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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-079]

Cast Iron Soil Pipe from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination

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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that cast iron soil pipe from the People's Republic of China (China) was sold to the United States at less than fair value (LTFV) during the period of investigation (POI), July 1, 2017, through December 31, 2017.

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

FOR FURTHER INFORMATION CONTACT: Javier Barrientos, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2243.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on February 23, 2018.<sup>1</sup> On June 22, 2018, Commerce postponed the preliminary

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<sup>1</sup> See *Cast Iron Soil Pipe from the People's Republic of China: Initiation of Less-Than-Fair Value Investigation*, 83 FR 8053 (February 23, 2018) (*Initiation Notice*).

determination of this investigation and the revised deadline is now August 24, 2018.<sup>2</sup>

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.<sup>3</sup> 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 product covered by this investigation is cast iron soil pipe from China. For a complete description of the scope of this investigation, *see* Appendix I.

#### Scope Comments

In accordance with the preamble to Commerce's regulations,<sup>4</sup> the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (scope).<sup>5</sup> For a summary of the product coverage comments and rebuttal responses submitted to the record for this investigation, and accompanying discussion and analysis of all comments timely received,

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<sup>2</sup> *See Cast Iron Soil Pipe from People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 83 FR 29098 (June 22, 2018).

<sup>3</sup> *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Cast Iron Soil Pipe from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

<sup>4</sup> *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

<sup>5</sup> *See Initiation Notice*, 83 FR at 8054.

*see* the Preliminary Scope Memorandum.<sup>6</sup> Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* the scope in Appendix I to this notice.

### Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Export price was calculated in accordance with sections 772(a) of the Act. Because China is a non-market economy within the meaning of section 771(18) of the Act, normal value was calculated in accordance with section 773(c) of the Act. Furthermore, pursuant to section 776(a) and (b) of the Act, we have preliminarily relied upon facts otherwise available, with adverse inferences, for Sibio International Ltd., and the China-wide entity. For a full description of the methodology underlying Commerce's preliminary determination, *see* the Preliminary Decision Memorandum.

### Combination Rates

In the *Initiation Notice*,<sup>7</sup> Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.<sup>8</sup>

### Preliminary Determination

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

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<sup>6</sup> *See* Commerce Memorandum, "Cast Iron Soil Pipe from People's Republic of China: Preliminary Scope Comment Decision Memorandum," dated concurrently with this memorandum (Preliminary Scope Memorandum).

<sup>7</sup> *See Initiation Notice*, 83 FR at 8056-8057.

<sup>8</sup> *See* Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's Web site at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

<b>Producer</b>	<b>Exporter</b>	<b>Estimated Weighted-Average Dumping Margin &amp; Cash Deposit Rate (percent)<sup>9</sup></b>
HengTong Casting	HengTong Casting	302.61
Wu'An Yongtian Casting Co., Ltd.	Dalian Lino F.T.Z. Co., Ltd.	302.61
Yangcheng County Huawang Universal Spun Cast Pipe Foundry	Dalian Lino F.T.Z. Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Dalian Metal I/E Co., Ltd.	302.61
Wu'an Yongtian Casting Co., Ltd.	Dalian Metal I/E Co., Ltd.	302.61
Zezhou Golden Autumn Foundry Co., Ltd.	Dalian Metal I/E Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Dinggin Hardware (Dalian) Co., Ltd.	302.61
Wu'an Kerui xin Machinery Manufacturing Co., Ltd.	Dinggin Hardware (Dalian) Co., Ltd.	302.61
Wu'an Yongtian Casting Co., Ltd.	Dinggin Hardware (Dalian) Co., Ltd.	302.61
Wuan City Feixiang Metal Product Co., Ltd.	Dinggin Hardware (Dalian) Co., Ltd.	302.61
DingXiang County YuTai Casting-Forging Co., Ltd.	Hebei Metals & Engineering Products Trading Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Hebei Metals & Engineering Products Trading Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Kingway Pipe Co., Ltd.	302.61
Zezhou Golden Autumn Foundry Co., Ltd.	Kingway Pipe Co., Ltd.	302.61

<sup>9</sup> For cash deposit purposes, we normally adjust for export subsidies found in companion CVD proceedings. However, we preliminary found no export subsidies in the companion CVD proceeding. *See* PDM at X.

