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DEPARTMENT OF COMMERCE

International Trade Administration

[C-533-892]

Forged Steel Fittings from India: 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 (FSF) from India.

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

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SUPPLEMENTARY INFORMATION:

Background

On March 30, 2020, Commerce published the *Preliminary Determination* of the countervailing duty (CVD) investigation, which aligned the final determination in this CVD investigation with the final determination in the companion antidumping duty investigation of FSF from India.<sup>1</sup> On June 18, 2020, Commerce published the *Amended Preliminary Determination* in this investigation.<sup>2</sup>

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<sup>1</sup> See *Forged Steel Fittings from India: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 17536 (March 30, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

<sup>2</sup> See *Forged Steel Fittings from India: Amended Preliminary Affirmative Countervailing Duty Determination*, 85 FR 36835 (June 18, 2020) (*Amended Preliminary Determination*), and accompanying Amended Preliminary Scope

A summary of the events that occurred since Commerce published the *Amended Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, are discussed in the Issues and Decision Memorandum, which is hereby adopted by this notice.<sup>3</sup> 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 <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

#### Period of Investigation

The period of investigation is January 1, 2018 through December 31, 2018.

#### Scope of the Investigation

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

#### Scope Comments

On May 20, 2020, Commerce issued an Amended Preliminary Scope Memorandum. We received comments from interested parties on the Amended Preliminary Scope Memorandum, which we address in the Final Scope Decision Memorandum, dated contemporaneously with, and hereby adopted by, this final determination.<sup>4</sup> Commerce is modifying the scope language as

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Memorandum.

<sup>3</sup> See Memorandum, "Issues and Decisions Memorandum for the Final Determination of the Countervailing Duty Investigation of Forged Steel Fittings from India," dated concurrently with, and hereby adopted by, this notice (Issues and Decisions Memorandum).

<sup>4</sup> See Memorandum, "Forged Steel Fittings from India and the Republic of Korea: Final Scope Decision Memorandum," dated October 13, 2020; *see also* IPI's Letter, "Response to Scope Preliminary Determinations: Antidumping and Countervailing Duty Investigation of Forged Steel Fittings from India and Korea (A-533-891, C-533-892, A-580-904)," dated June 26, 2020; Ramkrishna's Letters, "Forged Steel Fittings from India and Korea: Response to Req for Clarification RE Scope Prelim Determination. IPI 3/26/2020," dated July 3, 2020, "Forged

it appeared in the *Amended Preliminary Determination*. See the revised scope in Appendix I.

### 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 is attached to this notice as 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.<sup>5</sup> For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

### Verification

Commerce normally verifies information relied upon in making its final determination, pursuant to section 782(i)(1) of the Tariff Act of 1930, as amended (the Act). However, during the course of this investigation, we were unable to conduct on-site verification due to travel restrictions.<sup>6</sup> Consistent with section 776(a)(2)(D) of the Act, Commerce relied on the information submitted on the record, which we used in making our *Preliminary Determination* and in the *Amended Preliminary Determination*, as facts available in making our final

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Steel Fittings from India and Korea: Response to the Department of Commerce’s Preliminary Determination from Titus PVF Group Inc. (“Titus”) dated June 29<sup>th</sup>, 2020,” dated July 5, 2020, and “Forged Steel Fittings from India and Korea: Response to Req for Clarification RE Scope Prelim Determination. IPI 3/26/2020,” dated July 6, 2020; S.P.M. Flow’s Letter, “Forged Steel Fittings from India and Korea: Response Clarification RE Scope Prelim Determination,” dated July 6, 2020; and Petitioners’ Letter, “Forged Steel Fittings from India and Korea: Scope Rebuttal Comments,” dated July 6, 2020.

<sup>5</sup> 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.

<sup>6</sup> See Memorandum, “Countervailing Duty Investigation of Forged Steel Fittings from India: Verification and Schedule for Submission of Case and Rebuttal Briefs,” dated August 3, 2020.

determination.

Changes Since the Preliminary Determination and Amended Preliminary Determination

Based on our review and analysis of the comments received from parties, we made certain changes to the subsidy rate calculations for Shakti Forge Industries Pvt. Ltd. and Shakti Forge (collectively, Shakti). For a discussion of these changes, *see* the Issues and Decision Memorandum.

All-Others Rate

We continue to assign the countervailable subsidy rate calculated for Shakti as the all-others rate applicable to all exporters and/or producers not individually examined.

Final Determination

Commerce determines the total estimated net countervailable subsidy rates to be:

<b>Company</b>	<b>Subsidy Rate <i>Ad Valorem</i></b>
Shakti Forge Industries Pvt. Ltd. and Shakti Forge (collectively, Shakti)	2.64 percent
Nikoo Forge Pvt. Ltd., Pan International, Patton International Limited, Sage Metals Limited, Kirtanlal Steel Private Limited, Disha Auto Components Private Limited, Dynamic Flow Products, Sara Sae Private Limited, and Parveen Industries Private Limited	300.77 percent
All Others	2.64 percent

Disclosure

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

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and

(d)(2) of the Act, Commerce instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise under consideration from India that were entered or withdrawn from warehouse, for consumption on or after March 30, 2020, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, effective July 28, 2020, we instructed CBP to discontinue the suspension of liquidation of all entries at that time, but to continue the suspension of liquidation of all entries between March 30, 2020 and July 27, 2020.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order and require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above, in accordance with section 706(a) of the Act. 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.

