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DEPARTMENT OF COMMERCE

International Trade Administration

[A-583-863]

Forged Steel Fittings from Taiwan: Affirmative Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that forged steel fittings from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is October 1, 2016, through September 30, 2017. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*.]

FOR FURTHER INFORMATION CONTACT: Robert Palmer (202) 482-9068 or Suzanne Lam at (202) 482-0783, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

Commerce initiated this investigation on October 25, 2017.¹ On February 2, 2018, Commerce postponed the preliminary determination of this investigation.² Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January

¹ See *Forged Steel Fittings from the People's Republic of China, Italy, and Taiwan: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 50614 (November 1, 2017) (*Initiation Notice*).

² See *Forged Steel Fittings from the People's Republic of China, Italy, and Taiwan: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 83 FR 4899 (February 2, 2018).

20 through 22, 2018. The revised deadline for the preliminary determination of this investigation is now May 7, 2018.³

For a complete description of the events that followed the initiation of this investigation, see the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are forged steel fittings from Taiwan. For a complete description of the scope of this investigation, *see* the "Scope of the Investigation," in Appendix I.

³ *See* Memorandum to the file from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

⁴ *See* Memorandum to the file, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Forged Steel Fittings from Taiwan," dated concurrently with this notice (Preliminary Decision Memorandum).

Scope Comments

In accordance with the *Preamble* to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. On March 7, 2018, Commerce issued a Preliminary Scope Decision Memorandum making certain preliminary revisions to the scope based on the comments received.⁷ Commerce received additional scope comments following the issuance of the Preliminary Scope Decision Memorandum, and based on those comments, made certain additional preliminary revisions to the scope. For a summary of the additional comments received, and Commerce's preliminary analysis and decision with respect to them, *see* the Second Preliminary Scope Decision Memorandum.⁸ *See also* the revised scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Tariff Act of 1930, as amended (the Act). Pursuant to sections 776(a) and (b) of the Act and 19 CFR 351.308, Commerce preliminarily relied upon facts otherwise available with an adverse inference (adverse facts available or AFA) to assign an estimated weighted-average dumping margin to the two mandatory respondents in Taiwan, Both Well Steel Fittings Co., Ltd. (Both Well) and Luchu Shin Yee Works Co. Ltd. (Luchu), because these respondents did not respond to Commerce's antidumping duty questionnaire and, therefore, failed to cooperate to the best of their ability in the investigation. *See* Preliminary Decision Memorandum for a complete

⁵ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

⁶ *See Initiation Notice*, 82 FR at 50615.

⁷ *See* Memorandum, "Scope Comments Decision Memorandum for the Preliminary Determinations," dated March 7, 2018 (Preliminary Scope Decision Memorandum).

⁸ *See* Memorandum, "Second Preliminary Scope Decision Memorandum," dated concurrently with this notice (Second Preliminary Scope Decision Memorandum).

explanation of the methodology and analysis underlying our preliminary application of adverse facts available. As AFA, Commerce is preliminarily assigning to Both Well and Luchu the highest and only margin alleged in the petition, 116.17 percent.⁹ The third mandatory respondent, Kopex Industrial Co. (Kopex), notified Commerce that it is not a producer or exporter of subject merchandise.¹⁰

All-Others Rate

Sections 733(d)(1)(ii) and 735(c)(5)(A) of the Act provide that in the preliminary determination Commerce shall determine an estimated all-others rate for all exporters and producers not individually examined. This rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act.

In cases where no weighted-average dumping margins other than zero, *de minimis*, or those determined entirely under section 776 of the Act have been established for individually examined entities, in accordance with section 735(c)(5)(B) of the Act, Commerce may use “any reasonable method to establish the estimated all-others rate for exporters and producers not individually investigated, including averaging the estimated weighted average dumping margins determined for the exporters and producers individually investigated.” Our recent practice in these circumstances is to average the dumping margins alleged in the Petition¹¹ and apply the

⁹ See Letter to the Secretary of Commerce from the Petitioners, “Forged Steel Fittings from People’s Republic of China, Italy, and Taiwan – Petitions for the Imposition of Antidumping and Countervailing Duties” (October 5, 2017) (the Petition) at Volume III. See also, AD Investigation Initiation Checklist: Forged Steel Fittings from Taiwan (October 25, 2017) (in which the Petition margin was recalculated for purposes of initiation).

¹⁰ See Preliminary Decision Memorandum at section IV, Treatment of Kopex.

¹¹ See the Petition.

result to “all-other” entities not individually examined.¹² In this investigation, Commerce has preliminarily determined the estimated weighted-average dumping margin for Both Well and Luchu entirely under section 776 of the Act. Therefore, as the “all-others” rate, we are assigning the sole margin in the Petition, which is 116.17 percent. For a full description of the methodology underlying Commerce’s analysis, *see* the Preliminary Decision Memorandum.

Preliminary Determination

Commerce preliminarily determines that the following weighted-average dumping margins exist:

Exporter or Producer	Estimated Weighted-Average Dumping Margin (percent)
Both Well Steel Fittings Co., Ltd.	116.17 percent
Luchu Shin Yee Works Co. Ltd.	116.17 percent
All-Others	116.17 percent

Suspension of Liquidation

In accordance with section 773(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*, as discussed below.

