percentage point increase during the interim periods. This trend reflects a “cost-price squeeze” that has prevented Petitioner from charging fair prices commensurate with its manufacturing costs, including increasing raw material costs between 2021 and 2023. *See Table 4.*<sup>21</sup> Therefore, the unfairly traded Chinese and Turkish imports have had significant adverse price effects on the domestic industry.

<sup>21</sup> Specifically, Petitioner’s raw material costs per unit were [ ] in 2021 and [ ] in 2023.

**c. Lost Sales and Lost Revenue**

Petitioner's completed "Lost Sales and Lost Revenue Allegations Submission Template Form" is included herein at **Exhibit I-19** in accordance with 19 C.F.R. § 207.11(b)(2)(v). These allegations show that imported subject brake drums are squeezing domestic producers out of the market because subject imports are underselling domestic drums. [

] *See Exhibit 18.* We understand that the Commission will issue a "Lost Sales / Lost Revenue Survey" to a broad cross-section of U.S. purchasers in order to evaluate the circumstances where domestic producers have lost sales volumes and/or reduced sales prices in response to subject import pricing during the POI. We are confident that the responses to these surveys will corroborate the allegations in **Exhibit I-19**.

### 3. The Domestic Industry is Materially Injured By Subject Imports

The adverse volume and price effects discussed above have resulted in material injury to the domestic industry during the POI, as shown in **Table 4** below:

	<b>Table 4</b> <b>Summary of Petitioner’s Output and Financial Performance</b>				
	2021	2022	2023	Q1 2023	Q1 2024
<b>Average Production Capacity (in 1,000 units)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Production (in 1,000 units)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Capacity Utilization</b>	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%
<b>Net Sales (\$1,000)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total Sales Quantities (in 1,000 units)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Raw Materials (\$1,000)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Cost of Goods Sold (“COGS”) (\$1,000)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>COGS/Net Sales</b>	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%
<b>Gross Profit (\$1,000)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Operating Income (\$1,000)</b>	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Operating Margins</b>	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%
	<i>Source: Exhibit I-17.</i>				

In broad terms, market conditions improved from 2021 to 2022 as the United States emerged from COVID. Prices increased and demand was strong. While imports have always supplied a portion of U.S. demand, in 2022 imports of subject brake drums overshot, shipping far too much product to the United States and leading to an increase in inventories carrying over into 2023. With that inventory overhang, and a return to more normal ocean freight rates, importers from subject countries acted aggressively in 2023 and Q1 2024, selling to customers at cut-rate prices that materially injured domestic producers. This is particularly evident from a comparison of the interim periods, which saw operating income fall by [ ] percent, operating margins fall

by [ ] percentage points, and a substantial decline in domestic production ([ ] percent) and U.S. sales quantity ([ ] percent), despite available capacity. This was directly attributable to subject imports which, as discussed *infra*, continued to increase over the interim periods, with subject import volume increasing by [ ] percent and subject import market share increasing by [ ] percentage points.

Notably, Petitioner’s capacity utilization has consistently declined year after year from [ ] percent in 2021 to [ ] percent in 2023, and from [ ] percent in Q1 2023 to [ ] percent in Q1 2024. In addition, Petitioner’s operating margins [ ] from [ ] percent in 2022 to [ ] percent in 2023, with a more significant decline evident during the interim period: from [ ] percent in Q1 2023 to [ ] percent in Q1 2024. This trend is [ ], and contrary to basic economic theory, occurred during a period when U.S. demand for subject brake drums was stable. In fact, as with the industry’s other indicators, employment as measured by production-related workers (“PRWs”) declined from an annual peak of [ ] in 2022 to [ ] in 2023 (or by [ ] percent), and from [ ] to [ ] (or by [ ] percent) between the first quarter of 2023 and the first quarter of 2024. *See Exhibit I-17*. Given that the most dramatic decline occurred between the interim periods (when demand was steady), this is another indicator that the domestic industry is suffering current material injury by reason of subject imports.

In short, the domestic brake drum industry experienced a cost-price squeeze and lost sales due to subject imports during the latter part of POI, causing a downward trend in its financial, operational, and employment-related indicators. There can be little doubt that subject imports caused material injury to U.S. producers of brake drums during the POI.

**G. Subject Imports Pose an Ongoing Threat of Material Injury to the Domestic Industry**

In addition to determining whether there is present material injury, Section 771(7)(F) of the Act requires the Commission to determine whether the domestic industry is threatened with material injury by reason of subject imports. Specifically, the Act directs the Commission to analyze whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”<sup>22</sup> In doing so, the Commission must examine certain factors, including: (1) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country;<sup>23</sup> (2) a significant rate of increase of the volume or market penetration of imports of the subject merchandise;<sup>24</sup> (3) whether subject imports are entering the domestic market at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports;<sup>25</sup> (4) the actual and potential negative effects on the existing development and production efforts of the domestic industry;<sup>26</sup> and (5) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of the subject imports.<sup>27</sup> In its analysis, the Commission may not make a determination “on the basis of mere conjecture or supposition,” and must consider the factors “as a whole” in making its determination.<sup>28</sup> As described below, the critical factors

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<sup>22</sup> 19 U.S.C. § 1677(7)(F)(ii).

<sup>23</sup> *Id.* at § 1677(7)(F)(i)(II). In examining unused capacity or imminent, substantial increase in capacity, the Commission is required to take into account the availability of other export markets to absorb any additional exports.

<sup>24</sup> *Id.* at § 1677(7)(F)(i)(III).

<sup>25</sup> *Id.* at § 1677(7)(F)(i)(IV).

<sup>26</sup> *Id.* at § 1677(7)(F)(i)(VIII).

<sup>27</sup> *Id.* at § 1677(7)(F)(i)(IX).

<sup>28</sup> *Id.* at § 1677(7)(F)(ii).



analyzed by the Commission strongly indicate that the domestic industry is threatened with further material injury.

**1. The Chinese and Turkish Brake Drum Industries are Severely Under-Utilized and their Home Markets are Too Small to Absorb Existing and Projected Production Levels**

In China, the brake drum industry, which is part of the Chinese auto part industry, is plagued by overcapacity, an oversaturated domestic market, and, as directed by government policies and company initiatives, targets overseas markets especially the lucrative U.S. market.

As noted by an industry source,

{t}he {phenomenal growth} of China’s vehicle manufacturing {over the past two decades} has also enabled the parallel growth of the country’s auto parts industry. Chinese auto parts suppliers have *scaled up* to meet booming demand from domestic automakers. Now, these companies are globalizing through exports, overseas factories, mergers, and acquisitions.<sup>29</sup>

Meanwhile, the significant expansion of Chinese auto part capacity was fueled by extensive government subsidies and hence divorced from market-based considerations, resulting in “massive” capacity greatly exceeding domestic demand in China. *See Exhibit I-13* at 2-5. The overcapacity and inadequate domestic demand have, in turn, caused Chinese auto part suppliers, including Chinese subject drum producers, to become increasingly more aggressive towards the export markets.

As reported, “{t}he Chinese government has made the auto industry a priority sector for globalization under its Made in China 2025 plan,” under which a wide range of subsidies such as “financial incentives and tax breaks” were provided to auto part suppliers. *Id.* The resulting Chinese capacity is massive – according to calculations based on industry reports, drum demand

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<sup>29</sup> **Exhibit I-13** at 2 (emphasis added).

in the United States is around [ ] units,<sup>30</sup> while Longkou Haimeng Machinery Co., Ltd. states it can produce 20 million machined parts, including brake drums, *per year* and Laizhou Sanli Auto Replacement, another Chinese producer of heavy duty brake drums, exports most of its 8 million auto parts, including brake drums, to countries in North America, and elsewhere. *See Exhibit I-20* at 1; *Exhibit I-21* at 1.

Yet, Chinese capacity and production far outpaces home market demand and the Chinese industry’s focus remains on exports to other countries, including the United States. Indeed, the rapid expansion of Chinese auto part capacity “has also led to intensified competition in the *entire* {Chinese} auto parts market, resulting in a decline in profits across the *entire* industry.” *See Exhibit I-22* at 1 (emphasis added). Chinese suppliers have commented that “{t}he domestic market is basically saturated,” and due to fierce competition in the Chinese domestic market, these suppliers are “going abroad in groups.” *See Exhibit I-22* at 1; *Exhibit I-23* at 1. An industry source has reported, “{a}ccording to data from China Customs, in 2021, China's auto parts exports to the world will reach US\$75.577 billion, a year-on-year increase of 33.76%.” *See Exhibit I-13* at 2. Consistently, the Chinese brake drum industry is an export-intensive industry based on all indications. *Id.* at 2-4; *Exhibit I-23* at 1. For example, Shandong Longji Machinery Co., Ltd boasts that it has “sold {products} to more than 50 countries and regions around the world”; Shandong Haoxin Co., Ltd promotes on its website that “{t}he company’s products are exported to Europe, North America, Asia and other countries and regions”; Longkou Haimeng Machinery Co., Ltd., describes itself as having “exported to more than 30 countries and regions such as the United States and Europe”; Shandong Hongma Engineering claims it has “exported to Europe, America, Southeast Asia and other countries and regions worldwide”; and Shanxi

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<sup>30</sup> [

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Tang Rong Machinery MFG Co., states on its website that its “brake drums have been introduced to North America for more than 20 years” and that its “sales network also expands to Europe, Asia, Australia, Middle East and other regions nowadays.” See **Exhibit I-24** at 1, 4. The export-oriented nature of the Chinese subject industry reflects the severe issues that the Chinese subject producers face in their domestic market.

Brake drum capacity and utilization in Turkey tell the same story. In recent public statements, the CEO of a leading Turkish manufacturer of subject brake drums, EKU (self-described as “Europe’s Largest Drum Manufacturer”),<sup>31</sup> touted his company’s “strong and modern facilities with robust production capacity” and reported that

{EKU} completed the capacity investment technical feasibility during the pandemic process. {The company} started {its} foundry and machining investment in the last quarter of 2022. With {this} investment to be completed in 2024, {EKU} will increase our production capacity by 200 percent.<sup>32</sup>

Turkish production levels are powered by a Turkish “policy of growth through exports.” **Exhibit I-16** at 1. EKU is similarly export-oriented, boasting that it has “secured its place among the top brake drum export companies with the highest sales abroad.” **Exhibit I-15** at 1. Thus, the doubling of the company’s drum production capacity this year targets export markets, especially the U.S. market, not the Turkish domestic market. **Exhibit I-15** at 2.<sup>33</sup>

As discussed above, conditions in Chinese and Turkish markets cannot absorb current production and will not be able to absorb future production, leaving the U.S. market ripe for additional penetration absent relief in this case.

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<sup>31</sup> **Exhibit I-15** at 1.

<sup>32</sup> **Exhibit I-16** at 4 (emphasis added).

<sup>33</sup> The company’s website has a section titled: “The campaign leader of the USA is EKU.”

**2. The Chinese and Turkish Brake Drum Industries Are Export-Oriented and Unused Capacity Makes the U.S. Market Ripe for Further Penetration**

As discussed above, faced with idle capacity and inadequate domestic market demand, both the Chinese and Turkish subject industries are export-oriented and specifically target the lucrative U.S. market to increase their sales and capacity utilization. The significant market penetration achieved by subject foreign producers during the POI speaks for itself. Specifically, U.S. imports of Chinese brake drums have increased significantly between 2021 and 2023, growing from [ *3,502 thousand* ] units in 2021 to [ ] units in 2023, and grew by another [ ] percent in Q1 2024 from Q1 2023. See **Exhibits I-10** and **I-11**. U.S. imports of Turkish brake drums also increased between Q1 2023 and Q1 2024, a trend that can reasonably be expected to accelerate significantly once the significant new Turkish capacity comes on-line. See **Exhibit I-10** and **I-11**; **Exhibit I-16** at 4.

Furthermore, the United States is a large export market for Chinese and Turkish brake drums. The Global Trade Atlas (“GTA”) export data for China and Turkey for the period of 2021–2023 show that the United States has consistently been the largest export market for Chinese brake drum exports. See **Exhibit I-25**. In fact, the United States alone accounted for 33.8 percent of China’s total exports under HTS 8708.30 (in which subject drums are classified) in 2023. *Id.* Moreover, based on [ ] data, imports of Chinese brake drums into the United States comprised [ *2,980 thousand* ] units in 2021, which accounted for [ ] percent of U.S. apparent consumption in 2021 and was only [ ] percentage points less than the share of the domestic industry. See **Exhibits I-10** and **I-11**. As discussed in Section III.E above, volumes of Chinese brake drums increased significantly over the POI, capturing at least [ ] percent of U.S. apparent consumption, and surpassing domestic industry market share, from 2022 forward.

With its export orientation and substantial unused capacity, Chinese brake drums could easily inundate the U.S. market, driving Petitioner out of the brake drums market.

Similarly, the United States was the second largest market for Turkish exports under HTS 8708.30 throughout that period, and experienced a significant increase by 146.5 percent from 2021 to 2023. In fact, the GTA export data for Turkey show that the United States is well positioned to overtake Germany as the leading market for Turkish exports under HTS 8708.30. *See Exhibit I-25.* With EKU's production capacity scheduled to double this year, Turkish brake drum exports to the United States would likely explode in the imminent future similar to what happened with respect to Chinese subject imports during the POI.

Other evidence also suggests that both foreign subject industries target the United States for their unused capacity. As discussed below, Chinese subject producers have been very aggressive towards the U.S. market and offer increasingly cut-rate prices [

]. *See Exhibit I-18.* Similarly, Turkish producers led by EKU are not shy about their intention with respect to the U.S. market. EKU's main webpage has a section dedicated to the U.S. market, boasting, among other things, that it targets the full range of potential US customers of subject drums:

**The campaign leader of the USA is EKU!**

The quality of EKU brake parts has already reached out of the borders of Europe, and has succeeded in attracting the attention of major American vehicle manufacturers, wholesale spare parts dealers, commercial vehicle manufacturers and major services. Today, EKU is the largest company exporting brake discs and drum brake systems to the USA. Thanks to its wide logistics network, EKU brings its products together with the manufacturers in a fast and flawless manner. EKU ensures that heavy tonnage vehicles travel around the world safely with the quality of EKU drums.<sup>34</sup>

---

<sup>34</sup> *Exhibit I-15* at 2.

**3. Chinese and Turkish Brake Drums Will Continue to Enter the U.S. Market at Very Low Prices That Will Increase Demand for Such Brake Drums**

Imports of Chinese and Turkish brake drums are entering the U.S. market at aggressively low prices. Such low prices will only increase demand further for the subject imports. As an initial matter, the mere availability of Chinese and Turkish imports has had a significant impact on the domestic industry. But their availability at cut-rate prices creates a serious danger for domestic producers. [

]

The harm caused by low-priced Chinese and Turkish drums is evidenced in the domestic industry's financial performance, as shown in **Table 4**. In 2022, subject imports overshoot U.S. consumption and flooded the market, thereby starting 2023 with excess inventory. In part because of this excess inventory, and because of the opportunity offered by reduced ocean freight rates, importers from subject countries aggressively sold brake drums at cut-rate prices in 2023 causing a grim result for the domestic industry where operating income fell by [ ] percent as compared to 2022, its operating margin fell by [ ] percentage points, domestic production declined by [ ] percent and U.S. sales quantities declined (by [ ] percent),

despite available capacity. See **Exhibit I-17**. Subject imports continued to increase over the interim periods, with volume increasing by [ ] percent and market share increasing by [ ] percentage points. This led to further declines in the domestic industry's performance between the interim periods, with production falling by [ ] percent, U.S shipments quantity falling by [ ] percent, operating income declining by [ ] percent, and operating margin falling by [ ] percentage points. *Id.*

With no indication of an end to current Chinese and Turkish market conditions, it is reasonable to expect Chinese and Turkish brake drum producers to continue to increase their exports and offer low priced subject merchandise into the U.S. market into the foreseeable future. Without an AD/CVD order, Chinese and Turkish brake drums 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.

#### **4. Unfairly Priced Subject Imports Will Essentially Eliminate the Domestic Industry**

Without an AD/CVD order, the potential for negative effects on the domestic industry's efforts to compete and survive are stark. Unfairly priced subject brake drum imports are being sold at such low prices that the domestic industry cannot compete. [

]

In short, if subject imports continue to be unfairly traded in the U.S. market, the domestic industry's business will no longer remain viable. This will result in a tremendous loss of domestic jobs and revenue, as U.S. producers will not have any revenue to continue operations, let alone invest in future production.

**5. Current Trends Make the Domestic Industry Vulnerable to Unfairly Traded Brake Drum Imports**

The domestic industry has experienced negative effects due to low-priced subject imports and faces further negative effects in the imminent future. Overall, the domestic industry has reached a vulnerable position, with a significant drop in its 2023 and interim 2024 financial results. As depicted in **Table 5** below, the 2023 and first quarter 2024 financial results show a substantial drop in the domestic industry's operating margin. Moreover, as the price of imports from China and Turkey have continued to decline, the domestic industry has experienced a worsening cost-price squeeze since 2022.

