



## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-201-854]

#### Standard Steel Welded Wire Mesh from Mexico: Preliminary Affirmative Countervailing Duty Determination

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

**SUMMARY:** The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of standard steel welded wire mesh (wire mesh) from Mexico. The period of investigation is January 1, 2019 through December 31, 2019. Interested parties are invited to comment on this preliminary determination.

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

**FOR FURTHER INFORMATION CONTACT:** Ian Hamilton, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-4798.

#### SUPPLEMENTARY INFORMATION:

##### Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce initiated this investigation on July 20, 2020.<sup>1</sup> On September 9, 2020, Commerce postponed the preliminary determination of this investigation and the revised deadline is now November 27, 2020.<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

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<sup>1</sup> *See Standard Steel Welded Wire Mesh from Mexico: Initiation of Countervailing Duty Investigation*, 85 FR 45181 (July 27, 2020).

<sup>2</sup> *See Standard Steel Welded Wire Mesh from Mexico: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 85 FR 55640 (September 9, 2020).

<sup>3</sup> *See* Memorandum, “Decision Memorandum for the Preliminary Affirmative Countervailing Duty Determination of

of topics discussed 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 <http://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

### Scope of the Investigation

The product covered by this investigation is wire mesh from Mexico. 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 (*i.e.*, scope).<sup>5</sup> Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. For a summary of the product coverage and rebuttal comments submitted on the record for this investigation, *see* the Preliminary Decision Memorandum. Commerce has not modified the scope language as it appeared in the *Initiation Notice*.

### Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines

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Standard Steel Welded Wire Mesh from Mexico," 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*.

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>6</sup>

Commerce notes that, in making these findings, it relied, in part, on facts available and, because it finds that one or more respondent did not act to the best of their ability to respond to Commerce’s requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.<sup>7</sup> For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memorandum.

#### Date of Final Determination

Section 705(a)(1) of the Act and 19 CFR 351.210(b)(1) provide that Commerce will issue the final determination within 75 days after the date of its preliminary determination, unless the final determination is postponed or aligned with the final determination of a companion AD investigation of wire mesh. Accordingly, Commerce intends to make its final determination no later than February 10, 2021, unless postponed.

#### All-Others Rate

Sections 703(d) and 705(c)(5)(A) of the Act provide that, in the preliminary 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 preliminarily assigned a rate based entirely on facts available to Deacero S.A.P.I. de C.V. Therefore, the only rate that is not zero, *de minimis*, or based entirely on facts otherwise available is the rate calculated for Aceromex S.A. De C.V. (Aceromex). Consequently, the rate calculated for Aceromex is also assigned as the rate for all other producers and exporters.

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<sup>6</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>7</sup> *See* sections 776(a) and (b) of the Act.

### Preliminary Determination

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

<b>Company</b>	<b>Subsidy Rate (percent)</b>
Aceromex S.A. De C.V.	1.02
Deacero S.A.P.I. de C.V.	102.09
All Others	1.02

### Suspension of Liquidation

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct 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 this notice in the *Federal Register*. Further, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

### Disclosure

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

### Verification

Commerce is currently unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. Accordingly, we intend to take additional steps in lieu of on-site verification. Commerce will notify interested parties of any additional documentation or information required.

## Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance. Interested parties will be notified of the timeline for the submission of case briefs and written comments at a later date. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline date for case briefs.<sup>8</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 a time and date to be determined.<sup>9</sup> Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Parties are reminded that briefs and hearing requests are to be filed electronically using ACCESS and that electronically filed documents must be received successfully in their entirety by 5 p.m. Eastern Time on the due date. Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.<sup>10</sup>

## International Trade Commission Notification

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<sup>8</sup> See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements); *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19*, 85 FR 17006 (March 26, 2020) (*Temporary Rule*); and *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

<sup>9</sup> See 19 CFR 351.310(c).

<sup>10</sup> See *Temporary Rule*, 85 FR 41363.

In accordance with section 703(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its determination. 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 these imports are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: November 27, 2020.

Jeffrey I. Kessler,  
Assistant Secretary for Enforcement and Compliance.

## Appendix I

### Scope of the Investigation

The scope of this investigation covers uncoated standard welded steel reinforcement wire mesh (wire mesh) produced from smooth or deformed wire. Subject wire mesh is produced in square and rectangular grids of uniformly spaced steel wires that are welded at all intersections. Sizes are specified by combining the spacing of the wires in inches or millimeters and the wire cross-sectional area in hundredths of square inch or millimeters squared. Subject wire mesh may be packaged and sold in rolls or in sheets.

