

November 28, 2022

The Honorable Gino Rimando
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington DC 20230

Re: Predatory Quartz Countertop Imports from India

Dear Secretary Raimondo:

We write to support the U.S. Department of Commerce efforts to enforce America's AD/CVD laws against predatory import practices in the quartz countertop industry. Subsidized and dumped imports of granite countertops from Asia—aided and abetted by U.S. based resellers—have already destroyed the U.S.-based granite countertop industry. The same destruction could easily happen to the quartz countertop industry without strong and effective enforcement action from Commerce.

The U.S. market for quartz countertops is the largest in the world. Unfair trade practices, especially from Asia, are rampant in this sector as domestic resellers and foreign manufacturers collaborate to push the boundaries of, and often violate, our trade enforcement laws.

American resellers such as MSI and Arizona Tile have worked in tandem with Chinese producers, and effectively the Chinese Communist Party, to penetrate and dominate our domestic market for quartz countertops. MSI and Arizona Tile seek the cheapest, subsidized products available to purchase.

We believe that the Chinese government helped with free plant and equipment, low priced labor, and other incentives that covered a large portion, perhaps a majority, of the costs of production. As a result, Chinese shipments to the U.S. skyrocketed by multiples of prior shipment volume.

Commerce acted appropriately to apply antidumping and countervailing duties on the Chinese products. That action was a major success for our country. U.S. industry and workers were able to rebuild and reclaim their domestic market share. Upwards of \$800 million investment in new quartz factory and equipment has been built or announced to be built in the United States for domestic quartz production since the preliminary rulings and subsequent Chinese tariffs were issued in 2018.

However, as your staff has seen repeatedly, the problem shifted to other countries. Chinese companies began transshipping through Vietnam, Malaysia and other south Asian countries to evade the duties.

MSI and Arizona Tile started ordering from India. The Indian government obliged by providing effectively free plant and equipment to many of their quartz countertop manufacturers as well as

low-cost labor and other subsidies to fulfill the America resellers' appetite for subsidized countertops. Much of the Chinese industry's equipment was uprooted and transplanted to India. The result was a 2019 import surge from India that was a whopping seven times 2016 import levels. Our quartz countertop workers were again under assault from multinational profiteering.

CPA is aware of the AD/CVD investigation undertaken by Commerce with regard to Indian imports, as well as those from Turkey. Your staff sent a questionnaire to one of the Indian Respondents, Antique Group, due to concerns with the accuracy and completeness of the information the company had previously provided. You provided two weeks to respond.

Antique Group did not respond during that time period and asked for an extension of time. Commerce granted the extension. Then Antique Group asked for another extension, which Commerce again granted. But again Antique Group failed to respond by that second deadline. The Indian importers as well as American resellers are currently represented by sophisticated, powerful D.C. law firms that know their duty to provide complete, accurate and timely information in trade investigations.

Commerce has been fair to the Respondents. But the Indian companies have been unfair to U.S. industry. Nothing can explain a 700% increase in shipments other than a predatory scheme to take over the U.S. market.

President Biden appropriately promised to build back American industry and bring back manufacturing. The quartz countertop manufacturing industry is an important part of our housing construction and remodeling sector. We ask that you resist political pressure from Congress and elsewhere that is designed to deter your staff from doing their job on trade enforcement.

The imposition of AD/CVD orders on quartz countertops from China and India has encouraged the U.S. domestic quartz industry to expand. The \$800 million in new domestic investments hang in the balance.

Commerce action will determine whether American retains and grows the quartz countertop industry to serve our massive domestic market, or whether it will go the way of the granite countertop industry. Thank you for enforcing America's laws against trade unfairness.

Sincerely,



Zach Mottl, Chairman
Coalition for a Prosperous America



Michael Stumo, CEO
Coalition for a Prosperous America