<b>Table 5</b>					
<b>Financial Results - Domestic Industry</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Q1 2023</b>	<b>Q1 2024</b>
COGS/Net Sales	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%
Operating Margin	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%

*Source: Exhibit I-17*

The domestic industry remains extremely vulnerable because subject imports have flooded the market with below-market prices causing the domestic industry to lose customers and market share over the POI. The threat to the domestic industry from subject imports is real and imminent because the domestic industry continues to lose ground to subject imports. Petitioner remains vulnerable to further erosion of its financial and operational condition. Only an AD/CVD order on subject imports can mitigate that threat.



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## Exhibit List

Ex. No.	Description	BPI/Public
I-1	Standing	BPI
I-2	Physical Characteristics and Interchangeability	Public
I-3	Manufacturing Process	Public
I-4	Channels of Distribution	Public
I-5	List of Known Chinese & Turkish Producers & Exporters	Public
I-6	List of Known U.S. Importers	Public
I-7	Affidavit of Jean Gregoire	BPI
I-8	Negligibility Calculation	BPI
I-9	Ports of Entry	BPI
I-10	[ ] U.S. Import Data – Quarterly Data	BPI
I-11	[ ] U.S. Import Data – Raw Data	BPI
I-12	Felix Richter, <i>U.S. Car Industry Most Reliant on Chinese Parts</i> , Statista (Feb. 21, 2020)	Public
I-13	The Globalization of China’s Auto Parts Industry	Public
I-14	Global Market Monitor Report	Public
I-15	EKU Overview	Public
I-16	EKU Website Excerpt, <i>Dr. Mehmet Dudaroğlu</i>	Public
I-17	Webb Trade, Financial and Employment Data	BPI
I-18	Trend Graph	BPI
I-19	Lost Sales and Lost Revenues	BPI
I-20	Longkou Haimeng Machinery Co., Ltd. Website Excerpt	Public
I-21	Laizhou Sanli Auto Parts Co., Ltd. Website Excerpt	Public
I-22	Ling Zhenghe, <i>China Auto Parts is becoming the world’s “supermarket for cheap substitutes”</i> (Jan. 29, 2023)	Public
I-23	Lianyun Net, <i>As “neijuan” intensifies, is going abroad the next hot tide for auto parts?</i> (Mar. 15, 2023)	Public
I-24	Company Websites on Export Operations	Public
I-25	Global Trade Atlas Export Data	Public

**PUBLIC VERSION**

**Business Proprietary Information for Which  
Proprietary Treatment is Requested Removed at  
Pages IV-1 – IV-3, and Exhibits IV-1A – IV-1B,  
IV-3, IV-6A-6B, and IV-8.**

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DOC Investigation No. A-489-853  
USITC Investigation No. 731-TA-\_\_\_\_\_

Total Pages: 221  
AD/CVD Operations

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**BEFORE THE INTERNATIONAL TRADE ADMINISTRATION OF THE  
U.S. DEPARTMENT OF COMMERCE  
AND THE  
U.S. INTERNATIONAL TRADE COMMISSION**

---

**ANTIDUMPING AND COUNTERVAILING DUTY PETITIONS  
ON BEHALF OF WEBB WHEEL PRODUCTS, INC.**

---

***CERTAIN BRAKE DRUMS FROM THE PEOPLE’S REPUBLIC OF CHINA AND  
TÜRKIYE***

---

**VOLUME IV: INFORMATION RELATING TO TÜRKIYE – ANTIDUMPING DUTIES**

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## **I. ALLEGATION OF SALES AT LESS THAN FAIR VALUE**

### **A. Introduction**

This volume of the petition contains allegations regarding sales at less than fair value in the United States of certain brake drums imported from Türkiye (“Turkey”). This volume presents information reasonably available to Webb Wheel Products, Inc. (“Webb” or “Petitioner”) demonstrating that certain brake drums from Turkey are being sold at less than fair value within the meaning of 19 U.S.C. § 1673 during the proposed period of investigation (“POI”) of April 2023 through March 2024. As discussed below, evidence that is reasonably available to the Petitioner demonstrates that producers and/or exporters in Turkey have sold, or offered for sale, certain brake drums in the United States at less than fair value.

For the purposes of this petition, Petitioner has relied upon [ ], as its starting point for the U.S. net price calculation. This delivered price was adjusted to reflect the domestic inland freight, domestic brokerage and handling charges, ocean freight, and removal of the 2.5% duty that is applicable to brake drums entering the U.S. These deductions were made to put the U.S. net price on an ex-factory basis.

Petitioner obtained prices charged by a downstream distributor in the Turkish market, which Petitioner relied upon as the starting point for normal value. Since these prices are charged by the downstream distributor and are not prices that are charged by the manufacturer, Petitioner adjusted the downstream distributor price by backing out a Turkish distributor profit margin (i.e. distributor’s mark-up) for the relevant period to arrive at normal value.

The general and injury information required by 19 C.F.R. § 351.202 of the U.S. Department of Commerce’s (the “Department”) regulations and 19 C.F.R. § 207.11 of the U.S. International Trade Commission’s regulations are set forth in Volume I of this Petition. Based on information reasonably available to Petitioner and contained in this volume, the Department

should initiate an investigation into sales at less than fair value of certain brake drums from Turkey and should impose antidumping duties in an amount that is equal to the amount by which normal value exceeds the export price.

**B. Turkish Producers**

To the best of Petitioner's knowledge, brake drums from Turkey are manufactured and exported to the United States by a limited number of companies. In accordance with 19 C.F.R. § 351.202(b)(7)(i)(A), Petitioner has set forth the addresses of these companies in Volume I. *See* Petition Volume I, **Exhibit I-5**.

**C. U.S. Price**

The application of the Department's standard dumping methodology demonstrates that producers and/or exporters in Turkey sold, or offered for sale, brake drums in the United States at less than fair value.

**1) Starting Price**

Petitioner has used as the starting place for U.S. price a [ ]. Supporting information for the price is attached at **Exhibit IV-1**. Information about [ ] is provided in **Exhibit IV-2A**. The following sections describe Petitioner's deductions to arrive at the ex-factory export price ("EP").

**2) Movement and Other Expenses**

In order to calculate the ex-factory EP for sales to the United States, Petitioner deducted from the referenced price the expenses associated with delivering the product to the U.S. port and clearing the domestic port. These deductions include foreign inland freight from the Turkish producers' facilities to the port of export, Turkish brokerage and handling expenses, and ocean freight expenses. In order to determine a distance between the Turkish producers' facilities and

the port, Petitioner used data relating to [

]. See final page of [ ] contained in **Exhibit IV-2A**.

### **3) Foreign Inland Freight**

Petitioner calculated the distance between [

]. See **Exhibit IV-2B**. Petitioner then applied a

USD/Km/Kg surrogate value for truck freight that was derived from the World Bank’s “*Doing Business 2020: Turkey*” report. See **Exhibit IV-3**. A copy of this report is included at **Exhibit IV-5**.

### **4) Foreign Brokerage and Handling**

Petitioner calculated the per-unit expense for brokerage and handling based on the World Bank’s “*Doing Business 2020: Turkey*” report. See **Exhibits IV-4** and **IV-5**.

### **5) Ocean Freight**

Petitioner calculated an expense for ocean freight based on a [

]. Petitioner

typically ships [ ] brake drums in a container and used this as the assumption for the total units shipped. The weight of [ ] pounds per drum was used to calculate the freight on a USD per Kg basis. See **Exhibit IV-6**.

### **6) U.S. Duties**

After backing out expenses for ocean freight, domestic inland freight, and domestic brokerage and handling, Petitioner removed the 2.5% duty that is applicable to brake drums entering the U.S. See **Exhibit IV-7** for support for this duty rate.

### **7) Conclusion**

The calculated export price for certain brake drums imported from Turkey is [ ] per unit. See **Exhibit IV-8**.

**D. Calculation of Normal Value Using Home Market Prices**

Petitioner was able to obtain pricing information for Turkish brake drums being offered for sale for consumption in Turkey from a Turkish distributor website called “ORIONPART.” Petitioner was able to find pricing from ORIONPART for a brake drum model that is comparable with the product sold in the U.S. market that forms the basis of the export price stated above. *See Exhibit IV-9* for the price summary information. **Exhibit IV-10A** is a printout from the ORIONPART website noting that it is located in “Konya – the capital for Turkish heavy duty commercial part production.” **Exhibit IV-10B** is a printout from the ORIONPART website offering an MAN 26281 brake drum with OEM numbers 81501100134, 81501109101 and 81501100101 for €152.35. OEM part numbers are used to identify the vehicles manufactured by an OEM that can utilize the drum.<sup>1</sup> **Exhibit IV-10C** is an actual order for the MAN 26281 brake drum that demonstrates that the starting price of €152.35 is net of freight. **Exhibit IV-10D** contains information about Eker Bijon Sanayi ve Ticaret A.Ş., a Turkish producer of brake drums, which states that it is also located in Konya. **Exhibit IV-10E** is a specification sheet for the Eker brake drum that corresponds to OEM numbers 81501100134, 81501109101 and 81501100101. Thus, information reasonably available to Petitioner indicates that the ORIONPART price used for normal value is a price in Turkey of a Turkish-produced brake drum. Moreover, the ORIONPART brake drum is comparable to the brake drum relied on to calculate the export price. *See Exhibit IV-IB.*

---

<sup>1</sup> <https://www.greatap.com.tw/en/faq/GAP-faq-05> (reviewed June 13, 2024) (“The exclusive coding of automotive parts is called an OEM number, which is a unique identification number assigned by the original equipment manufacturer to its products. This number is used to accurately identify and differentiate specific parts or products. In the automotive industry, OEM numbers are typically used to identify original equipment parts and help determine their compatibility with specific vehicle models or production years.”)



**1) Distributor Mark-up**

Petitioner notes the prices described above are not the prices that are charged by the manufacturer – they are prices charged by a downstream distributor. To calculate the normal value for a Turkish manufacturer, Petitioner has backed out a distributor profit margin. Petitioner was not able to find publicly available information for ORIONPART, but it was able to identify a Turkish distributor that had publicly available information - Dogus Otomotiv Servis ve Ticaret AS ("Dogus Otomotiv"), which is a large distributor of automobiles and automotive parts in Turkey. *See Exhibit IV-11* for supporting information about the company along with the financial report for 2023.

Petitioner provides at **Exhibit IV-12** the distributor mark-up calculations for Dogus Otomotiv for the full-year 2023 period. The basic premise is that the Cost of Goods Sold for a distributor is the sum of the purchase prices of its inventory. This would be the price that the company pays to the manufacturers of the products it sells. Petitioner has compared the Cost of Goods Sold to the total revenue earned by the distributor to derive the average mark-up that it applies to its purchase prices while setting its sales prices. The average mark-up for Dogus Otomotiv for full-year 2023 was 27.4 percent. *See Exhibit IV-11*.

**2) Exchange Rate Information**

Petitioner provides at **Exhibit IV-13** the relevant exchange rate information.

**3) Normal Value**

Using the information described above, Petitioner calculated the Normal Value of brake drums in Turkey. The calculated NV is \$130.04 per unit. *See Exhibit IV-14*.

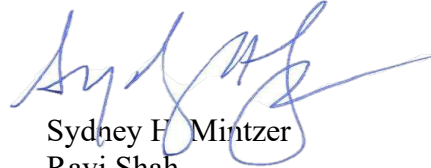
**E. Antidumping Duty Margin Calculation**

In order to calculate a dumping margin, Petitioner compared the U.S. net price to the normal values on a per-unit basis. The calculated dumping margin for certain brake drums imported from Turkey is **168.34** percent. *See Exhibit IV-15.*

**II. CONCLUSION**

Based on the information presented in this petition, Petitioner alleges that imports of brake drums from Turkey are being sold, and are likely to be sold, at less-than-fair-value in the United States. As such, the Department should initiate an antidumping duty investigation and make an affirmative determination of dumping.

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## Exhibit List

Ex. No.	Description	BPI/Public
IV-1A	Starting U.S. Price Summary & Source Quote	BPI
IV-1B	Price Quote Affidavit	BPI
IV-2A	Turkish Exporter Company Information	BPI
IV-2B	Distance from Turkey Factory to the Port	BPI
IV-3	Turkish Domestic Inland Freight Cost Calculation	BPI
IV-4	Turkish Domestic Brokerage & Handling Cost Calculation	Public
IV-5	The World Bank, <i>Doing Business 2020 (Turkey)</i>	Public
IV-6A	Ocean Freight Expense & Supporting Documentation	BPI
IV-6B	Ocean Freight Quote Affidavit	BPI
IV-7	U.S. Customs Duty 2.5% Supporting Documentation	Public
IV-8	U.S. Net Price Calculation	BPI
IV-9	Starting Turkish Market Price Summary	Public
IV-10A	Turkish Distributor Information - ORIONPART	Public
IV-10B	Turkish Distributor Information – ORIONPART Brake Drum Offerings	Public
IV-10C	Turkish Distributor Price Quote Supporting Documentation - ORIONPART	Public
IV-10D	Turkish Producer Information – Eker Bjorn	Public
IV-10E	Turkish Producer Information – Eker Bjorn Brake Drum Offerings	Public
IV-11	Turkish Distributor Mark-Up Calculation – Dogus Otomotiv	Public
IV-12A	Turkish Distributor Information – Dogus Otomotiv	Public
IV-12B	Turkish Distributor Financials – Dogus Otomotiv Annual Report FY 2023	Public
IV-13	Exchange Rates Calculation & Source	Public
IV-14	Normal Value Calculation	Public
IV-15	Margin Calculation	Public

**PUBLIC DOCUMENT**

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DOC Investigation No. C-489-854  
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Total Pages: 1,161  
AD/CVD Operations

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**BEFORE THE INTERNATIONAL TRADE ADMINISTRATION OF THE  
U.S. DEPARTMENT OF COMMERCE  
AND THE  
U.S. INTERNATIONAL TRADE COMMISSION**

---

**ANTIDUMPING AND COUNTERVAILING DUTY PETITIONS  
ON BEHALF OF WEBB WHEEL PRODUCTS, INC.**

---

***CERTAIN BRAKE DRUMS FROM THE PEOPLE'S REPUBLIC OF CHINA AND  
TÜRKIYE***

---

**VOLUME V: INFORMATION RELATING TO TÜRKIYE – COUNTERVAILING  
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June 20, 2024

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## **I THE DEPARTMENT SHOULD IMPOSE COUNTERVAILING DUTIES ON IMPORTS OF CERTAIN BRAKE DRUMS FROM TÜRKİYE**

This volume presents information reasonably available to Webb Wheel Products, Inc. (hereinafter, “Petitioner”) that the production of certain brake drums from Türkiye (“Turkey”) is benefiting from countervailable subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (“the Act”), 19 USC § 1677(5). Pursuant to 19 U.S.C. § 1671(a)(1) and (2), the Department of Commerce (the “Department”) is required to impose a countervailing duty (“CVD”) order on imported merchandise from a “Subsidies Agreement” country, where (1) producers/exporters of that merchandise benefit from countervailable subsidies, and (2) the imported merchandise materially injures or threatens to injure an industry in the United States. As a member of the World Trade Organization, Turkey is a “Subsidies Agreement” country under 19 U.S.C. § 1677(8)(A). Petitioner hereby alleges that the Government of Turkey (“GOT”) maintains a system of economic programs and policies that have conferred, and continue to confer, countervailable subsidies to Turkish producers of certain brake drums, which are materially injuring the U.S. brake drum industry.

The following allegations identify subsidies that Petitioner has found through research of reasonably available public information, including many programs that the Department has found countervailable in previous CVD investigations, involving similar products produced in Turkey. Petitioner reserves the right to make further allegations of subsidies with respect to specific producers once the Department selects one or more Turkish producers as mandatory respondents.



**II. THE NAME OF THE COUNTRY IN WHICH THE SUBJECT MERCHANDISE IS MANUFACTURED OR PRODUCED**

The name of the country in which the subject merchandise is manufactured or produced is Turkey.

**III. NAMES AND ADDRESSES OF TURKISH BRAKE DRUM PRODUCERS AND EXPORTERS BELIEVED TO BENEFIT FROM COUNTERAVAILABLE SUBSIDIES**

The names, addresses, and other contact information for the known Turkish producers of the cast iron drum brakes are contained in Volume I of this petition. Petitioner believes these companies have benefited from one or more of the countervailable subsidies alleged below. As previously stated, information sufficient to calculate an *ad valorem* subsidy margin is not reasonably available to Petitioner at this time. However, where possible, Petitioner has provided factual information that gives a reasonable indication of the value of the subsidy to producers or exporters of the subject merchandise.

**IV. PRODUCT AND INDUSTRY BACKGROUND**

**A. The Product**

As detailed further in Volume I of this Petition, the product covered by this Petition is certain brake drums from the Republic of Turkey.