Qinshui Shunshida Casting Co., Ltd.	Qinshui Shunshida Casting Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Shanxi Chen Xin Da Castings & Forgings Co., Ltd.	302.61
Shanxi Xuanshi Industrial Group Co., Ltd.	Shanxi Xuanshi Industrial Group Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Shanxi Zhongrui Tianyue Trading Co., Ltd.	302.61
Qinshui Shunshida Casting Co., Ltd.	Terrifour (Dalian) Trading Co., Ltd.	302.61
Shanxi Chengda Special Forging Co., Ltd.	Terrifour (Dalian) Trading Co., Ltd.	302.61
Wuan City Feixiang Metal Product Co., Ltd.	Wuan City Feixiang Metal Product Co., Ltd.	302.61
Zezhou Golden Autumn Foundry Co., Ltd.	Zezhou Golden Autumn Foundry Co., Ltd.	302.61
CHINA-WIDE ENTITY		302.61

### Suspension of Liquidation

In accordance with section 733(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. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as indicated in the chart above as follows: (1) for the producer/exporter combinations listed in the table above, the cash deposit rate is equal to the estimated weighted-average dumping margin listed for that combination in the table; (2) for all combinations of Chinese producers/exporters of merchandise under consideration that have not established

eligibility for their own separate rates, the cash deposit rate will be equal to the estimated weighted-average dumping margin established for the China-wide entity; and (3) for all third-country exporters of merchandise under consideration not listed in the table above, the cash deposit rate is the cash deposit rate applicable to the Chinese producer/exporter combination (or the China-wide entity) that supplied that third-country exporter.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion countervailing duty (CVD) proceeding when CVD provisional measures are in effect. Accordingly, where Commerce makes a preliminary affirmative determination for domestic subsidy pass-through or export subsidies, Commerce offsets the calculated estimated weighted-average dumping margin by the appropriate rate(s). In this case, we have not made a preliminary affirmative determination for domestic subsidy pass-through or export subsidies. Therefore, we are not adjusting the estimated weighted-average dumping margin for these subsidies.

These suspension of liquidation instructions will remain in effect until further notice.

#### Disclosure

Commerce intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

#### Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify information relied upon in making its final determination.

## Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last final verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>10</sup> Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation 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 to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, 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, whether any participant is a foreign national, 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.

## Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in

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<sup>10</sup> See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

the event of a negative preliminary determination, a request for such postponement is made by the petitioner. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by respondents for postponement of a final antidumping determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On August 2, 2018, pursuant to 19 CFR 351.210 (e), HengTong requested that Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months.<sup>11</sup> In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) the preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce's final determination will publish no later than 135 days after the publication of this preliminary determination notice.

#### International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its 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 the final determination whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

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<sup>11</sup> See HengTong Letter, "Postponement of Final Determination and Extension of Provisional Measures Request," dated August 2, 2018.

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: August 24, 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 I**

### **Scope of the Investigation**

The merchandise covered by this investigation is cast iron soil pipe, whether finished or unfinished, regardless of industry or proprietary specifications, and regardless of wall thickness, length, diameter, surface finish, end finish, or stenciling. The scope of this investigation includes, but is not limited to, both hubless and hub and spigot cast iron soil pipe. Cast iron soil pipe is nonmalleable iron pipe of various designs and sizes. Cast iron soil pipe is generally distinguished from other types of nonmalleable cast iron pipe by the manner in which it is connected to cast iron soil pipe fittings.

Cast iron soil pipe is classified into two major types – hubless and hub and spigot. Hubless cast iron soil pipe is manufactured without a hub, generally in compliance with Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or American Society for Testing and Materials (ASTM) specification A888, including any revisions to those specifications. Hub and spigot pipe has one or more hubs into which the spigot (plain end) of a fitting is inserted. All pipe meeting the physical description set forth above is covered by the scope of this investigation, whether or not produced according to a particular standard.

The subject imports are currently classified in subheading 7303.00.0030 of the Harmonized Tariff Schedule of the United States (HTSUS): Cast iron soil pipe. The HTSUS subheading and specifications are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Postponement of Final Determination and Extension of Provisional Measures
- V. Scope Comments
- VI. Scope of the Investigation
- VII. Discussion of the Methodology
  - A. Non-Market Economy Country
  - B. Surrogate Country and Surrogate Value Comments
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  - D. China-Wide Entity
  - E. Application of Facts Available and Adverse Inferences
  - F. Date of Sale
  - G. Comparisons to Fair Value
  - H. Export Price
  - I. Value-Added Tax (VAT)
  - J. Normal Value
  - K. Factor Valuation Methodology
- VIII. Currency Conversion
- IX. Adjustment Under Section 777(A)(F) of the Act
- X. Adjustment for Countervailable Export Subsidies
  
- XI. Verification
- XII. Conclusion

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