#### ITC Notification

In accordance with section 705(d) of the Act, Commerce will notify the ITC of its final affirmative determination that countervailable subsidies are being provided to producers and exporters of FSF from India. As Commerce's final determination is affirmative, in accordance with section 705(b) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury. In addition, we are making available to the ITC all non-privileged and nonproprietary 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 the 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 771(i) of the Act and 19 CFR 351.210(c).

Dated: October 13, 2020.

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Jeffrey I. Kessler  
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 (including hammer unions), and outlets. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections. The scope includes integrally reinforced forged branch outlet fittings, regardless of whether they have one or more ends that is a socket welding, threaded, butt welding end, 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 it does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from casings. Pursuant to the applicable standards, fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of forged steel 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 class rating (expressed in pounds of pressure, *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, nipples, and all fittings that have a maximum pressure rating of 300 pounds per square inch/PSI or less.

Also excluded from the scope 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) 5CT, API 5L, or API 11B;
- American Society of Mechanical Engineers (ASME) B16.9;
- Manufacturers Standardization Society (MSS) SP-75;
- Society of Automotive Engineering (SAE) J476, SAE J514, SAE J516, SAE J517, SAE J518, SAE J1026, SAE J1231, SAE J1453, SAE J1926, J2044 or SAE AS 35411;
- Hydraulic hose fittings (*e.g.*, fittings used in high pressure water cleaning applications, in the manufacture of hydraulic engines, to connect rubber dispensing hoses to a dispensing nozzle or grease fitting) made to ISO 12151-1, 12151-2, 12151-3, 12151-4, 12151-5, or 12151-6;
- Underwriter's Laboratories (UL) certified electrical conduit fittings;
- ASTM A153, A536, A576, or A865;

- Casing conductor connectors made to proprietary specifications;
- Machined steel parts (e.g., couplers) that are not certified to any specifications in this scope description and that are not for connecting steel pipes for distributing gas and liquids;
- Oil country tubular goods (OCTG) connectors (e.g., forged steel tubular connectors for API 5L pipes or OCTG for offshore oil and gas drilling and extraction);
- Military Specification (MIL) MIL-C-4109F and MIL-F-3541; and
- International Organization for Standardization (ISO) ISO6150-B.

Also excluded from the scope are assembled or unassembled hammer unions that consist of a nut and two subs. To qualify for this exclusion, the hammer union must meet each of the following criteria: (1) the face of the nut of the hammer union is permanently marked with one of the following markings: “FIG 100,” “FIG 110,” “FIG 100C,” “FIG 200,” “FIG 200C,” “FIG 201,” “FIG 202,” “FIG 206,” “FIG 207,” “FIG 211,” “FIG 300,” “FIG 301,” “FIG 400,” “FIG 600,” “FIG 602,” “FIG 607,” “FIG 1002,” “FIG 1003,” “FIG 1502,” “FIG 1505,” “FIG 2002,” or “FIG 2202”; (2) the hammer union does not bear any of the following markings: “Class 3000,” “Class 3M,” “Class 6000,” “Class 6M,” “Class 9000,” or “Class 9M”; and (3) the nut and both subs of the hammer union are painted.

Also excluded from the scope are subs or wingnuts made to ASTM A788, marked with “FIG 1002,” “FIG 1502,” or “FIG 2002,” and with a pressure rating of 10,000 PSI or greater. These parts are made from AISI/SAE 4130, 4140, or 4340 steel and are 100 percent magnetic particle inspected before shipment.

Also excluded from the scope are tee, elbow, cross, adapter (or “crossover”), blast joint (or “spacer”), blind sub, swivel joint and pup joint which have wing nut or not. To qualify for this exclusion, these products must meet each of the following criteria: (1) Manufacturing and Inspection standard is API 6A or API 16C; and, (2) body or wing nut is permanently marked with one of the following markings: “FIG 2002,” “FIG 1502,” “FIG 1002,” “FIG 602,” “FIG 206,” or “FIG any other number” or MTR (Material Test Report) shows these FIG numbers.

To be excluded from the scope, products must have the appropriate standard or pressure markings and/or be 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) 7307.92.3010, 7307.92.3030, 7307.92.9000, 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They may also be entered under HTSUS 7307.93.3010, 7307.93.3040, 7307.93.6000, 7307.93.9010, 7307.93.9040, 7307.93.9060, 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. Scope of the Investigation
- IV. Scope Comments
- V. Use of Facts Otherwise Available and Adverse Inferences: Non-Cooperative and Non-Responsive Companies
- VI. Subsidies Valuation
- VII. Analysis of Programs
- VIII. Analysis of Comments
  - Comment 1: Whether Commerce Should Include the Integrated Goods & Service Tax (IGST) in the Calculation of the Benefit Received from the Export Promotion of Capital Goods Scheme (EPCGS) Program
  - Comment 2: Whether Commerce Should Revise Its Calculation of the Benefit for the Provision of Water for Less Than Adequate Remuneration (LTAR) Program
  - Comment 3: Whether the Duty Drawback (DDB) Program is Countervailable
  - Comment 4: Whether the EPCGS Program is Countervailable
  - Comment 5: Whether the MEIS Program is Countervailable
  - Comment 6: Whether the State Government of Gujarat (SGOG) Scheme of Assistance to Micro, Small and Medium Enterprises (MSME): Assistance of One-Time Capital Investment Subsidy and the SGOG Scheme of Assistance to MSME: Assistance for Interest Subsidy Programs are Countervailable
  - Comment 7: Whether the Gujarat Industrial Development Corporation (GIDC) Provision of Water for Less than Adequate Remuneration (LTAR) is Countervailable
- IX. Recommendation

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