**B. Turkey's Policies Confirm that Subsidies at the State and National Levels of Government Confer Benefits to Turkish Producers of Brake Drums**

The national government in Turkey maintains an extensive system of subsidies that provide support to industrial manufacturers and exporters, including those operating in the metals sector. For example, the Department recently found that the GOT conferred substantial assistance to common alloy aluminum sheet manufacturers and exporters in Turkey in the form of preferential

lending, direct tax programs, indirect tax programs and grant programs.<sup>1</sup> Specifically, the Department countervailed nine distinct programs and certain other subsidies,<sup>2</sup> with respondents' margins ranging from 2.56% to 4.34%.<sup>3</sup> The programs that the Department investigated targeted Turkish metal product manufacturers, and also manufacturers located in specific regions.

Additionally, in other recent investigations, including those involving *Steel Concrete Reinforcing Bar from the Republic of Turkey* (“*Steel Rebar*”), the Department has determined that the GOT provides countervailable subsidies to select Turkish industries and exporters.<sup>4</sup> Additionally in *Steel Rebar*, the Department found that the GOT provided natural gas to steel producers at less than adequate remuneration.<sup>5</sup> Consistent with the Department's determinations in previous investigations and administrative reviews, this Petition details several subsidy programs, including preferential lending programs, direct tax programs, indirect tax programs and grant programs that all provide countervailable subsidies to select Turkish industries and exporters, including the brake drums industry.

## V. EFFORTS TO OBTAIN INFORMATION

Petitioner has conducted extensive research to document the subsidies that the GOT authorities provide to the brake drum industry in Turkey. This research included a review of sources including Turkish producer websites; market and industry research; news sources; Turkish government webpages and reports; and recent Department CVD investigations with

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<sup>1</sup> See *Common Alloy Aluminum Sheet from the Republic of Turkey: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances, in Part*, 86 Fed. Reg. 13,315 (Mar. 10, 2021), and accompanying Issues and Decision Memorandum (“IDM”) at 12-14 (Mar. 1, 2021) (“*Common Alloy Aluminum Sheet from Turkey Final IDM*”).

<sup>2</sup> See *id.* at 12-14.

<sup>3</sup> *Id.*

<sup>4</sup> *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 82 Fed. Reg. 23,188 (May 22, 2017), and accompanying IDM (May 15, 2017).

<sup>5</sup> *Id.* at 8-12.

respect to Turkey. The information contained in this Petition is sufficient to satisfy the CVD statutory requirements, pursuant to section 702(b)(1) of the of the Act. However, much of the information that would allow Petitioner to determine with certainty the amount of subsidy received by each of the Turkish brake drum producers is difficult or impossible to obtain.

Additionally, Petitioner has examined all “reasonably available evidence” consistent with 19 U.S.C. § 1671a(b)(1); 19 C.F.R. § 351.202. As the Department is aware, the Department “‘shall’ initiate a CVD investigation ‘whenever an interested party’ files a petition ‘on behalf of an industry’ that ‘alleges the elements necessary for the imposition of the duty imposed by section 1671(a) of this title’ and provides ‘information reasonably available to the petitioner supporting those allegations.’”<sup>6</sup> The Department “‘examine{s} the accuracy and adequacy of the evidence provided in the petition’ and, ‘on the basis of sources readily available to the {agency}’, decides ‘whether to initiate an investigation.’”<sup>7</sup> The U.S. Court of International Trade has explained that “‘{a} petition or subsequent subsidy allegation functions ‘like a civil complaint’ and is intended ‘to alert the agency to the possibility of a subsidy.’”<sup>8</sup> Thus, “‘most subsidy petitions are granted unless the allegations are clearly frivolous, not reasonably supported by the facts alleged or omit important facts which are reasonably available to the petitioner.’”<sup>9</sup>

Pursuant to section 702(b)(1) of the Act, a petitioner only needs to support a subsidy allegation with “information reasonably available” to it.<sup>10</sup> A petitioner is not required under the statute to provide all information necessary for the Department’s final determination with respect to an alleged program. The programs detailed in this Petition have been prepared pursuant to these

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<sup>6</sup> See *Nucor Corp. v. United States*, 600 F. Supp. 3d 1225, 1229 (Ct. Int’l Trade 2022) (citation omitted).

<sup>7</sup> See *id.*

<sup>8</sup> See *id.* (citing *RZBC Grp. Shareholding Co. v. United States*, 100 F. Supp. 3d 1288, 1292 (Ct. Int’l Trade 2015)).

<sup>9</sup> See *id.*

<sup>10</sup> Section 702(b)(1) of the Tariff Act of 1930.

guidelines. Specifically, as noted above, Petitioner has consulted all reasonably available information from public sources, including producer websites; market and industry research; news sources; Turkish government webpages and reports; and recent Department CVD investigations with respect to Turkey.

## **VI. THE DATE FROM WHICH THE DEPARTMENT SHOULD MEASURE SUBSIDIES**

The Department customarily allocates the benefits from nonrecurring subsidies over the average useful life (“AUL”) of renewable physical assets used in the production of subject merchandise. The Department should find that the AUL for this investigation should be 14 years pursuant to 19 CFR § 351.524(d)(2) and the US Internal Revenue Service’s Publication 946, as asset class 33.3, Manufacture of Foundry Products, with a 14-year class life.<sup>11</sup>

## **VII. SUBSIDY PROGRAMS**

The GOT grants subsidies to its producers of subject merchandise, including:

- provision of production inputs for less than adequate remuneration;
- federal tax programs;
- preferential lending;
- indirect tax programs; and
- grant programs.

The available evidence indicates that these programs constitute countervailable subsidies under section 771 of the Act because they are financial contributions, provide a benefit to Turkish brake drum producers, and are specific. Provided below is a description of the various countervailable subsidies available to Turkish brake drum producers.

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<sup>11</sup> See **Exhibit V-1** (Dep’t of the Treasury, IRS Pub. 946 at 101 (Mar. 3, 2022), *available at* <https://www.irs.gov/pub/irs-pdf/p946.pdf>).

## A. Provision of Pig Iron for LTAR

The Department has determined previously that the GOT provides ferrous inputs for less than adequate remuneration to Turkish iron and steel producers, which include Turkish producers of certain brake drums.<sup>12</sup> Turkish certain brake drum producers use pig iron as a ferrous input in the production process.<sup>13</sup> Thus, it is reasonable to assume that while U.S. producers of certain brake drums pay market prices for its pig iron input, Turkish producers have been able to count on continued support from the GOT via subsidies to the Turkish iron and steel industry.

Public information suggests that the GOT provides pig iron to downstream industries, such as the Turkish certain brake drum industry. For example, Iskenderun Iron and Steel Co. Inc (“Isdemir”), a Turkish producer of pig iron,<sup>14</sup> is owned and controlled by the GOT. In a prior investigation, the GOT acknowledged that “{Eregli Iron and Steel Factories TAS. (“Erdemir”)} owns 95 percent of Isdemir” while “OYAK, the Turkish military pension fund, holds 49 percent of the outstanding shares of Erdemir through a wholly-owned holding company, Ataer Holding A.S.”<sup>15</sup> Further, “{t}he law establishing OYAK in 1961 states that the GOT created OYAK as ‘an institution related to the Ministry of National Defense,’” its top management is dominated by members of the Turkish Armed Forces and government officials,<sup>16</sup> its property has by law the

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<sup>12</sup> See *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 81 Fed. Reg. 47,349 (July 21, 2016) (“*Carbon Steel Pipes from Turkey*”), and accompanying IDM at 11 (July 14, 2016)

<sup>13</sup> As **Exhibits V-2 – V-4** show, in both *Cast Iron Soil Pipe Fittings from China* and *Cast Iron Soil Pipe from China*, the Department calculated subsidy rates for a similar Chinese program based on the mandatory respondent’s reported purchases of pig iron. In addition, in the parallel *Cast Iron Soil Pipe Fittings from China* AD investigation, the Chinese foundries also reported pig iron as a “direct material.” See **Exhibit V-5**. As **Exhibit V-6** (Information on Turkish Producer, EKEU) and **V-7** (Information on Turkish Producer, Eker) show, like the producers involved in these Chinese cases, both Turkish subject producers, EKEU and Eker, are also foundry operators.

<sup>14</sup> See **Exhibit V-8**.

<sup>15</sup> See *Carbon Steel Pipes from Turkey*, and accompanying IDM at 11.

<sup>16</sup> In *Carbon Steel Pipes from Turkey*, the Department found that “OYAK’s Representative Assembly comprises 50 to 100 members of the Turkish Armed Forces ‘designated by their respective commanders or superiors.’ The Representative Assembly, in turn, elects 20 of the 40 members of OYAK’s General Assembly. Of the General

“same rights and privileges as state property,” it is exempt from corporate and other taxes, and members of the armed forces must by law contribute part of their salaries to OYAK.<sup>17</sup> Indeed, the Department found “the government’s significant involvement in OYAK extends to Erdemir and Isdemir.”<sup>18</sup> These facts remained unchanged during the period of investigation (“POI”), *i.e.*, 2023. That is, the GOT continues to own and control Erdemir and its subsidiary Isdemir via OYAK.<sup>19</sup>

The GOT’s provision of pig iron to downstream producers like Turkish producers of certain brake drums confer substantial benefits on these producers. Norway is a well-regarded market economy and a known source of pig iron supply for Turkey.<sup>20</sup> During 2023, the per-unit price of Norwegian pig iron imports into Turkey ranged from US\$550–720 *per* metric ton, with a weighted average price of US\$580 *per* metric ton.<sup>21</sup> In contrast, during the same period, Turkish pig iron was sold only for between US\$390–640 *per* metric ton, with a weighted average price of US\$500 *per* metric ton.<sup>22</sup> Tellingly, in October 2023, the price difference between imported pig iron and Turkish domestic pig iron reached a period peak of US\$330 *per* metric ton, with imports priced much higher than the domestic product.<sup>23</sup> The significant price spread between non-distorted Norwegian imports and cheap domestic pig iron proves that the GOT subsidizes and promotes Turkish downstream iron and steel producers by providing a key input at below-

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Assembly’s other 20 members, 17 are by statute government officials (e.g., Ministers of Finance and Defense). Members of the General Assembly elect the eight-person Board of Directors.” *See Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

<sup>17</sup> *See Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

<sup>18</sup> *Id.*, citing *Certain Oil Country Tubular Goods from the Republic of Turkey: Final Determination in the Countervailing Duty Investigation and Final Affirmative Critical Circumstances Determination*, 79 Fed. Reg. 41,964 (July 18, 2014), and accompanying IDM (July 10, 2014) (“*OCTG from Turkey*”), and *Welded Line Pipe from the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 80 Fed. Reg. 61,371 (Oct. 13, 2015), and accompanying IDM (Oct. 5, 2015) (“*WLP from Turkey*”).

<sup>19</sup> *See Exhibit V-9*.

<sup>20</sup> *See Exhibit V-10* (Evidence of Norwegian Pig Iron Imports).

<sup>21</sup> *Exhibit V-11* (LTAR UN Comtrade Data) at Turkey Pig Iron Summary tab; Turkey Pig Iron Imports Sources.

<sup>22</sup> *Id.* at Turkey Pig Iron Summary tab; Turkey Pig Iron Exports Source.

<sup>23</sup> *Id.* at Pig Iron Summary tab.

the-market prices.

The Department has found that the recipients of benefits conferred under a similar program are limited in number to specific enterprises or industry. In *Carbon Steel Pipes from Turkey*, a prior CVD investigation involving the Turkish iron and steel industry, the Department found that “the GOT provided a list of nine industries that purchased {hot-rolled steel} in Turkey during the POI: steel pipe and profile, rerolling producers, machinery, construction, domestic appliances, *automotive* {(an industry which includes certain brake drum production)}, shipbuilding, agricultural equipment, and pressure purposes.”<sup>24</sup> It is reasonable to assume that Turkish industries that purchase pig iron are similarly limited in number and include the automotive industry. Therefore, Petitioner requests that the Department determine the extent that Turkish producers of certain brake drums have benefited under this countervailable program.

### **1. Financial Contribution**

The GOT’s provision of pig iron for LTAR through its state-owned and -controlled iron and steel producers such as Isdemir constitutes a financial contribution in the form of the provision of goods or services within the meaning of Section 771(5)(D)(iii) of the Act.

### **2. Benefit**

The GOT’s provision of pig iron constitutes a benefit by providing a good or service (i.e., pig iron) for LTAR within the meaning of Section 771(5)(E)(iv) of the Act, as proved by the significant price spread between non-distorted Norwegian imports and cheap Turkish domestic pig iron.

### **3. Specificity**

Because the number of industries and enterprises that purchase pig iron is limited in number and certain brake drum producers are among this limited number of end users (i.e.,

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<sup>24</sup> See *Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

part of the automotive industry),<sup>25</sup> there is a reasonable basis to believe or suspect that the subsidy is also specific under Section 771(5A)(D)(iii)(II) of the Act.

## **B. Provision of Ferrous Scrap for LTAR**

The Department has determined previously that the GOT provides ferrous inputs for less than adequate remuneration to Turkish iron and steel producers, which include Turkish producers of certain brake drums. Turkish certain brake drum producers use ferrous scrap as a ferrous input in the production process.<sup>26</sup> Thus, it is reasonable to assume that while U.S. producers of certain brake drums pay market prices for its ferrous scrap, Turkish producers have been able to count on continued support from the GOT via subsidies to the Turkish iron and steel industry.

Public information suggests that the GOT provides ferrous scrap to downstream industries, such as the Turkish certain brake drum industry. For example, Erdemir and Isdemir are both significant iron and steel producers in Turkey, making them likely suppliers of ferrous scrap.<sup>27</sup> In a prior investigation, the GOT acknowledged that “{Eregli Iron and Steel Factories TAS. (“Erdemir”)} owns 95 percent of Isdemir” while “OYAK, the Turkish military pension fund, holds 49 percent of the outstanding shares of Erdemir through a wholly-owned holding company, Ataer Holding A.S.”<sup>28</sup> Further, “{t}he law establishing OYAK in 1961 states that the GOT created OYAK as ‘an institution related to the Ministry of National Defense,’” its top management is dominated by members of the Turkish Armed Forces and government

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<sup>25</sup> *Id.*

<sup>26</sup> As **Exhibits V-2 – V-4** show, in both *Cast Iron Soil Pipe Fittings from China* and *Cast Iron Soil Pipe from China*, the Department calculated subsidy rates for a similar Chinese program based on the mandatory respondents’ reported purchases of ferrous scrap. In addition, in the parallel *Cast Iron Soil Pipe from China* AD investigation, the Chinese foundries also reported ferrous scrap as a “direct material.” See **Exhibit V-5**. As **Exhibits V-6** and **V-7** show, like the producers involved in these Chinese cases, both Turkish subject producers, EKU and Eker, are also foundry operators.

<sup>27</sup> **Exhibit V-8** and **V-9** at 26-30.

<sup>28</sup> See *Carbon Steel Pipes from Turkey*, and accompanying IDM at 11.



officials,<sup>29</sup> its property has by law the “same rights and privileges as state property,” it is exempt from corporate and other taxes, and members of the armed forces must by law contribute part of their salaries to OYAK.<sup>30</sup> Indeed, the Department found “the government’s significant involvement in OYAK extends to Erdemir and Isdemir.”<sup>31</sup> These facts remained unchanged during the POI, *i.e.*, 2023. That is, the GOT continues to own and control Erdemir and its subsidiary Isdemir via OYAK.<sup>32</sup>

The GOT’s provision of ferrous scrap to downstream producers like Turkish producers of certain brake drums confer substantial benefits on these producers. The United States is a known source of ferrous scrap supply for Turkey.<sup>33</sup> During 2023, the per-unit price of US ferrous scrap imports into Turkey ranged from US\$660–1,160 *per* metric ton, with a weighted average price of US\$800 *per* metric ton.<sup>34</sup> In contrast, during the same period, Turkish ferrous scrap was sold only for between US\$330–630 *per* metric ton, with a weighted average price of \$370 *per* metric ton.<sup>35</sup> Tellingly, in August 2023, the price difference between imported ferrous scrap and Turkish domestic ferrous scrap reached a period peak of US\$820 *per* metric ton, with imports priced much higher than the domestic product.<sup>36</sup> The significant price spread between non-distorted US imports and cheap domestic ferrous scrap proves that the GOT subsidizes and promotes Turkish downstream iron and steel producers by providing a key

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<sup>29</sup> In *Carbon Steel Pipes from Turkey*, the Department found that “OYAK’s Representative Assembly comprises 50 to 100 members of the Turkish Armed Forces ‘designated by their respective commanders or superiors.’ The Representative Assembly, in turn, elects 20 of the 40 members of OYAK’s General Assembly. Of the General Assembly’s other 20 members, 17 are by statute government officials (e.g., Ministers of Finance and Defense). Members of the General Assembly elect the eight-person Board of Directors.” *Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

<sup>30</sup> See *Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

<sup>31</sup> *Id.*, citing *OCTG from Turkey* and *WLP from Turkey*.

