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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-068]

Forged Steel Fittings from the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of forged steel fittings from the People's Republic of China (China).

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

FOR FURTHER INFORMATION CONTACT: Brian Smith or Janae Martin, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1766 or (202) 482-0238, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 14, 2018, Commerce published in the *Federal Register* the *Preliminary Determination*.¹ The selected mandatory respondents in this investigation are Beijing Bell Plumbing Mfg., Ltd. (Beijing Bell) and Both-Well (Taizhou) Steel Fittings, Co., Ltd. (Both-Well). In the *Preliminary Determination*, in accordance with section 705(a)(1) of the Act and 19

¹ See *Forged Steel Fittings from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 FR 11170 (March 14, 2018) (*Preliminary Determination*).

CFR 351.210(b)(4), Commerce aligned the final CVD determination with the final antidumping duty (AD) determination. The revised deadline for the final determination of this investigation is now October 1, 2018. On May 25, 2018, Commerce issued its Post-Preliminary Analysis.²

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum issued concurrently with this notice.³ The Issues and 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 <http://access.trade.gov> and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Period of Investigation

The period of investigation (POI) is January 1, 2016, through December 31, 2016.

Scope of the Investigation

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

² See Memorandum to Gary Taverman, "Post-Preliminary Analysis of Countervailing Duty Investigation: Forged Steel Fittings from the People's Republic of China," dated May 25, 2018 (Post-Preliminary Analysis).

³ See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Forged Steel Fittings from the People's Republic of China," dated concurrently with this determination and hereby adopted by this notice (Issues and Decision Memorandum).

Scope Comments

During the course of this investigation and the concurrent antidumping investigations of forged steel fittings from China, Italy, and Taiwan, Commerce received numerous scope comments from interested parties. Commerce issued a Preliminary Scope Decision Memorandum⁴ and a Second Preliminary Scope Decision Memorandum⁵ to address these comments. For a summary of the product coverage comments and rebuttals submitted to the records of this investigation and the concurrent antidumping investigations of forged steel fittings from China, Italy, and Taiwan for consideration in the final determinations, and our accompanying discussion and analysis of them, see the Final Scope Decision Memorandum, issued on July 23, 2018, concurrent with the final determination in the antidumping duty investigation of forged steel fittings from Taiwan.⁶ See Appendix I for the final scope of the investigation.

Verification

As provided in section 782(i) of the Act, in May 2018, we conducted verification of the questionnaire response submitted by Both-Well, the information submitted by the Government of China (GOC) with respect to one program (Provision of Special Bar Quality Bar for Less Than Adequate Remuneration), and the no-shipment claim submitted by Beijing Bell.⁷ We used

⁴ See Memorandum to the File, “Scope Comments Decision Memorandum for the Preliminary Determinations,” dated March 7, 2018 (Preliminary Scope Decision Memorandum).

⁵ See Memorandum to the File, “Second Preliminary Scope Decision Memorandum,” dated May 7, 2018 (Second Preliminary Scope Decision Memorandum).

⁶ See Memorandum, “Forged Steel Fittings from China, Italy and Taiwan: Final Scope Determination Decision Memorandum,” dated July 23, 2018 (Final Scope Decision Memorandum); see also, Memorandum to the File, “Placing Carbon Steel Butt Weld Pipe Fitting Scope Information Ruling on the Record,” dated September 19, 2018.

⁷ See Commerce Memoranda, “Verification of the Questionnaire Responses of the Government of the People’s Republic of China: Countervailing Duty Investigation of Forged Steel Fittings from the People’s Republic of China,” dated June 25, 2018 (GOC Verification Report); “Verification of Beijing Bell Plumbing Mfg., Ltd.’s Claim of No Sales of Subject Merchandise to the U.S. Market During the Period of Investigation: Countervailing Duty Investigation of Forged Steel Fittings from the People’s Republic of China,” dated June 28, 2018 (Beijing Bell Verification Report); and “Verification of the Questionnaire Responses of Both-Well (Taizhou) Steel Fittings, Co.,

standard verification procedures, including an examination of relevant accounting and financial records, and original source documents.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁸ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce relied, in part, on facts available pursuant to section 776(a) of the Act. Additionally, as discussed in the Issues and Decision Memorandum, because the GOC did not act to the best of its ability in responding to our requests for information, we drew adverse inferences, where appropriate, in selecting from among the facts otherwise available, pursuant to section 776(b) of the Act.⁹ For further information, see the section “Use of Facts Otherwise Available and Adverse Inferences” in the accompanying Issues and Decision Memorandum.

Ltd.: Countervailing Duty Investigation of Forged Steel Fittings from the People's Republic of China,” dated August 7, 2018 (Both-Well Verification Report).

⁸ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁹ *See* Issues and Decision Memorandum at “Use of Facts Otherwise Available and Adverse Inferences” section.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, minor corrections presented at verification, and our verification findings, we made certain changes to Both-Well's subsidy rate calculations. For a discussion of these changes, *see* the Issues and Decision Memorandum.

Final Determination

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a subsidy rate for Both-Well, a producer/exporter of subject merchandise selected for individual examination in this investigation. Based on our verification findings, we determine that the other mandatory respondent in this investigation, Beijing Bell, did not export subject merchandise to the United States during the period of this investigation.¹⁰ Therefore, we did not calculate a subsidy rate for Beijing Bell.

Section 705(c)(5)(A) of the Act provides that in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

In this investigation, Commerce calculated an individual estimated countervailable subsidy rate for Both-Well that is not zero, *de minimis*, or based entirely on facts otherwise available. Because Both-Well is the only individually examined exporter/producer in this investigation and its calculated rate is not zero, *de minimis*, or based entirely under section 776 of

¹⁰ *See* Beijing Bell Verification Report at 4-7.

the Act, the estimated weighted-average rate calculated for Both-Well is the rate assigned to all other producers and exporters, pursuant to section 705(c)(5)(A)(i) of the Act.

Commerce determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate
Both-Well (Taizhou) Steel Fittings, Co., Ltd.	13.41 percent
All-Others	13.41 percent

Disclosure

We intend to disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of publication of this notice, in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries 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 the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after July 11, 2018, but to continue the suspension of liquidation of all entries from March 14, 2018, through July 10, 2018.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order, reinstate the suspension of liquidation under section 706(a) of the Act, and require a cash deposit of estimated countervailing duties for such entries

of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: October 1, 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 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 Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Use of Facts Otherwise Available and Adverse Inferences
- IV. Subsidies Valuation
- V. Analysis of Programs
- VI. Analysis of Comments
 - Comment 1: Provision for Land for Less Than Adequate Remuneration (LTAR):
Appropriate Benchmark
 - Comment 2: Provision for Special Bar Quality(SBQ) Bar for LTAR: Whether
Respondent's Input Is Comparable to SBQ Bar
 - Comment 3: SBQ Bar for LTAR: Market Distortion Analysis
 - Comment 4: Affiliated Party Sales
 - Comment 5: Removing Value-Added Tax (VAT) from Reported Freight Data
 - Comment 6: Removing VAT from Reported Electricity Data
 - Comment 7: Application of Adverse Facts Available (AFA) Concerning Electricity
- VII. Recommendation

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