¹² *See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany*, 73 FR 21909, 21912 (April 23, 2008), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany*, 73 FR 38986, 38987 (July 8, 2008), and accompanying Issues and Decision Memorandum at Comment 2; *see also Notice of Final Determination of Sales at Less Than Fair Value: Raw Flexible Magnets from Taiwan*, 73 FR 39673, 39674 (July 10, 2008); *Steel Threaded Rod from Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances*, 78 FR 79670, 79671 (December 31, 2013), unchanged in *Steel Threaded Rod from Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances*, 79 FR 14476, 14477 (March 14, 2014).

Pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit¹³ for both the individually examined respondents and all other producers and exporters equal to the 116.17 percent dumping margin preliminarily determined above. These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with a preliminary determination within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of the notice of preliminary determination in the *Federal Register*, in accordance with 19 CFR 351.224(b). However, because Commerce preliminarily applied an AFA rate to the individually examined companies (Both Well and Luchu) in this investigation, in accordance with section 776 of the Act, and the applied AFA rate is based solely on the Petition, there are no calculations to disclose.

Verification

¹³ See *Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations*, 76 FR 61042, dated October 3, 2011.

Because the mandatory respondents in this investigation, Both Well and Luchu, did not provide the information requested and Commerce preliminarily determines these respondents to have been uncooperative, Commerce will not conduct verifications of these two companies. Kopex contends that it is not a producer or exporter of forged steel fittings from Taiwan. As provided in section 782(i)(1) of the Act, we intend to verify Kopex's claim that it did not produce or sell the subject merchandise during the POI.

Public Comment

Case briefs regarding non-scope issues may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the verification report is issued in this investigation, or on a date established by the Secretary, as appropriate. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.¹⁴

Additionally, case briefs regarding scope issues may be submitted within 10 days after the date of publication of this notice in the *Federal Register*. Rebuttal briefs regarding scope issues, limited to those issues which are raised in the scope case briefs, may be submitted no later than five days after the deadline date for scope case briefs. All scope case and rebuttal briefs must be filed identically on the records of this investigation and the concurrent AD and CVD investigations of forged steel fittings. Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs on any issues raised in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited

¹⁴ See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

to issues raised in the non-scope case and rebuttal briefs and/or scope case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce. Any hearing request for scope issues must be filed identically on the records of this investigation and the concurrent AD and CVD investigations of forged steel fittings. All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

U.S. International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the U.S. International Trade Commission (ITC) of our affirmative preliminary determination of sales at LTFV. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: May 7, 2018.

Gary Taverman,
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.

Appendix

Scope of the Investigation

The merchandise covered by this investigation is carbon and alloy forged steel fittings, whether unfinished (commonly known as blanks or rough forgings) or finished. Such fittings are made in a variety of shapes including, but not limited to, elbows, tees, crosses, laterals, couplings, reducers, caps, plugs, bushings, unions, and outlets. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections.

While these fittings are generally manufactured to specifications ASME B16.11, MSS SP-79, MSS SP-83, MSS SP-97, ASTM A105, ASTM A350, and ASTM A182, the scope is not limited to fittings made to these specifications.

The term forged is an industry term used to describe a class of products included in applicable standards, and does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from casting. Pursuant to the applicable specifications, subject fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of fittings are included in the scope regardless of nominal pipe size (which may or may not be expressed in inches of nominal pipe size), pressure rating (usually, but not necessarily expressed in pounds of pressure/PSI, *e.g.*, 2,000 or 2M; 3,000 or 3M; 6,000 or 6M; 9,000 or 9M), wall thickness, and whether or not heat treated.

Excluded from this scope are all fittings entirely made of stainless steel. Also excluded are flanges, butt weld fittings, butt weld outlets, nipples, and all fittings that have a maximum pressure rating of 300 pounds of pressure/PSI or less.

Also excluded are fittings certified or made to the following standards, so long as the fittings are not also manufactured to the specifications of ASME B16.11, MSS SP-79, MSS SP-83, MSS SP-97, ASTM A105, ASTM A350, and ASTM A182:

- American Petroleum Institute (API) API 5CT, API 5L, or API 11B
- Society of Automotive Engineering (SAE) SAE J476, SAE J514, SAE J516, SAE J517, SAE J518, SAE J1026, SAE J1231, SAE J1453, SAE J1926, J2044 or SAE AS 35411
- Underwriter's Laboratories (UL) certified electrical conduit fittings
- ASTM A153, A536, A576, or A865
- Casing Conductor Connectors 16-42 inches in diameter made to proprietary specifications
- Military Specification (MIL) MIL-C-4109F and MIL-F-3541

- International Organization for Standardization (ISO) ISO6150-B

To be excluded from the scope, products must have the appropriate standard or pressure markings and/or accompanied by documentation showing product compliance to the applicable standard or pressure, *e.g.*, “API 5CT” mark and/or a mill certification report.

Subject carbon and alloy forged steel fittings are normally entered under Harmonized Tariff Schedule of the United States (HTSUS) 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They also may be entered under HTSUS 7307.92.3010, 7307.92.3030, 7307.92.9000, and 7326.19.0010. The HTSUS subheadings and specifications are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum:

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Treatment of Kopex
- V. Scope Comments
- VI. Scope of the Investigation
- VII. Application of Facts Available and Use of Adverse Inference
- VIII. All-Others Rate
- IX. Conclusion

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