<sup>32</sup> See **Exhibit V-9**.

<sup>33</sup> **Exhibit V-12** (Brian Taylor, “Scrap export market saw several shifts in 2022”, Construction & Demolition Recycling (June 7, 2023)).

<sup>34</sup> **Exhibit V-11** (LTAR UN Comtrade Data) at Scrap Summary tab, Turkey Scrap Imports Source tab.

<sup>35</sup> *Id.* at Scrap Summary tab, Turkey Scrap Exports Source tab.

<sup>36</sup> *Id.* at Scrap Summary tab.

input at below-the-market prices.

The Department has found that the recipients of benefits conferred under a similar program are limited in number to specific enterprises or industry. In *Carbon Steel Pipes from Turkey*, a prior CVD investigation involving the Turkish iron and steel industry, the Department found that “the GOT provided a list of nine industries that purchased {hot-rolled steel} in Turkey during the POI: steel pipe and profile, rerolling producers, machinery, construction, domestic appliances, *automotive* {(an industry which includes certain brake drum production)}, shipbuilding, agricultural equipment, and pressure purposes.”<sup>37</sup> It is reasonable to assume that Turkish industries that purchase pig iron are similarly limited in number and include the automotive industry. Therefore, Petitioner requests that the Department determine the extent that Turkish producers of certain brake drums have benefited under this countervailable program.

### **1. Financial Contribution**

The GOT’s provision of ferrous scrap for LTAR through its state-owned and -controlled iron and steel producers such as Erdemir and Isdemir constitutes a financial contribution in the form of the provision of goods or services within the meaning of Section 771(5)(D)(iii) of the Act.

### **2. Benefit**

The GOT’s provision of ferrous scrap constitutes a benefit by providing a good or service (i.e., pig iron) for LTAR within the meaning of Section 771(5)(E)(iv) of the Act, as proved by the significant price spread between non-distorted US imports and cheap Turkish domestic ferrous scrap.

### **3. Specificity**

Because the number of industries and enterprises that purchase ferrous scrap is

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<sup>37</sup> See *Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

limited in number and certain brake drum producers are among this limited number of end users (i.e., part of the automotive industry),<sup>38</sup> there is a reasonable basis to believe or suspect that the subsidy is also specific under Section 771(5A)(D)(iii)(II) of the Act.

### C. Provision of Metallurgic Coke for LTAR

Public information suggests that the GOT also provides metallurgic coke for less than adequate remuneration to Turkish foundry operators, which include Turkish producers of certain brake drums.<sup>39</sup> Turkish certain brake drum producers use metallurgic coke in the production process.<sup>40</sup> Moreover, the GOT provides metallurgic coke to downstream industries, such as the Turkish certain brake drum industry. For example, Turkiye Taskomuru Kurumu/Turkish Hard Coal Enterprises (“TTK”) is “the heavily subsidized state-owned enterprise which has a virtual monopoly in mining, processing and distribution, including importing, of hard coal in Turkey.”<sup>41</sup> TTK’s business line includes metallurgic coke.<sup>42</sup> Thus, while U.S. producers of certain brake drums pay market prices for its metallurgic coke, Turkish producers have been able to count on continued support from the GOT via subsidies to the Turkish iron and steel industry.

The GOT’s provision of metallurgic coke to downstream producers like Turkish producers of certain brake drums confer substantial benefits on these producers. Germany is a well-regarded market economy and a known source of metallurgic coke supply for Turkey.<sup>43</sup>

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<sup>38</sup> See *Carbon Steel Pipes from Turkey*, and accompanying IDM at 12.

<sup>39</sup> Exhibits V-6 and V-7.

<sup>40</sup> As Exhibits V-2 – V-4 show, in both *Cast Iron Soil Pipe Fittings from China* and *Cast Iron Soil Pipe from China*, the Department calculated subsidy rates for a similar Chinese program based on the mandatory respondents’ reported purchases of metallurgic coke. In addition, in the parallel *Cast Iron Soil Pipe from China* AD investigation, the Chinese foundries also reported metallurgic coke as a “direct material.” See Exhibit V-5. As Exhibits V-6 and V-7 show, like the producers involved in these Chinese cases, both Turkish subject producers, EKU and Eker, are also foundry operators.

<sup>41</sup> Exhibit V-13 (“Turkish Hard Coal Enterprises”, Wikipedia”).

<sup>42</sup> Exhibit V-14 (Energy Diary, “Donmez: We will build a metallurgical coke plant” (Apr. 8, 2023)).

<sup>43</sup> Exhibit V-15 (Argus Media, “Turkey coking coal imports continue to recover” (June 4, 2019)).

During 2023, the per-unit price of German metallurgic coke imports into Turkey ranged from US\$800–1,190 *per* metric ton, with a weighted average price of US\$890 *per* metric ton.<sup>44</sup> In contrast, during the same period, Turkish metallurgic coke was sold only for between US\$200–370 *per* metric ton, with a weighted average price of US\$290 *per* metric ton.<sup>45</sup> Tellingly, in September 2023, the price difference between imported metallurgic coke and Turkish domestic coke reached a period peak of US\$990 *per* metric ton, with imports priced much higher than the domestic product.<sup>46</sup> The significant price spread between non-distorted German imports and cheap domestic metallurgic coke proves that the GOT subsidizes and promotes Turkish downstream iron and steel producers by providing a key input at below-the-market prices.

Regarding a similar Chinese program involving metallurgic coke, the Department has found that “the {Government of China} provided a list of 47 industries that consumed coke from 2006-2015, published by the National Bureau of Statistics... {and} note that the ‘Smelting and Pressing of Ferrous Metals’ industry (which includes cast iron soil pipe) uses a large (predominant) amount,” which led to the determination “that the metallurgical coke for LTAR program is specific, in accordance with section 771(5A)(D)(iii)(II) of the Act.”<sup>47</sup> Thus, it is reasonable to assume that Turkish industries that purchase metallurgic coke are similarly limited in number and Turkish certain brake drum producers are part of an industry that is a predominant user of this program.

### 1. Financial Contribution

The GOT’s provision of metallurgic coke for LTAR through its state-owned and -

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<sup>44</sup> **Exhibit V-11** (LTAR UN Comtrade Data) at Coke Summary tab; Turkey Coke Imports Source tab.

<sup>45</sup> *Id.* at Coke Summary tab; Turkey Coke Exports Source tab.

<sup>46</sup> *Id.* at Coke Summary tab.

<sup>47</sup> *See* **Exhibit V-2** at 25, unchanged by **Exhibit V-3**.

controlled coke producers such as TTK constitutes a financial contribution in the form of the provision of goods or services within the meaning of Section 771(5)(D)(iii) of the Act.

## 2. Benefit

The GOT's provision of metallurgic coke constitutes a benefit by providing a good or service for LTAR within the meaning of Section 771(5)(E)(iv) of the Act, as proved by the significant price spread between non-distorted German imports and cheap Turkish domestic metallurgic coke.

## 3. Specificity

Since certain brake drum producers are among the limited number of enterprises making up the ferrous foundry industry, which is a predominant user of metallurgic coke, the subsidy under this program is "specific" within the meaning of sections 771(5A)(D)(iii)(I) and 771(5A)(D)(iii)(II) of the Act in this case.

## D. Provision of Natural Gas for Less than Adequate Remuneration

As the Department has previously determined, the GOT provides natural gas for LTAR to certain Turkish companies for power generation through Boru Hatlari Ile Petrol Tasima AS ("BOTAŞ"). The Turkish iron and steel industry, which includes Turkish certain brake drum producers, uses natural gas in the production process,<sup>48</sup> and likely for the purpose of power generation.<sup>49</sup> It is thus reasonable to assume that subject producers in Turkey purchased natural gas at LTAR from BOTAŞ, including for power generation.

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<sup>48</sup> **Exhibit V-16** at 10, 13 (Turkey Iron and Steel Industry Energy Consumption Report (Dec. 2023)) ("The primary energy sources employed in the 'Iron and Steel Products Manufacturing' sub-sector include coke, electricity, natural gas, and hard coal") ("The primary sources of emissions in the EAF production route include electricity generation . . ."); **Exhibit V-17** (Celik, "Iron and Steel industry waits for Autoproduction" (Nov. 24, 2016)) ("The three integrated {steel and iron} facilities operating in Turkey produce a significant part of their electricity needs using the root gas, high furnace gas, steel house gas and *purchased natural gas*, and meet the remaining needs from the national grid").

<sup>49</sup> *Id.*

Turkey’s market for natural gas is controlled by GOT BOTAŞ, a state-owned entity.<sup>50</sup> BOTAŞ was established in 1974 and in 1995 was restructured as a State Owned Enterprise and continues in that role today.<sup>51</sup> Indeed, the Department has recently found that BOTAŞ is a “government authority” within the meaning of the statute.<sup>52</sup> Until 2001, BOTAŞ had monopoly rights, by law, on natural gas import, export, distribution, sales and pricing, pursuant to Decree No. 397.<sup>53</sup> That year, Turkey formally abolished BOTAŞ’ de jure control over the natural gas market, promulgating the Natural Gas Market Law (“Law No. 4646”).<sup>54</sup> Under the plan, BOTAŞ’ monopoly over the Turkish natural gas market should have ceased by 2009.<sup>55</sup> However, the government’s “market liberalization plan” largely has not materialized. In fact, as International Energy Agency reported,

BOTAŞ, a vertically integrated firm, dominates the natural gas sector. In addition to building and operating Türkiye’s natural gas infrastructure, BOTAŞ accounted for 1.88 Tcf (95%) of Türkiye’s natural gas imports, 1.87 Tcf {52.95 billion standard cubic meters} of total natural gas sales domestically, and about 21 Bcf of natural gas exports in 2022.<sup>56</sup>

In 2022, natural gas consumption in Turkey was estimated to be 60.44 billion standard cubic meters.<sup>57</sup> Based on this data, BOTAŞ appears to supply almost all of Turkey’s domestic

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<sup>50</sup> BOTAŞ Website Excerpt, attached as **Exhibit V-18**.

<sup>51</sup> *Id.*

<sup>52</sup> *Steel Concrete Reinforcing Bar From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review and Intent to Rescind the Review in Part*, 83 Fed. Reg. 63,472 (Dec. 10, 2018), and accompanying IDM at 19 (Dec. 3, 2018) (“*Reinforcing Bar from Turkey* Final IDM”).

<sup>53</sup> **Exhibit V-38** (Turoge Website Excerpt); International Energy Agency, *Energy Policies of IEA Countries: Turkey 2009 Review* (2009) at 70-71 (provided as Exhibit V-25 in the Petition for the Imposition of the Antidumping and Countervailing Duties: *Steel Concrete Reinforcing Bar from Japan, Taiwan, and the Republic of Turkey* (Sept. 20, 2016)), excerpts attached at **Exhibit V-19**.

<sup>54</sup> *Id.*

<sup>55</sup> See M. Oğuzcan Bulbul, *Liberalization of the Turkish Natural Gas Market*, Rekabet Dergisi Competition Journal, vol. 11, (Jan. 2010) at 20 (provided as Exhibit V-27 in the Petition for the Imposition of the Antidumping and Countervailing Duties: *Steel Concrete Reinforcing Bar from Japan, Taiwan, and the Republic of Turkey* (Sept. 20, 2016)), excerpts attached at **Exhibit V-19**.

<sup>56</sup> **Exhibit V-20** at 3 (footnotes omitted) (U.S. Energy Information Administration, *Country Analysis Brief: Türkiye* (July 11, 2023)); see also **Exhibit V-21** (Convert Units Website Excerpt) (providing conversion of trillion cubic feet to billion cubic meter).

<sup>57</sup> **Exhibit V-22** (Zeynep Beyza Karabay, *Türkiye’s gas consumption estimate for 2022 shows year-on-year 18.8% rise*, AA Energy (Jan. 28, 2022)); **Exhibit V-23** (Semih Ergur, *Increasing Usage of Natural Gas in Turkey and Its*

natural gas consumption. Turkey’s natural gas consumers in 2021 are limited to only a few sectors—power plants comprised 28.6% and the industrial sector constituted 26.7% of gas consumption.<sup>58</sup>

Accordingly, as even BOTAŞ admits, and as the Department has previously found,<sup>59</sup> BOTAŞ is clearly an extension of the state. In sum, the GOT, through BOTAŞ, effectively owns and controls the natural gas market in Turkey. In doing so, as set forth below, the government provides natural gas to Turkish brake drum producers for less than adequate remuneration.

### **1. Financial Contribution**

As the Department previously determined, the GOT’s provision of natural gas for less than adequate remuneration to a subject producer through BOTAŞ constitutes a countervailable subsidy. Pursuant to section 771(5)(D)(iii) of the Act, the provision of natural gas for less than adequate remuneration is a financial contribution.

### **2. Benefit**

Pursuant to section 771(5)(E)(iv) of the Act, a benefit is conferred when the government provides a good or service for less than adequate remuneration. Because the Department has calculated benefit margins for this program in recent countervailing duty proceedings involving Turkish iron and steel products, ranging between 0.09 percent ad

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*Effect on Local Economy*, Climate Scorecard (June 5, 2022)).

<sup>58</sup> See **Exhibit V-24** (TSKB Advisory Services, Monthly Energy Bulletin (June 24, 2021)) (“According to the Turkey Natural Gas Distributors’ Association (GAZBIR)’s 2020 Natural Gas Sector Report, residential use accounted for the highest share of natural gas consumption, with a share of 32.3%, with power plants accounting for 28.6% of the total and industry accounting for 26.7% of total natural gas use.”).

<sup>59</sup> Letter from Republic of Turkey, Ministry of Economy, Directorate General of Exports, to Sec’y Commerce, regarding, “*Response of the Government of Turkey in the Countervailing Duty Investigation on Steel Concrete Reinforcing Bar from the Republic of Turkey* (Jan. 2, 2014) (Public Version) at 13 and Exhibit. 5 (provided as Exhibit V-36 in the Petition for the Imposition of the Antidumping and Countervailing Duties: *Steel Concrete Reinforcing Bar from Japan, Taiwan, and the Republic of Turkey* (Sept. 20, 2016), excerpts attached at **Exhibit V-19**.

valorem<sup>60</sup> and 3.30 percent ad valorem,<sup>61</sup> it is reasonable to assume that Turkish certain brake drum producers have received similar benefits under this program.

### 3. Specificity

As demonstrated above, the power industry and industrial users receive natural gas rates that are disproportionately low, in accordance with section 771(5A)(D)(iii)(III) of the Act. These industrial users, including those in the metals industries, and powerplant users are the primary beneficiaries of subsidized natural gas costs. As such, the program is specific to a group of industries within the GOT, which include brake drum producers.

#### E. Exemption from Property Tax

As the Department has previously found, the GOT's property tax exemption program is countervailable.<sup>62</sup> Pursuant to Article 4 of the Property Tax Law No. 1319 (July 1, 2017), a permanent property tax exemption is granted for all buildings located in Organized Industrial Zones ("OIZs"), Free Zones, or Technology Development Zones. Article 8 of Property Tax Law No. 1319 establishes the property tax rate of 0.2% for all non-residential buildings.<sup>63</sup> Based on information provided by the GOT, there are currently 258 operational OIZs in Turkey, and 18 active Free Zones located close to the EU and Middle Eastern markets.<sup>64</sup> Turkish certain brake drum producers are located in OIZs and may be located in Free Zones. For example, Eker Bijon

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<sup>60</sup> *Countervailing Duty Investigation of Certain Hot-Rolled Steel Flat Products from the Republic of Turkey: Final Affirmative Determination*, 81 Fed. Reg. 53,433 (Aug. 12, 2016), and accompanying IDM at 12 (Aug. 4, 2016).

<sup>61</sup> *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Results of Countervailing Duty Administrative Review; 2017*, 85 Fed. Reg. 16,056 (Mar. 20, 2020), and accompanying IDM at 4 (Mar. 13, 2020).

<sup>62</sup> *Common Alloy Aluminum Sheet from Turkey* Final IDM at 12 and Appendix (finding the exemption from property tax countervailable for purposes of AFA).

<sup>63</sup> Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020) at 10-11, excerpts attached at **Exhibit V-25**.

<sup>64</sup> **Exhibit V-26** (Presidency of the Republic of Türkiye Investment Office, *Investment Zones*, Website Excerpt); Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020) at 11, excerpts attached at **Exhibit V-25**; see also **Exhibit V-27** Republic of Türkiye Ministry of Trade, *General Directorate of Free Zones*).



Sanayi ve Ticaret A.S. (“Eker”) is “spread over a total area of 94,000 m<sup>2</sup> in Konya’s Organized Industrial Zone, operates with 2 modern factories with a production area of 43,000 m<sup>2</sup>.”<sup>65</sup> EKU Fren ve Döküm Sanayi A.Ş. (“EKU”) is located in an OIZ, which is “Organize Sanayi Bölgesi” in Turkish.<sup>66</sup> The Department should investigate whether these and additional Turkish certain brake drum producers received benefits under this program during the POI.

### **1. Financial Contribution**

This tax benefit provides a financial contribution in the form of revenue forgone by the GOT that would otherwise be due, pursuant to section 771(5)(D)(ii) of the Act.

### **2. Benefit**

This program provides a benefit to the recipient in the amount of the tax savings from the program, pursuant to 19 C.F.R. § 351.509(a)(1).

### **3. Specificity**

This tax program is *de jure* specific under section 771(5A)(D)(iv) of the Act, because pursuant to the relevant law, as the Department has previously indicated, “it is limited to companies located in OIZs, free zones, industrial zones, technology development zones, and industrial sites.”<sup>67</sup>

## **F. Deductions from Taxable Income for Export Revenue**

As the Department has previously found, the GOT’s deductions from taxable income for export revenue program are countervailable.<sup>68</sup> Under Article 40 of the Income Tax Law 193, as

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<sup>65</sup> See **Exhibit V-28** (Eker Website Excerpt).

<sup>66</sup> See **Exhibit V-29** (EKU Website Excerpt).

<sup>67</sup> *Common Alloy Aluminum Sheet from the Republic of Turkey: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Determination of Critical Circumstances, in Part, and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 Fed. Reg. 49,629 (Aug. 14, 2020), and accompanying Preliminary Decision Memorandum (“PDM”) at 15 (Aug. 7, 2020) (“*Common Alloy Aluminum Sheet from Turkey Prelim IDM*”).

<sup>68</sup> *Common Alloy Aluminum Sheet from Turkey Final IDM* at Appendix (finding the program countervailable for purposes of AFA); see, e.g., *Large Diameter Welded Pipe from the Republic of Turkey: Preliminary Affirmative*

amended by Law 4108 of June 1995, Turkish companies can receive tax deductions from gross income accrued from exporting, construction, maintenance, assembly, and overseas transportation activities.<sup>69</sup> This program is administered by the Ministry of Finance.<sup>70</sup> The value of this deduction is capped at 0.5% of a company's foreign-exchange earnings, the benefit is recorded as a lump sum deduction on its annual income tax return and may include undocumented expenses. As noted below, Turkish certain brake drum producers are significant exporters and thus could be eligible for or used this program, just like other downstream iron and steel product producers.<sup>71</sup> Accordingly, the Department should initiate an investigation into whether certain brake drum producers applied for or benefitted from this program.

## 1. Financial Contribution

This tax benefit provides a financial contribution in the form of revenue forgone by the GOT that would otherwise be due, pursuant to section 771(5)(D)(ii) of the Act.

## 2. Benefit

This program provides a benefit to the recipient in the amount of the tax savings from the program, pursuant to 19 C.F.R. § 351.509(a)(1).

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*Countervailing Duty Determination and Alignment of Final Determination with Antidumping Duty Determination*, 83 Fed. Reg. 30,697 (June 29, 2018), and accompanying PDM at 14 (June 19, 2018) (“*LDWP from Turkey PDM*”), unchanged in *Large Diameter Welded Pipe from the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 84 Fed. Reg. 6,367 (Feb. 27, 2019), and accompanying IDM at 4, cmt. 3 (Feb. 19, 2019) (“*LDWP from Turkey Final IDM*”); *OCTG from Turkey*, and accompanying IDM at 13-14.

<sup>69</sup> See Article 40 of Income Tax Law 193 of January 6, 1961, as amended by Law 4108 of June 1995 (Provided as Exhibit CVD-TR-4 in Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020)), excerpts attached at **Exhibit V-25** see also Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020) at 7-8, attached at **Exhibit V-25**.

<sup>70</sup> **Exhibit V-30** at 6 (Letter from Government of Turkey to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Initial Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey* (June 15, 2020) (Public Version)).

<sup>71</sup> **Exhibit V-28** (Eker Website Excerpt) (stating that the company “exports to nearly 117 countries in 7 continents”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company “exports brake drums and brake discs to Europe and America.”).

### 3. Specificity

This tax program is specific under section 771(5A)(A) and (B) of the Act, because the program is limited by law to export earnings.<sup>72</sup>

#### G. Exemption of Exchange Tax for Foreign Exchange Transactions

As the Department has previously found, the GOT provides countervailable subsidies through the exemption of exchange taxes for certain foreign exchange transactions.<sup>73</sup> There are three relevant legal measures that provide the GOT with the authority to authorize these exemptions. First, there is Presidential Decree No. 1106, dated May 15, 2019 (“Decree No. 1106”).<sup>74</sup> This Decree increased the banking and insurance transaction tax (“BITT”) rate to 0.1% on foreign exchange transactions except for the following types of transactions: (1) “{f}oreign exchange sales {between} banks and authorized institutions or {among} each other”; (2) foreign currency sales that are made to the Ministry of Treasury and Finance; and (3) “the payment of foreign currency loans, by the lender banks or banks that act as an intermediary in the use of the foreign currency loans.”<sup>75</sup> Second, Presidential Decree No. 1149, dated June 17, 2019 (“Decree 1149”), amended the BITT exemption provided in Decree No. 1106 to include “{f}oreign exchange sales to enterprises {that have} an industrial registry certificate”, and “{f}oreign exchange sales to exporters who are members of exporters’ unions.”<sup>76</sup> Finally, Law No. 7194, dated December 7, 2019, increased the BITT rate on foreign exchange transactions to 0.2

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<sup>72</sup> See, e.g., *LDWP from Turkey* Prelim IDM at 14, unchanged in *LDWP from Turkey* Final IDM at 4; *OCTG from Turkey* Final IDM at 13.

<sup>73</sup> *Common Alloy Aluminum Sheet from Turkey* Prelim IDM at 23 (unchanged in final).

<sup>74</sup> Presidential Decree No. 1106 (May 15, 2019) (provided as Exhibit 15 in Letter from Republic of Turkey, Ministry of Trade, Directorate General of Exports, to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Supplemental Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey*” (July 20, 2020), excerpts attached at **Exhibit V-32**.

<sup>75</sup> *Id.* at Article 1, p. 6 .

<sup>76</sup> Presidential Decree No. 1149 (June 17, 2019) at Article 1, p. 9 (provided as Exhibit 15 in Letter from Republic of Turkey, Ministry of Trade, Directorate General of Exports, to Sec’y Commerce, regarding “*Response of the Government of Turkey to Supplemental Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey*” (July 20, 2020), excerpts attached at **Exhibit V-32**.

percent.”<sup>77</sup> It appears that Decree No. 1106 was extended in May 2020.<sup>78</sup>

In the recent *Common Alloy Aluminum Sheet from Turkey* investigation, one of the mandatory respondents received exemptions under this program.<sup>79</sup> This program targets Turkish companies’ foreign currency transaction and, as noted above, Turkish certain brake drum producers are significant exporters and thus could be eligible for or used this program.<sup>80</sup> Therefore, the Department should initiate an investigation into this program to determine whether any of the certain brake drum producers and/or affiliated exporters used this program, like other downstream metal product producers in Turkey.

### 1. Financial Contribution

This tax benefit provides a financial contribution in the form of revenue forgone by the GOT that would otherwise be due, pursuant to section 771(5)(D)(ii) of the Act.

### 2. Benefit

This program provides a benefit to the recipient in the amount of the tax savings from the program, pursuant to section 771(5)(E) of the Act and 19 C.F.R. § 351.509(a)(1).

### 3. Specificity

As the Department has found, this tax program specific under section 771(5A)(D)(i) and (iv) of the Act, because “the program is limited to firms that conduct certain types of foreign exchange transactions that were exempted by law in Decree Nos. 1106 and 1149.”<sup>81</sup>

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<sup>77</sup> Law No. 7194 (Dec. 7, 2019) at 11 (provided as Exhibit 15 in Letter from Republic of Turkey, Ministry of Trade, Directorate General of Exports, to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Supplemental Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey* (July 20, 2020), excerpts attached at **Exhibit V-32**).

<sup>78</sup> **Exhibit V-33** (Orbitax, *Turkey’s Banking and Insurance Transactions Tax Extended to Forex Sales* (May 28, 2020)).

<sup>79</sup> *Common Alloy Aluminum Sheet from Turkey* PDM at 23 (unchanged in final).

<sup>80</sup> **Exhibit V-28** (Eker Website Excerpt, *About Us*) (stating that the company “exports to nearly 117 countries in 7 continents”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company “exports brake drums and brake discs to Europe and America.”)

<sup>81</sup> See, e.g., *LDWP from Turkey* Prelim IDM at 16, unchanged in *LDWP from Turkey* Final IDM at 4; *OCTG from Turkey* Final IDM at 13.

## H. Investment Incentive Scheme Program: Regional Investment Incentive Scheme

As the Department has previously found, the GOT's regional investment incentive scheme is countervailable.<sup>82</sup> Annex 2A of the Council of Ministers' Decree No. 2012/3305 provides several incentives that are available to producers in six regions throughout Turkey and vary based on the region and investment.<sup>83</sup> These schemes include: (1) customs duties exemptions; (2) tax discounts; (3) social security premium employer share support; (4) investment land allocation; (5) interest support; (6) income tax stoppage support; and (7) social security premium support.<sup>84</sup> Annex 2A also sets forth the minimum investment amounts or capacities in each region and sector required to qualify for benefits under this program. "Main metal industry, metal casting industry other than iron – steel" is listed as sector code 27, and "metal goods" is listed as sector 28. The required fixed investments for both sector codes 27 and 28 are as follows: four million TRY (appx. US\$148,293) in Region 1, three million TRY (appx. US\$111,219) in Region 2, two million TRY in Region 3 (appx. US\$74,146), one million TRY (appx. US\$37,073) in Regions 4 and 5, and 500,000 TRY (appx. US\$18,536) in Region 6.<sup>85</sup> As indicated in the Guide to State Incentives for Investments in Türkiye document from the Presidency of Turkey, investment examples include but are not limited to imported and domestic machinery and equipment and construction costs.<sup>86</sup>

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<sup>82</sup> *Common Alloy Aluminum Sheet from Turkey* Final IDM at 13.

<sup>83</sup> Council of Ministers' Decree No. 2012/3305 at Annex 2A (appended) (Provided as Exhibit CVD-TR-21 in Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020)), excerpts attached at **Exhibit V-25; Exhibit V-34** at 23-24 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)).

<sup>84</sup> *Id.*

<sup>85</sup> Council of Ministers' Decree No. 2012/13305 at Annex 2A (Provided as Exhibit CVD-TR-21 in Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020)), attached at **Exhibit V-25**.

<sup>86</sup> **Exhibit V-34** at 9 (providing an example of the support received for sample investments with a total support rate

In fact, Turkish producer EKU “started {a} foundry and machining investment in the last quarter of 2022,” which is “to be completed in 2024” and would “increase {its} production capacity by 200 percent.”<sup>87</sup> EKU is located in the Kocaeli region,<sup>88</sup> which is located in region 1.<sup>89</sup> With such a significant investment linked to capacity expansion, it is likely that EKU would meet the required investment eligibility criteria of four million TRY. Accordingly, Turkish certain brake drum producers are eligible to receive benefits under this program and the Department should initiate an investigation into this program in this case.

### 1. Financial Contribution

- **Customs Duty Exemptions.** As the Department has noted, the “customs duty exemptions provided by this program constitute a financial contribution in the form of revenue forgone within the meaning of section 771(5)(D)(ii) of the Act in the amount of the customs duty saved.”<sup>90</sup>
- **Tax Reductions and Social Security Incentives.** As the Department has previously found concerning the tax deductions, “these tax reductions constitute a financial contribution in the form of revenue forgone within the meaning of section 771(5)(D)(ii) of the Act in the amount of the taxes saved.”<sup>91</sup> The same would apply to social security incentives.
- **Investment Land Allocation.** This program provides a financial contribution through the provision of a good, other than general infrastructure, within the meaning of section 771(5)(D)(iii) of the Act.

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of 59.6%).

<sup>87</sup> Exhibit V-6 (Information on Turkish Producer, EKU).

<sup>88</sup> Exhibit V-29 (EKU Website Excerpt, *Contact Information*).

<sup>89</sup> Exhibit V-34 at 7 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)).

<sup>90</sup> *Common Alloy Aluminum Sheet from Turkey* Prelim IDM at 17.

<sup>91</sup> *Id.* at 19.

- **Interest Support.** This program provides a financial contribution in the form of direct transfer of funds to subject producers pursuant to section 771(5)(D)(i) of the Act.

## 2. Benefit

- **Customs Duty Exemptions.** As the Department previously found, the customs duty exemptions confer two benefits. First, this program confers a benefit “as a contingent-liability interest-free loan pursuant to 19 C.F.R. § 351.505(d)(1)” because “import duties remain payable to the GOT, with interest, if the exempted company fails its final onsite inspection.”<sup>92</sup> Second, “at the time {that} the GOT certifies that the investment requirements have been met and issues a completion visa,” another benefit arises from this program under 19 CFR 351.505(d)(2) “based on the amount of customs duties foregone by the GOT.”<sup>93</sup>
- **Tax Reductions and Social Security Incentives.** This program provides a benefit to the recipient in the amount of the tax savings to the company pursuant to section 771(5)(E) of the Act and 19 C.F.R. § 351.509(a)(1).
- **Land Allocation.** Pursuant to 19 C.F.R. § 351.511(a)(1)-(2), this program confers a benefit to the extent that the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey.
- **Interest Support.** Pursuant to 19 C.F.R. § 351.504(a), interest rate subsidies confer a benefit to the recipient equal to the provided amount, i.e., the amount of interest saving.

## 3. Specificity

This program is specific under section 771(5A)(D)(i) and (iv) of the Act, because pursuant

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<sup>92</sup> *Id.* at 17.

<sup>93</sup> *Id.* at 18.

to the relevant law, as the Department has previously indicated, “the program is limited to firms making a minimum investment and to firms located in certain geographic regions.”<sup>94</sup>

## I. Project-Based Investment Incentive Program

The GOT introduced a new package of incentives for innovative, technology-oriented, research and development focused, high value-added projects that also help to reduce foreign dependency, in 2016.<sup>95</sup> Eligible projects must be consistent with “the GOT’s national development plans and annual programs and have a minimum fixed investment of TRY 500 million.”<sup>96</sup>

Turkey’s Guide to State Incentives document lists the incentives as: “Cash-back Support”; “Customs Duty Exemption”; “Corporate Tax Reduction”; “Social Security Premium Support”; “Income Tax Withholding Support”; “Qualified Personnel Support”; “Energy Support”; “Interest Rate Support”; “Capital Contribution Support”; “Land Allocation”; “Infrastructure Support”; “Purchasing Guarantee”; and “Facilitation of Authorization/Permit/License Procedures.”<sup>97</sup> In the recent investigation on *Common Alloy Aluminum Sheet*, the Department previously initiated an investigation into this program.<sup>98</sup> As the Department has thus recognized, Turkish metal producers qualify for this program. In fact, Turkish brake drum producer Eker boasts that “it continues to leave its mark in this field with its R&D studies and mass production projects.”<sup>99</sup> Meanwhile, Turkish producer Eku has established its own R&D department since 2013.<sup>100</sup> As Eku markets on its website,

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<sup>94</sup> *Id.* at 17.

<sup>95</sup> **Exhibit V-34** at 15 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)); **Exhibit V-35** (Ekin İnal & Mert Müstecaplıoğlu, *Turkish Government Launches Project-based Incentive Program to Boost Investments*, Norton Rose Fulbright (Mar. 17, 2017)).

<sup>96</sup> See **Exhibit V-36** at 16 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)); **Exhibit V-34** at 15 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)).

<sup>97</sup> **Exhibit V-34** at 15 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)).

<sup>98</sup> *Common Alloy Aluminum Sheet from Turkey* Prelim IDM at 26.

<sup>99</sup> **Exhibit V-29** (Eker Website Excerpt, *About Us*).

<sup>100</sup> **Exhibit V-31** (Eku Website Excerpt, *About Us*).



{i}ncentives for investments and R&D activities accelerate the transition to modern industrialism in parallel with regional development. The {metal casting} sector’s opening to export markets also improves its ability to do international business. Technological developments are followed and brought to the country, and the character of labor-intensive production begins to evolve to a technology-intensive position. With the capacity increase, quality improvements, customer satisfaction and just-in-time delivery approach, the Turkish Metal Casting Sector is reaching a level that is appreciated worldwide.<sup>101</sup>

Consistent with its determination to initiate an investigation into this program for certain alloy aluminum sheet producers, the Department should investigate whether any brake drum producers received benefits under this program.

### 1. Financial Contribution

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act and in the form of revenue forgone pursuant to section 771(5)(D)(ii) of the Act. Any provision of land would constitute the provision of a good other than general infrastructure pursuant to 771(5)(D)(iii) of the Act.

### 2. Benefit

- **Customs Duty Exemptions.** As the Department previously found, the customs duty exemptions confer two benefits. First, this program confers a benefit “as a contingent-liability interest-free loan pursuant to 19 CFR 351.505(d)(1)” because “import duties remain payable to the GOT, with interest, if the exempted company fails its final onsite inspection.”<sup>102</sup> Second, “at the time {that} the GOT certifies that the investment requirements have been met and issues a completion visa,” another benefit arises from this program under 19 CFR 351.505(d)(2) “based on the amount of customs duties foregone by the GOT.”<sup>103</sup>

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<sup>101</sup> **Exhibit V-6** (Information on Turkish Producer, EKU).

<sup>102</sup> See e.g., *Common Alloy Aluminum Sheet from Turkey* Prelim IDM at 17.

<sup>103</sup> *Id.* at 18.

- **Tax Reductions and Social Security Incentives.** This program provides a benefit to the recipient in the amount of the tax savings to the company pursuant to section 771(5)(E) of the Act and 19 C.F.R. § 351.509(a)(1).
- **Land Allocation.** Pursuant to 19 C.F.R. § 351.511(a)(1)-(2), this program confers a benefit to the extent that the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey.
- **Interest Support, Qualified Personnel Support, Interest Rate Support and Energy Support.** Pursuant to 19 C.F.R. § 351.504(a), these subsidies confer a benefit to the recipient equal to the amount of assistance provided by the GOT.
- **Infrastructure Support.** The GOT does not define the type of infrastructure support provided, however, this support would confer a benefit as defined pursuant to section 771(5)(E) of the Act.

### 3. Specificity

This program is *de jure* specific under section 771(5A)(D)(i) because it is limited to only those companies that implement projects consistent with the stated goals of the GOT.

### J. Large Scale Investment Incentive Scheme

The GOT offers large scale investment incentives to companies operating in 12 different investment categories.<sup>104</sup> Specifically, Annex 3 of the Council of Ministers' Decree No. 2012/3305 lists the 13 designated industries, and includes “{i}nvestments on Metal Production,”<sup>105</sup> which would include the integrated brake drum producers. In addition, the minimum investment threshold for metal production is lower than the applicable threshold for

<sup>104</sup> **Exhibit V-37** (Republic of Turkey Ministry of Economy, *The Investment Incentive Program of Turkey*).

<sup>105</sup> Council of Ministers' Decree No. 2012/3305 at Annex 3 (Provided as Exhibit CVD-TR-21 in Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020)), attached at **Exhibit V-25**.

several other supported industries. The program provides several incentives: (1) customs duties exemptions; (2) tax discounts; (3) social security premium employer share support; (4) investment land allocation; (5) income tax stoppage support; and (6) social security premium support.” As metal producers, certain brake drum producers are likely eligible for this program.<sup>106</sup>

## 1. Financial Contribution

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act and in the form of revenue forgone pursuant to section 771(5)(D)(ii) of the Act. Any provision of land would constitute the provision of a good, other than general infrastructure pursuant to 771(5)(D)(iii) of the Act.

## 2. Benefit

- **Customs Duty Exemptions.** As the Department previously found, the customs duty exemptions can confer two benefits. First, this program confers a benefit “as a contingent-liability interest-free loan pursuant to 19 CFR § 351.505(d)(1)” because “import duties remain payable to the GOT, with interest, if the exempted company fails its final onsite inspection.”<sup>107</sup> Second, “at the time {that} the GOT certifies that the investment requirements have been met and issues a completion visa,” another benefit arises from this program under 19 CFR § 351.505(d)(2) “based on the amount of customs duties foregone by the GOT.”<sup>108</sup>
- **Tax Reductions and Social Security Incentives.** This program provides a benefit to the recipient in the amount of the tax savings to the company pursuant to section

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<sup>106</sup> See **Exhibit V-36** at 14 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>107</sup> See e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 17.

<sup>108</sup> *Id.* at 18.

771(5)I of the Act and 19 C.F.R. § 351.509(a)(1).

- **Land Allocation.** Pursuant to 19 C.F.R. § 351.511(a)(1)-(2), this program confers a benefit to the extent that the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey.
- **Qualified Personnel Support, Interest Rate Support.** Pursuant to 19 C.F.R. § 351.504(a), interest rate subsidies confer a benefit to the recipient equal to the provided amount.

### 3. Specificity

This program is *de jure* specific under section 771(5A)(D)(i) because it is limited to only 12 industries.

#### K. Strategic Investment Incentive Scheme

Designed to increase the manufacturing of products with high import dependency in Turkey, Article 8 of the Council of Ministers' Decree No. 2012/3305 authorizes the GOT to provide investment incentives to certain producers of strategic goods.<sup>109</sup> In order to qualify for these incentives, (1) the domestic productive capacity of the product must be less than the imports of the product, (2) the total import value of the product must be equal to at least US\$ 50 million in the past year, except if the product is not produced domestically, (3) the investment must create a minimum value-add of 40%, and (4) the minimum fixed investment amount is above fifty million Turkish Liras. Incentives include, “{c}ustoms {d}uty {e}xemption”, “{c}orporate {t}ax {r}eduction of 50% of investment expenditures,” employers share social security premium support, “{l}and {a}llocation”, and “{i}nterest {r}ate {s}upport of TRY 50 {m}illion or 5% of

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<sup>109</sup> Council of Ministers' Decree No. 2012/3305 at Article 8 (Provided as Exhibit CVD-TR-21 in Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020)), attached at **Exhibit V-25**.

the investment.”<sup>110</sup>

The Department has initiated an investigation into this program in the recent CVD investigation, *Common Alloy Aluminum Sheet from Turkey*,<sup>111</sup> and in several other CVD proceedings involving metal products.<sup>112</sup> Thus, the Department should initiate an investigation to determine whether Turkish producers of certain brake drums benefitted from this program.

### 1. Financial Contribution

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act and in the form of revenue forgone pursuant to section 771(5)(D)(ii) of the Act. Any provision of land would constitute the provision of a good, other than general infrastructure pursuant to 771(5)(D)(iii) of the Act.

### 2. Benefit

- **Customs Duty Exemptions.** As the Department previously found the customs duty exemptions can confer two benefits. First, this program confers a benefit “as a contingent-liability interest-free loan pursuant to 19 CFR § 351.505(d)(1)” because “import duties remain payable to the GOT, with interest, if the exempted company fails its final onsite inspection.”<sup>113</sup> Second, “at the time {that} the GOT certifies that the investment requirements have been met and issues a completion visa,” another benefit arises from this program under 19 CFR § 351.505(d)(2) “based on the amount of customs duties foregone by the GOT.”<sup>114</sup>

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<sup>110</sup> **Exhibit V-34** at 14 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)); Council of Ministers’ Decree No. 2012/3305 at Article 8 (Provided as Exhibit CVD-TR-21 in Petitions for the Imposition of Antidumping and Countervailing Duties, *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Vol. XXIII (Mar. 9, 2020)), attached at **Exhibit V-25**.

<sup>111</sup> *Common Alloy Aluminum Sheet from Turkey* PDM at 26, see also **Exhibit V-36** at 12-13 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>112</sup> See, e.g., *OCTG from Turkey* Final IDM at 31; *Reinforcing Bar from Turkey* Final IDM at 16-19.

<sup>113</sup> See e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 17.

<sup>114</sup> *Id.* at 18.

- **Tax Reductions and Social Security Incentives.** This program provides a benefit to the recipient in the amount of the tax savings to the company pursuant to section 771(5)(E) of the Act and 19 C.F.R. § 351.509(a)(1).
- **Land Allocation.** Pursuant to 19 C.F.R. § 351.511(a)(1)-(2), this program confers a benefit to the extent that the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey.
- **Interest Rate Support.** Pursuant to 19 C.F.R. § 351.504(a) interest rate subsidies confer a benefit to the recipient equal to the provided amount.

### 3. Specificity

This program is *de jure* specific under section 771(5A)(D)(i) because it is limited to firms that are making a minimum investment.

#### L. Export Credit Bank of Turkey Programs

Export Credit Bank of Turkey (“ExIm Bank”) is a wholly-government owned bank<sup>115</sup> that is the “official export credit agency in Türkiye”<sup>116</sup> and “plays an especially important role through its policies in support of exports”<sup>117</sup> As noted on ExIm Bank’s webpage:

Turk Eximbank conducts “International Credit and Guarantee” programs aimed at developing economic and political relations between Türkiye and other countries and “Credit Insurance” programs that cover export sector’s exposure against political and commercial risks, as well as “Export Credit” programs, which provide the export sector with low cost financing.<sup>118</sup>

Additionally, ExIm Bank’s “main objectives” include: “{i}ncreasing the volume of exports;” “{d}iversification of export goods and services;” {d}eveloping new export markets;

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<sup>115</sup> **Exhibit V-39** at 18 (ExIm Bank 2022 Annual Report) (“The Undersecretariat of Treasury holds all of the Bank’s shares.”).

<sup>116</sup> *Id.* at 5.

<sup>117</sup> **Exhibit V-40** (ExIm Bank Website Excerpt, *Corporate*).

<sup>118</sup> *Id.*

{i}ncreasing the exporters’ share of international trade and providing necessary support for their initiatives; {g}aining competitiveness and bringing assurance to exporters, overseas contractors and investors on the international markets; and {p}romoting and supporting the production and sale of investment goods for export through overseas investments.”<sup>119</sup> In order to meet these objectives, ExIm Bank provides “a variety of short, medium- and long-term cash and non-cash credit, insurance and guarantee programs” to certain entities, including “exporters, export-oriented manufacturers, and overseas investors and contractors {.”<sup>120</sup>

As we detail below, the Department has investigated and found countervailable several of ExIm Bank’s programs.<sup>121</sup>

### 1. Export Financing: Rediscount Loan Program

As the Department has previously found, the GOT, through ExIm Bank, provides countervailable loans to certain exporters.<sup>122</sup> Under the rediscount program, ExIm Bank offers two forms of financing: pre-shipment and post-shipment.

Through the pre-shipment program, ExIm bank finances “exporters during the pre-shipment period at advantageous conditions” by providing export credits to exporters, which can be used in several different foreign currencies.<sup>123</sup> Eligible beneficiaries are “{e}xporters, manufacturer-exporters, manufacturers that produce goods for export and foreign exchange earning services.”<sup>124</sup> The maximum amount of this financing for program limits “are determined

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<sup>119</sup> *Id.*

<sup>120</sup> *Id.*

<sup>121</sup> See, e.g., *Common Alloy Aluminum Sheet from Turkey* PDM; *OCTG from Turkey* Final IDM at 14-15; *Oil Country Tubular Goods from the Republic of Turkey: Final Results of Countervailing Duty Administrative Review; 2017*, 84 Fed. Reg. 68,115 (Dec. 13, 2019), and accompanying IDM at 4 (Dec. 9, 2019).

<sup>122</sup> *Common Alloy Aluminum Sheet from Turkey* PDM at 20; see also *LDWP from Turkey* PDM at 15, unchanged in *LDWP from Turkey* Final IDM at 4.

<sup>123</sup> **Exhibit V- 41** (ExIm Bank Website Excerpt, *Rediscount Credit Program*); see also **Exhibit V-42** (ExIm Bank, *Interest and Profit Share Rates* (Sept. 19, 2022)) (providing 2022 interest rates).

<sup>124</sup> **Exhibit V-41** (ExIm Bank Website Excerpt, *Rediscount Credit Program*).

within the scope of the operational manual. Firm limits are determined on a firm basis as a result of Bank’s analysis.”<sup>125</sup> The post-shipment rediscount program provides post-shipments discounts to Turkish exporters and manufacturers that export Turkish-origin goods, with a term of up to 360 days.<sup>126</sup> The maximum amount of this financing is US\$ 350 million per company, and up to US\$ 400 million for foreign stock corporations.”<sup>127</sup>

Turkish certain brake drum producers are significant exporters and likely will have applied for or used this program.<sup>128</sup> In fact, EKU boasts “{i}n 2023, despite the expectation of recession in developed countries, our sales {to those export markets} continue successfully.”<sup>129</sup> Accordingly, the Department should initiate an investigation into whether certain brake drum producers applied for or benefitted from this program.

**a. Financial Contribution**

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

**b. Benefit**

Pursuant to 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.504(a) this program confers a benefit “equal to the difference between the amount paid by the company for the loans” “and the amount the company would have paid on comparable commercial loans.”<sup>130</sup>

**c. Specificity**

This program is export specific under section 771(5A)(B) of the Act because it is

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<sup>125</sup> *Id.*

<sup>126</sup> **Exhibit V-43** (ExIm Bank Website Excerpt, *Post Shipment Rediscount Credit Program*); see also **Exhibit V-42** (ExIm Bank, *Interest and Profit Share Rates* (Sept. 19, 2022)) (providing 2022 interest rates).

<sup>127</sup> **Exhibit V- 43** (ExIm Bank Website Excerpt, *Post Shipment Rediscount Credit Program*).

<sup>128</sup> **Exhibit V-28** (Eker Website Excerpt, *About Us*) (stating that the company “exports to nearly 117 countries in 7 continents”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company “exports brake drums and brake discs to Europe and America.”)

<sup>129</sup> **Exhibit V-6** (Information on Turkish Producer, EKU ).

<sup>130</sup> See, e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 20.



contingent on export performance.

## 2. **Export Financing: Export-Oriented Working Capital Credit (also known as Export-Oriented Business Investment Loans)**

As the Department has previously found, ExIm Bank’s Export Oriented Working Capital Credit Program provides countervailable loans to certain manufacturers and exporters.<sup>131</sup> Specifically, ExIm Bank offers preferential medium- to long-term financing to certain entities including “{e}xporters, manufacturers, manufacturer-exporters,” through Export-Oriented Business Investment Loans. Particularly, loans from this program are for exporters’ and manufacturers’ purchases of “raw material, intermediate goods, final goods, final product purchasing transactions” within 180 days before the credit application, and for “electricity water, natural gas, personnel costs” for a period of 1 month.<sup>132</sup> The maximum limit for this financing is US\$ 75 million per company, and these loans may be issued in either Euros or in USD.<sup>133</sup>

As noted above, Turkish certain brake drum producers are significant exporters and likely will have applied for or used this program.<sup>134</sup> Accordingly, the Department should initiate an investigation into whether certain brake drum producers applied for or benefitted from this program.

### a. **Financial Contribution**

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

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<sup>131</sup> *Id.* at 20-21.

<sup>132</sup> **Exhibit V-44** (ExIm Bank Website Excerpt, *Export-Oriented Working Capital Credit Program*).

<sup>133</sup> *Id.*

<sup>134</sup> **Exhibit V-28** (Eker Website Excerpt, *About Us*) (stating that the company “exports to nearly 117 countries in 7 continents”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company “exports brake drums and brake discs to Europe and America.”)

**b. Benefit**

Pursuant to 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.504(a), this program confers a benefit “equal to the difference between the amount paid by the company for the loans” “and the amount the company would have paid on comparable commercial loans.”<sup>135</sup>

**c. Specificity**

This program is export specific under section 771(5A)(B) of the Act because it is contingent on export performance.

**M. Specific Export Credit Program**

ExIm Bank provides preferential loans under its Export-Oriented Investment Credit Program. Specifically, ExIm Bank provides financing for machinery, equipment, and accessory expenditures, “which need a middle- or long-term financing because of their sustainability or long-term usage properties on the basis of the amount.” Qualifying entities are listed as the following: “Manufacturers, manufacturer-exporters, firms operating foreign exchange earning services and exporters from Türkiye and companies with current operating licenses regarding to produce or purchase-sale in free trade zones in Türkiye.”<sup>136</sup> The financing limit is \$75 million and can be issued in either Euros or USD.<sup>137</sup> These loans cannot be used to finance land, buildings, vehicles, used goods, or on construction expenditures.”<sup>138</sup>

In the recent *Common Alloy Aluminum Sheet from Turkey* investigation, the Department initiated an investigation into this program,<sup>139</sup> but found that it did not confer a measurable benefit during the POI.<sup>140</sup> To the extent that any Turkish certain brake drum producer purchased any of

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<sup>135</sup> See, e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 21.

<sup>136</sup> **Exhibit V-45** (ExIm Bank Website Excerpt, *Export-Oriented Investment Credit Program*).

<sup>137</sup> *Id.*

<sup>138</sup> *Id.*

<sup>139</sup> See e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 26 (unchanged in final).

<sup>140</sup> *Id.*

the qualifying items for manufacturing, they likely benefitted from this program given the industry's export-oriented nature.

### **1. Financial Contribution**

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

### **2. Benefit**

Pursuant to 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.505, this program confers a benefit equal to the difference between the amount paid by the company for the loan and the amount the company would have paid comparable commercial loans.<sup>141</sup>

### **3. Specificity**

This program is export specific under section 771(5A)(A) and (B) of the Act because it is contingent on export performance.

### **N. Export Buyers Credit**

ExIm Bank's provision of preferential financing under its Export Buyers Credit program is countervailable. Specifically, the purpose of the program "is to provide financing to the foreign buyers/employers of Turkish exporters/contractors."<sup>142</sup> Under this program, beneficiaries are granted a 2-year repayment period for "the export of durable & nondurable consumer goods" and up to 10 years for the "export of capital goods & projects."<sup>143</sup> Beneficiaries are provided with four options under this scheme: international project loans, buyer's credits through domestic banks, buyer's credits through foreign banks, and buyer's credits through sovereign guarantee. Of relevance to brake drum producers are the credits through domestic and foreign banks. To facilitate the program through domestic and foreign banks, ExIm Bank serves as the intermediary

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<sup>141</sup> See, e.g., *id* at 20.

<sup>142</sup> **Exhibit V-46** (ExIm Bank Website Excerpt, *Buyer's Credits*).

<sup>143</sup> *Id.*

and “extend buyer’s credit through foreign branches, subsidiaries and correspondent banks of domestic banks”<sup>144</sup> and through “credit lines granted to the reputable foreign banks after a thorough analysis.”<sup>145</sup>

In the recent *Common Alloy Aluminum Sheet from Turkey* investigation, the Department initiated an investigation into this program.<sup>146</sup> Turkish certain brake drum producers likely benefitted from this program given their export-oriented nature.

### **1. Financial Contribution**

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

### **2. Benefit**

Pursuant to 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.505, this program confers a benefit “equal to the difference between the amount paid by the company for the loan” “and the amount the company would have paid on comparable commercial loans.”<sup>147</sup>

### **3. Specificity**

This program is export specific under section 771(5A)(A) and (B) of the Act because it is contingent on export performance.

## **O. Research and Development (“R&D”) Incentives Under Turkey’s R&D Law**

As the Department has previously found, the GOT provides certain companies countervailable subsidies under its R&D law.<sup>148</sup> Turkish Law No. 5746 on Supporting Research,

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<sup>144</sup> **Exhibit V-47** (ExIm Bank Website Excerpt, *Buyer’s Credits Through Domestic Banks*).

<sup>145</sup> **Exhibit V-48** (ExIm Bank Website Excerpt, *Buyer’s Credits Through Foreign Banks*).

<sup>146</sup> **Exhibit V-36** at 19-20 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>147</sup> *See, e.g., Common Alloy Aluminum Sheet from Turkey Prelim IDM at 20.*

<sup>148</sup> *See, e.g., id.* at 22 (unchanged in final); *Certain Quartz Surface from the Republic of Turkey: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 84 Fed. Reg. 54,841 (Oct. 11, 2019), and accompanying PDM at 17-19 (Oct. 7, 2019) (“*Quartz from Turkey PDM*”), unchanged in *Certain Quartz Surface from the Republic of Turkey: Final Affirmative Countervailing Duty Determination and Final Affirmative*

Development and Design Activities, as amended, sets forth a number of incentives available for R&D investment projects.<sup>149</sup> Specifically, the GOT provides companies that establish an R&D center, or carry out R&D projects, with a range of assistance including: (1) corporate income tax deductions for R&D and design expenses, (2) income tax exemptions for the salaries of R&D and support personnel; (3) contributions for employers social security premiums for R&D and support personnel; (4) stamp duty exemptions for all documentation on R&D and innovation facilities; (5) capital support for technology and innovation; (6) customs duty exemptions for imported goods used for R&D, and (7) insurance premium support.<sup>150</sup> In 2021, this program was extended to 2028.<sup>151</sup> Certain brake drum producers likely benefitted from this program on their qualifying R&D activities.<sup>152</sup> The Department has recently found that certain common alloy aluminum sheet producers used this program, and so it is known that Turkish metals producers, which include those in the certain brake drum industry, have qualified for and used this program. Consistent with the Department’s previous determination, the Department should initiate an investigation into this program to determine whether Turkish certain brake drum producers applied for and/or benefitted from these R&D incentives.

## 1. Financial Contribution

The tax incentives under this program constitute a financial contribution in the form of

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*Determination of Critical Circumstances, in Part*, 85 Fed. Reg. 25,400 (May 1, 2020), and accompanying IDM (Apr. 27, 2020).

<sup>149</sup> Law on Supporting Research, Development and Design Activities No. 5746 (Feb. 28, 2008) (provided as Exhibit 35 in Letter from Republic of Turkey, Ministry of Trade, Directorate General of Exports, to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Initial Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey* (June 15, 2020) (Public Version)), excerpts attached as **Exhibit V-30**.

<sup>150</sup> *Id.* at Article 3

<sup>151</sup> **Exhibit V-49** (Ekin İnal & Mert Müstecaplıoğlu, *Turkey has extended R&D and design centers incentive program*, Norton Rose Fulbright (Mar. 29, 2021)).

<sup>152</sup> **Exhibit V-28** (Eker Website Excerpt, *About Us*) (stating that the company “continues to leave its mark in this field with its R&D studies and mass production projects.”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company established its own R&D Department in 2013).

revenue forgone pursuant to section 771(5)(D)(ii) of the Act. The capital contribution incentives provide financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

## **2. Benefit**

The tax incentives under this program confer a benefit in the amount of the tax saving pursuant to section 771(5)(E) of the Act and 19 C.F.R. § 351.509(a). Any customs duty exemptions confer a benefit in the amount of customs duty savings pursuant to 19 C.F.R. § 351.510(a). And pursuant to section 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.504(a) any capital contribution confers a benefit equal to the capital contribution received by the company.<sup>153</sup>

## **3. Specificity**

As the Department has previously found, this program is specific pursuant to section 771(5A)(D)(i) of the Act because it is “limited to enterprises that maintain technology center businesses, R&D centers, and design centers as specified in Article 1(2) of Law No. 5746.”<sup>154</sup>

### **P. Turquality Program**

As the Department has previously found, the GOT provides countervailable benefits to certain companies “during the brand building process both at home and abroad” in order to “enhance branding efforts of companies and to create a positive public opinion for Turkish products.”<sup>155</sup> The Overseas Branding of Turkish Products, Promotion of Turkish Product Image and Supporting Turquality® program is authorized pursuant to Communiqué No. 2006/4 of the

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<sup>153</sup> See, e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 22.

<sup>154</sup> *Id.* at 22 (unchanged in final).

<sup>155</sup> *Common Alloy Aluminum Sheet from Turkey* PDM at 23 (citing Letter from Government of Turkey to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Initial Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey*” (June 15, 2020) (Public Version) at 248, 254, excerpts attached at **Exhibit V-30**).

Monetary-Credit and Coordination Council, dated May 11, 2006.<sup>156</sup> Under this program, the GOT offers financing and reimbursements for expenses including “international trademark registration, certification and quality marks, salaries of fashion/industrial designers and product development engineers, and promotional activities.”<sup>157</sup> As GOT provided during the *Common Alloy Aluminum Sheet from Turkey* investigation, the eligibility are also evaluated “according to their potential to create an international and positive brand image as a whole.”<sup>158</sup>

In *Common Alloy Aluminum Sheet from Turkey*, one of the mandatory respondents reported receiving funds from this program.<sup>159</sup> Metal product producers like certain brake drum producers also likely benefited from this program, for example through receiving funding for certification and quality marks. In fact, ECU listed “2015 Entered the Turquality Brand Support Program” as one of the companies’ “important milestone.”<sup>160</sup> Accordingly, the Department should initiate an investigation in to whether any Turkish certain brake drum producers benefitted from this program during the POI and AUL period.

## 1. Financial Contribution

The grants under this program would provide financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

## 2. Benefit

Pursuant to section 771(5)(D)(i) of the Act and 19 C.F.R. § 351.504(a) the grant program

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<sup>156</sup> *Common Alloy Aluminum Sheet from Turkey* Prelim IDM at 23; Communiqué No. 2006/4 of the Monetary-Credit and Coordination Council (May 11, 2006) (provided as Exhibit 39 in Letter from Republic of Turkey, Ministry of Trade, Directorate General of Exports, to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Initial Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey* (June 15, 2020) (Public Version)), excerpts attached at **Exhibit V-30**.

<sup>157</sup> *Common Alloy Aluminum Sheet from Turkey* PDM at 23.

<sup>158</sup> *Id.* at 23 (citing Letter from Government of Turkey to Sec’y Commerce, regarding, “*Response of the Government of Turkey to Initial Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey* (June 15, 2020) (Public Version) at 254, attached at **Exhibit V-30**).

<sup>159</sup> *See id.* at 23-24.

<sup>160</sup> **Exhibit V-6** (Information on Turkish Producer, ECU).

confers a benefit equal to the amount of the grant received by the company.<sup>161</sup>

### 3. Specificity

As the Department has previously found, this program is specific pursuant to section 771(5A)(B) of the Act because it is contingent on export performance.<sup>162</sup>

#### Q. Foreign Fair Support Program

As the Department has previously found, the GOT's foreign fair support program is countervailable.<sup>163</sup> According to the GOT's 2023 Incentive's Guide, the GOT reimburses companies for “{u}p to 75% of the participation cost” for domestic and international fairs.<sup>164</sup> In the recent CVD investigation of *Common Alloy Aluminum Sheet from Turkey*, the Department initiated an investigation into this program.<sup>165</sup> As Turkish certain brake drum producers are exporters,<sup>166</sup> it is likely that they have participated in trade fairs outside of Turkey, and thus could have qualified for and benefitted from this program. In fact, EKV markets that the company attended the “Automechanika Frankfurt 2022, the world's leading trade fair for the automotive industry.”<sup>167</sup> The Department should initiate an investigation to determine whether certain brake drum producers benefited from this program.

#### 1. Financial Contribution

This program provides financial contributions in the form of direct transfer of funds

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<sup>161</sup> See, e.g., *Common Alloy Aluminum Sheet from Turkey* PDM at 23-24.

<sup>162</sup> *Id.* at 24 (unchanged in final) (“As the GOT stated that applicants for funds under this program are evaluated according to their potential to create a positive international brand image, and because Assan reported that its application was reviewed by the “Exporters’ Association Union,” we also preliminarily determine that the program is contingent upon export performance and is specific pursuant to section 771(5A)(B) of the Act.”).

<sup>163</sup> *Quartz from Turkey* PDM at 10-11.

<sup>164</sup> **Exhibit V-34** at 29 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)).

<sup>165</sup> **Exhibit V-36** at 22-23 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>166</sup> **Exhibit V-28** (Eker Website Excerpt, *About Us*) (stating that the company “exports to nearly 117 countries in 7 continents”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company “exports brake drums and brake discs to Europe and America.”)

<sup>167</sup> **Exhibit V-6** (Information on Turkish Producer, EKV).



pursuant to section 771(5)(D)(i) of the Act.

## 2. Benefit

Pursuant to 19 C.F.R. § 351.504(a), this program confers a benefit equal to amount of reimbursement provided to the company.<sup>168</sup>

## 3. Specificity

This program is export specific under section 771(5A)(A) and (B) of the Act because it is contingent on export performance.

### R. Scientific and Technological Research Council of Turkey Grants

According to the GOT's 2023 Guide to State Incentives for Investments in Turkey, the GOT provides grants for certain R&D projects through the GOT's Scientific and Technological Research Council of Turkey ("TUBITAK").<sup>169</sup> Specifically, TUBITAK provides grants to support research, technology development, and innovation activities of Turkish companies. The TUBITAK "1515 Support Program has been commissioned to make Türkiye a global attraction center in certain scientific and technological areas."<sup>170</sup> The 1515 Frontier R&D Laboratory Support Program extends up to 75% of R&D budget, which cannot exceed TRY 10 million, for companies with "at least TRY 15 {m}illion of R&D expenditures in any year within the last three years."<sup>171</sup>

In the recent CVD investigation of *Common Alloy Aluminum Sheet from Turkey*, the Department initiated an investigation into this program.<sup>172</sup> Turkish certain brake drum producers

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<sup>168</sup> See, e.g., **Exhibit V-36** at 22 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>169</sup> **Exhibit V-34** at 25 (The Presidency of the Republic of Türkiye, *Guide to State Incentives for Investments in Türkiye* (Aug. 1, 2023)).

<sup>170</sup> *Id.*

<sup>171</sup> *Id.*; see also **Exhibit V-36** at 22 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>172</sup> **Exhibit V-36** at 23 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

have R&D centers.<sup>173</sup> Thus, it is likely that they would have qualified for and benefitted from this program. The Department should initiate an investigation to determine whether certain brake drum producers benefitted from this program.

### **1. Financial Contribution**

This program provides financial contributions in the form of direct transfer of funds pursuant to section 771(5)(D)(i) of the Act.

### **2. Benefit**

Pursuant to 19 C.F.R. § 351.504(a), this program confers a benefit equal to amount of reimbursement provided to the company.

### **3. Specificity**

This program is *de jure* specific under section 771(5A)(D)(i) of the, or *de facto* specific Act because the beneficiaries of this program are limited in number.

### **S. Inward Processing Certificates (Excluding Aspects Regarding “D-1” Certificates)**

As the Department has previously found, the GOT’s Inward Processing D-3 certificates are countervailable.<sup>174</sup> The Inward Processing Certificate (“IPC”) program is administered by the Ministry of Economy and its implementation by the Ministry of Customs and Trade.<sup>175</sup> Pursuant to the Ministry of Economy’s Decree on Inward Processing Regime No. 2005/8391, companies can receive one of two IPCs for the exemption from customs duties on raw materials and intermediate goods upon importation: D-1 and D-3 certificates.<sup>176</sup> The Department has

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<sup>173</sup> **Exhibit V-28** (Eker Website Excerpt, *About Us*) (stating that the company “continues to leave its mark in this field with its R&D studies and mass production projects.”); **Exhibit V-31** (EKU Website Excerpt, *About Us*) (stating that the company established its own R&D Department in 2013).

<sup>174</sup> *LDWP from Turkey* PDM at 19-21, unchanged in *LDWP from Turkey* Final IDM at 5.

<sup>175</sup> Letter from the Republic of Turkey, Ministry of Economy, Directorate General of Exports to Sec’y Commerce, regarding, “*Response of the Government of Turkey in Countervailing Duty Investigation on Large Diameter Welded Pipe from the Republic of Turkey* (Apr. 23, 2018) at 87 (Public Version), excerpts attached at **Exhibit V-50**.

<sup>176</sup> *Id.* at Exhibit 24; *see, e.g., Exhibit V-36* at 8 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

previously found that the D-1 certificates are not countervailable,<sup>177</sup> and as noted above, has found that D-3 certificates are countervailable. D-3 certificates can be used to receive customs duties used for imported goods used in the production of goods sold in the domestic market.<sup>178</sup> As the Department has previously recognized, while the D-3 certificates are not contingent on export performance, “receipt of D-3 certificates is contingent upon the firm holding an {IPC}, and that in granting IPCs, the GOT solicits information regarding the export activities of the applying firms.”<sup>179</sup>

In the recent CVD investigation of *Common Alloy Aluminum Sheet from Turkey*, the Department initiated an investigation into the D-3 certificates,<sup>180</sup> but found that the program was not used during the POI.<sup>181</sup> Ferrous scraps are one of the raw materials used to produce brake drums. Although the exact sources of scraps for Turkish certain brake drum producers are unknown, Turkey regularly imports ferrous scraps.<sup>182</sup> Thus, it is likely that certain brake drum producers in Turkey could have qualified for this program and the Department should investigate whether any brake drum producers received benefits under this program during the POI.

## 1. Financial Contribution

This program provides financial contributions in the form of revenue forgone pursuant to section 771(5)(D)(ii) of the Act.<sup>183</sup>

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<sup>177</sup> **Exhibit V-36** at 8 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>178</sup> Letter from the Republic of Turkey, Ministry of Economy, Directorate General of Exports to Sec’y Commerce, regarding, “*Response of the Government of Turkey in Countervailing Duty Investigation on Large Diameter Welded Pipe from the Republic of Turkey* (Apr. 23, 2018) at Exhibit 24 (Public Version), excerpts attached at **Exhibit V-50**; see, e.g., **Exhibit V-36** at 8 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>179</sup> *LDWP from Turkey* PDM at 20.

<sup>180</sup> **Exhibit V-36** at 8 (Countervailing Duty Investigation Initiation Checklist, *Common Alloy Aluminum Sheet from Turkey* (Mar. 30, 2020)).

<sup>181</sup> *Common Alloy Aluminum Sheet from Turkey* PDM at 26 (unchanged in the final).

<sup>182</sup> **Exhibit V-51** (Halina Yermolenko, *Turkiye sharply increased the import of the billet in the first quarter*, GMK (May 9, 2023)).

<sup>183</sup> *LDWP from Turkey* PDM at 20 (unchanged in the final).

## 2. Benefit

This program provides a benefit in the form “of the tax savings to the company pursuant to section 771(5)(E) of the Act.”<sup>184</sup>

## 3. Specificity

As the Department has previously found, this program is export specific under section 771(5A)(B) IPC eligibility, which is required to obtain a D-3 certificate, is contingent on export activities.<sup>185</sup>

### T. Tax and Fee Incentives for Renewable Energy

The GOT provides several incentives to promote renewable energy production through the exemption or reduction of taxes, as well as license and usage fees, typically required in the energy sector. First, renewable energy generation plants are exempt from customs duties for imported machinery and equipment for both domestically-purchased and imported machinery and equipment with an investment incentive certificate, regardless of the region of the investment.<sup>186</sup> Second, power generation plants using local natural resources or renewable energy resources are exempted from annual license fees for eight years from the date of completion.<sup>187</sup> The annual license fee is calculated by multiplying the total electricity generated in kilowatt hours by 0.003 Turkish lira (TRY).<sup>188</sup> Finally, pursuant to Provisional Article 4 of the Electricity Market Law No. 6446, ratified March 14, 2013, renewable energy generation plants are granted a 50 percent discount for transmission system usage fees for the first five years of operation.<sup>189</sup> Transmission system usage fees contain three distinct components that vary across

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<sup>184</sup> *Id.*

<sup>185</sup> *LDWP from Turkey* PDM at 20 (unchanged in the final).

<sup>186</sup> *See Exhibit V-52* at 21-22 (*Guide to Investing in Turkish Renewable Energy Sector*, Presidency of the Republic of Turkey, Investment Office).

<sup>187</sup> *See id.* at 19.

<sup>188</sup> *Id.*

<sup>189</sup> *See id.* at 20; *see also Exhibit V-53* (Electricity Market Law No. 6446 at Provisional Article 4).

fourteen different zones in Turkey: (1) system usage fee for total installed power; (2) usage fee for actual energy inflow (calculated based upon MW/hour); and (3) system operation fee (calculated based on MW/hour).<sup>190</sup>

EKU takes “zero emission, carbon footprint and renewable energy issues” seriously and the company is “continuing its renewable energy investment efforts for self-consumption” and plans to “realize this by 2025.”<sup>191</sup> Thus, Turkish certain brake drums producers likely have benefited from this program. Accordingly, the Department should initiate an investigation of this program.

### **1. Financial Contribution**

The GOT foregoes revenue that otherwise would be due through the exemption of customs duties, and license fees, and the reduction of transmission system usage fees, providing a financial contribution within the meaning of section 771(5)(D)(ii) of the Act.

### **2. Benefit**

The exemption of customs duties confers a benefit upon recipients equal to the amount of the tax savings in accordance with 19 C.F.R. § 351.510(a), while the exemption from the license fee and the reduction in the transmission system usage fee result in direct tax benefits under 19 C.F.R. § 351.509(a).

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<sup>190</sup> **Exhibit V-52** at 20-21 (*Guide to Investing in Turkish Renewable Energy Sector*, Presidency of the Republic of Turkey, Investment Office).

<sup>191</sup> **Exhibit V-6** (Information on Turkish Producer, EKU).

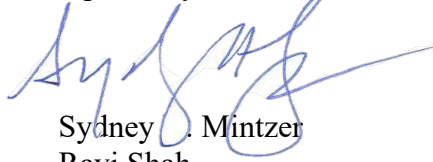
### 3. Specificity

The GOT only grants these incentives to renewable energy projects and, thus, this program is *de jure* specific pursuant to section 771(5A)(D)(i) of the Act.

## VIII. CONCLUSION

As detailed above, Turkish brake drum producers and exporters are benefiting from countervailable subsidies, which are causing material injury to the brake drum industry in the United States. Petitioner therefore requests that the Department initiate a CVD investigation on imports of brake drums from Turkey, that the Department make affirmative determinations of countervailable subsidies, and that the U.S. International Trade Commission make an affirmative determination of material injury by reason of such unfairly traded imports.

Respectfully Submitted,



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## Exhibit List

Exhibit No.	Description	BPI/Public
V-1	Dep't of the Treasury, IRS Pub. 946 at 101 (Mar. 3, 2022), available at <a href="https://www.irs.gov/pub/irs-pdf/p946.pdf">https://www.irs.gov/pub/irs-pdf/p946.pdf</a>	Public
V-2	Memorandum from Scot Fullerton, Director, AD/CVD Operations, Office VI, to Christian Marsh, Deputy Ass't Sec'y for Enforcement and Compliance, regarding " <i>Decision Memorandum for the Preliminary Affirmative Determination in the Countervailing Duty Investigation of Cast Iron Soil Pipe from the People's Republic of China</i> " (June 25, 2018)	Public
V-3	Memorandum from James Maeder, Associate Deputy Ass't Sec'y for AD/CVD Operations, to Gary Taverman, Deputy Ass't Sec'y for AD/CVD Operations, regarding " <i>Issues &amp; Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Cast Iron Soil Pipe from the People's Republic of China</i> " (Feb. 22, 2019)	Public
V-4	Memorandum from Wendy Frankel, Director, U.S. Customs and Border Protection Liaison Unit for AD/CVD Enforcement and Compliance, to Gary Taverman, Deputy Ass't Sec'y for AD/CVD Operations, regarding, " <i>Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Cast Iron Soil Pipe Fittings from the People's Republic of China</i> " (July 5, 2018)	Public
V-5	Surrogate Values for the Final Determination in <i>Cast Iron Soil Pipe Fittings from the People's Republic of China</i>	Public
V-6	Information on Turkish Producer, EKU	Public
V-7	Information on Turkish Producer, Eker	Public
V-8	Information on Turkish Producer, Isdemir	Public
V-9	Information Detailing Ownership Structure of Erdemir, Isdemir and OYAK	Public
V-10	Evidence of Norwegian Pig Iron Imports	Public
V-11	LTAR UN Comtrade Data	Public
V-12	Brian Taylor, <i>Scrap export market saw several shifts in 2022, Construction &amp; Demolition Recycling</i> (June 7, 2023)	Public
V-13	" <i>Turkish Hard Coal Enterprises</i> ", Wikipedia	Public
V-14	Energy Diary, <i>Donmez: We will build a metallurgical coke plant</i> (Apr. 8, 2023)	Public
V-15	Argus Media, <i>Turkey coking coal imports continue to recover</i> (June 4, 2019)	Public
V-16	Turkey Iron and Steel Industry Energy Consumption Report (Dec. 2023)	Public
V-17	Celik, <i>Iron and Steel industry waits for Autoproduction</i> (Nov. 24, 2016)	Public
V-18	BOTAŞ Website Excerpt	Public

<b>Exhibit No.</b>	<b>Description</b>	<b>BPI/Public</b>
V-19	Excerpts of Petition for the Imposition of the Antidumping and Countervailing Duties: <i>Steel Concrete Reinforcing Bar from Japan, Taiwan, and the Republic of Turkey</i> (Sept. 20, 2016)	Public
V-20	U.S. Energy Information Administration, <i>Country Analysis Brief: Türkiye</i> (July 11, 2023)	Public
V-21	Convert Units Website Excerpt	Public
V-22	Zeynep Beyza Karabay, <i>Türkiye's gas consumption estimate for 2022 shows year-on-year 18.8% rise</i> , AA Energy (Jan. 28, 2022)	Public
V-23	Semih Ergur, <i>Increasing Usage of Natural Gas in Turkey and Its Effect on Local Economy</i> , Climate Scorecard (June 5, 2022)	Public
V-24	TSKB Advisory Services, <i>Monthly Energy Bulletin</i> (June 24, 2021)	Public
V-25	Excerpts of Petitions for the Imposition of Antidumping and Countervailing Duties, <i>Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey</i> , Vol. XXIII (Mar. 9, 2020)	Public
V-26	Presidency of the Republic of Türkiye Investment Office, <i>Investment Zones</i> , Website Excerpt	Public
V-27	Republic of Türkiye Ministry of Trade, <i>General Directorate of Free Zones</i>	Public
V-28	Eker Website Excerpt, <i>About Us</i>	Public
V-29	EKU Website Excerpt, <i>Contact Information</i>	Public
V-30	Letter from Government of Turkey to Sec'y Commerce, regarding, "Response of the Government of Turkey to Initial Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey" (June 15, 2020)	Public
V-31	EKU Website Excerpt, <i>About US</i>	Public
V-32	Excerpts from Letter from Republic of Turkey, Ministry of Trade, Directorate General of Exports, to Sec'y Commerce, regarding, "Response of the Government of Turkey to Supplemental Questionnaire in Countervailing Duty Investigation on Common Alloy Aluminum Sheet from the Republic of Turkey" (July 20, 2020)	Public
V-33	Orbitax, <i>Turkey's Banking and Insurance Transactions Tax Extended to Forex Sales</i> (May 28, 2020)	Public
V-34	The Presidency of the Republic of Turkey, <i>Guide to State Incentives for Investments in Türkiye</i> (Aug. 1, 2023)	Public
V-35	Ekin İnal & Mert Müstecaplıoğlu, <i>Turkish Government Launches Project-based Incentive Program to Boost Investments</i> , Norton Rose Fulbright (Mar. 17, 2017)	Public
V-36	Countervailing Duty Investigation Initiation Checklist, <i>Common Alloy Aluminum Sheet from Turkey</i> (Mar. 30, 2020)	Public
V-37	Republic of Turkey Ministry of Economy, <i>The Investment Incentive Program of Turkey</i>	Public
V-38	Turoge Website Excerpt	Public



<b>Exhibit No.</b>	<b>Description</b>	<b>BPI/Public</b>
V-39	ExIm Bank 2022 Annual Report	Public
V-40	ExIm Bank Website Excerpt, <i>Corporate</i>	Public
V-41	ExIm Bank Website Excerpt, <i>Rediscount Credit Program</i>	Public
V-42	ExIm Bank, <i>Interest and Profit Share Rates (Sept. 19, 2022)</i>	Public
V-43	ExIm Bank Website Excerpt, <i>Post Shipment Rediscount Credit Program</i>	Public
V-44	ExIm Bank Website Excerpt, <i>Export-Oriented Working Capital Credit Program</i>	Public
V-45	ExIm Bank Website Excerpt, <i>Export-Oriented Investment Credit Program</i>	Public
V-46	ExIm Bank Website Excerpt, <i>Buyer's Credits</i>	Public
V-47	ExIm Bank Website Excerpt, <i>Buyer's Credits Through Domestic Banks</i>	Public
V-48	ExIm Bank Website Excerpt, <i>Buyer's Credits Through Foreign Banks</i>	Public
V-49	Ekin İnal & Mert Müstecaplıoğlu, <i>Turkey has extended R&amp;D and design centers incentive program</i> , Norton Rose Fulbright (Mar. 29, 2021)	Public
V-50	Excerpts from Letter from the Republic of Turkey, Ministry of Economy, Directorate General of Exports to Sec'y Commerce, regarding, “ <i>Response of the Government of Turkey in Countervailing Duty Investigation on Large Diameter Welded Pipe from the Republic of Turkey (Apr. 23, 2018) (Public Version)</i> ”	Public
V-51	Halina Yermolenko, <i>Turkiye sharply increased the import of the billet in the first quarter</i> , GMK (May 9, 2023)	Public
V-52	<i>Guide to Investing in Turkish Renewable Energy Sector</i> , Presidency of the Republic of Turkey, Investment Office	Public
V-53	Electricity Market Law No. 6446	Public

# **Exhibit I-5**

## **List of Known Chinese & Turkish Producers & Exporters**

Turkish Producers and Exporters									
Name	Address 1	Address 2	City	State/Province	Zipcode	Country	Telephone	Email	Webpage
EKU FREN DOKUM SAN. A.S.	No 13, TOSB TAYSAD Org. San. Blg. 1. Cad.	N/A	Cayirova	Kocaeli	41420	Turkey	+90 262 658 10 10	info@eku.com.tr	https://www.eku.com.tr/en/contact-us
MIRA TASIMA HIZMETLERI INS.SAN.VE	EGITIM MAH KASAP ISMAIL CIKMAZI NO 8 KAT 2-3-4, HASANPASA	N/A	KADIKOY	ISTANBUL	34722	Turkey	N/A	N/A	N/A
ALTUN OTOMOTIV	Zübeyde Hanım, Kazım Karabekir Cd. No:87 D:103	N/A	Altındağ	Ankara	06060	Turkey	+90 312 342 42 84	N/A	https://altunotomotivdenizli.sahibinden.com/
EKER BIJON SANAYI VE TIC. A.S	Konya Organize Sanayi Bölgesi 9.Sokak No:29	N/A	Selçuklu	Konya	42050	Turkey	+90-332-2391420	info@ekerbijon.com.tr sales@ekerbijon.com.tr	https://www.ekerbijon.com.tr/
AKKUS DOKUM SAN.VE TIC.LTD.STI	Büyük Kayacık OSB Mahallesi 412 No'lu Sokak No:3	N/A	Selçuklu	Konya	42050	Turkey	+90 332 239 21 30	contact@frenka.com.tr	https://frenka.com.tr/en/contacts
SAFAK KAHRAMAN ITHALAT IHRACAT	Balatçık Mahallesi 1671/1 Sokak No:1109 PK:10	N/A	Çiğli	İzmir	35000	Turkey	N/A	N/A	N/A
AKISOGLU DOKUM SAN.LTD.STI.	Büyük Kayacık OSB, Konya Organize Sanayi Bölgesi T. Ziyaeddin Akbulut Caddesi, 6. Sk. No:2	N/A	Selçuklu	Konya	42300	Turkey	+90 (332) 239 07 29	sales@akisoglu.com	https://www.akisoglu.com/akis-dokum- anasayfa.html
ANKA IMEX ITHALAT IHRACAT OTO SAN	Fevzi Çakmak Mahallesi, 10576. Sokak No:66-D	N/A	Karatay	Konya	42050	Turkey	+90 506 895 03 80	marketing@ankaimex.com	https://www.ankaimex.com/
LUK DIS TICARET M MESSILLIK A.S	Kordonboyu Mahallesi Ankara Caddesi İstMarina Sitesi B Blok B 354 Kat 28	N/A	Kartal	İstanbul	34680	Turkey	+90 216 464 91 41	N/A	http://www.luk.com.tr/
GENK OTOMOTIV SAN.DIS TIC.LTD.STI.	Cumhuriyet Mah. Turgut Özal Cad. Keten Sok. No:12	N/A	Cayirova	Kocaeli	41420	Turkey	+90 216 999 11 80	info@genk.com	https://www.genk.com.tr/contact/
VECTOR OTOMOTIV A.S.	Çamlıca, Anadolu Blv No:28	N/A	Yenimahalle	Ankara	06200	Turkey	+90 312 386 10 81	bilgi@vektorotomotiv.com	https://www.vektorotomotiv.com/
SAFAK DOKUM MAKINA PARCA SANAYI VE	Balatçık Mah. 1671/1 Sok. No:1109	N/A	Çiğli	İzmir	35620	Turkey	+90 232 329 14 30	info@safakdokum.com	https://www.safakdokum.com/
ARIKAN DIS TICARET LTD. SIRKETI	Mermerciler Sanayi Sitesi 4.cadde No:12 Nakipoğlu İş Merkezi	N/A	Beylikdüzü	İstanbul	34520	Turkey	+90 212 876 8120	info@partsturkey.com	https://www.tractorpartsturkey.com/v2/contact- us/
FMS LOJISTIK LTD. STI	Icerenkoy Mh. Erkut Sk. Uner Plaza No:4/1 Kat:1 D:2	1456 Sk. No:10/1 D:6 Punta Residence 35220 Alsancak/Izmir Turkey	Atasehir	İstanbul	34752	Turkey	+90 216 469 17 30	istanbul@fms-logistics.com izmir@fms-logistics.com	https://www.fms-logistics.com/en/
BUYUK EKER BIJON SANAYI VE TICARET	Konya Organize Sanayi bölgesi 9.Sokak No: 29	N/A	Selçuklu	Konya	42050	Turkey	+90 332 239 14 40	info@ekerbijon.com.tr	https://www.ekerbijon.com.tr/
MOTOR IS TICARI ARAC FREN SISTEMLER	Şirketi Türkgücü Köyü Yolu Üzeri 5.Km	N/A	Çorlu	Tekirdağ		Turkey	+90 282 681 84 00	N/A	N/A
INSEL ENDUSTRIYEL	Sümer Mahallesi, Akçeşme Caddesi. No:58	N/A	Denizli Merkez	Denizli	20020	Turkey	+90 539 597 63 66	info@inselendustriyel.com.tr	https://www.inselendustriyel.com.tr/kurumsal/ilet- isim-
AKIS ASANSOR MAKINA MOTOR DOKUM SAN	Şerif Ali Mahallesi Türker Caddesi No:42	N/A	Ümraniye	İstanbul	34775	Turkey	N/A	info@akisasansor.com.tr	https://www.akisasansor.com.tr/en/corporate/abo- ut-us
CANSA DIS TICARET LIMITED SIRKETI	Büyükbakkalköy, Elmaksan Sk. No:10	N/A	Maltepe	İstanbul	34858	Turkey	+90 216 311 98 59	N/A	N/A