Subject wire mesh is currently produced to ASTM specification A1064/A1064M, which covers carbon-steel wire and welded wire reinforcement, smooth and deformed, for concrete in the following seven styles:

1. 6X6 W1.4/W1.4 or D1.4/D1.4
2. 6X6 W2.1/W2.1 or D2.1/D2.1
3. 6X6 W2.9/W2.9 or D2.9/D2.9
4. 6X6 W4/W4 or D4/D4
5. 6X12 W4/W4 or D4/D4
6. 4X4 W2.9/W2.9 or D2.9/D2.9
7. 4X4 W4/W4 or D4/D4

The first number in the style denotes the nominal spacing between the longitudinal wires and the second number denotes the nominal spacing between the transverse wires. In the first style listed above, for example, “6X6” denotes a grid size of six inches by six inches. “W” denotes the use of smooth wire, and “D” denotes the use of deformed wire in making the mesh. The number following the W or D denotes the nominal cross-sectional area of the transverse and longitudinal wires in hundredths of a square inch (*i.e.*, W1.4 or D1.4 is .014 square inches).

Smooth wire is wire that has a uniform cross-sectional diameter throughout the length of the wire.

Deformed wire is wire with indentations or raised transverse ribs, which results in wire that does not have a uniform cross-sectional diameter throughout the length of the wire.

Rolls of subject wire mesh are produced in the following styles and nominal width and length combinations:

Style: 6X6 W1.4/W1.4 or D1.4/D1.4 (*i.e.*, 10 gauge)

Roll Sizes: 5' X 50'  
5' X 150'  
6' X 150'  
5' X 200'  
7' X 200'  
7.5' X 200'

Style: 6X6 W2.1/W2.1 or D2.1/D2.1 (*i.e.*, 8 gauge)

Roll Sizes: 5' X 150'

Style: 6X6 W2.9/W2.9 or D2.9/D2.9 (*i.e.*, 6 gauge)

Roll Sizes: 5' X 150'

7' X 200'

All rolled wire mesh is included in scope regardless of length.

Sheets of subject wire mesh are produced in the following styles and nominal width and length combinations:

Style: 6X6 W1.4/W1.4 or D1.4/D1.4 (*i.e.*, 10 gauge)

Sheet Size: 3'6" X 7'

4' X 7'

4' X 7'6"

5' X 10'

7' X 20'

7'6" X 20'

8' X 12'6"

8' X 15'

8' X 20'

Style: 6X6 W2.1/W2.1 or D2.1/D2.1 (*i.e.*, 8 gauge)

Sheet Size: 5' X 10'

7' X 20'

7'6" X 20'

8' X 12'6"

8' X 15'

8' X 20'

Style: 6X6 W2.9/W2.9 or D2.9/D2.9 (*i.e.*, 6 gauge)

Sheet Size: 3'6" X 20'

5' X 10'

7' X 20'

7'6" X 20'

8' X 12'6"

8' X 15'

8' X 20'

Style: 6X12 W4/W4 or D4/D4 (*i.e.*, 4 gauge)

Sheet Size: 8' X 20'

Style: 4X4 W2.9/W2.9 or D2.9/D2.9 (*i.e.*, 6 gauge)

Sheet Size: 5' X 10'

7' X 20'

7'6" X 20'

8' X 12'6"

8' X 12'8"

8' X 15'

8' X 20'

Style: 4X4 W4/W4 or D4/D4 (*i.e.*, 4 gauge)

Sheet Size: 5' X 10'  
8' X 12'6"  
8' X 12'8"  
8' X 15'  
8' X 20'

Any product imported, sold, or invoiced in one of these size combinations is within the scope.

ASTM specification A1064/A1064M provides for permissible variations in wire gauges, the spacing between transverse and longitudinal wires, and the length and width combinations. To the extent a roll or sheet of welded wire mesh falls within these permissible variations, it is within this scope.

ASTM specification A1064/A1064M also defines permissible oversteeling, which is the use of a heavier gauge wire with a larger cross-sectional area than nominally specified. It also permits a wire diameter tolerance of  $\pm 0.003$  inches for products up to W5/D5 and  $\pm 0.004$  for sizes over W5/D5. A producer may oversteel by increasing smooth or deformed wire diameter up to two whole number size increments on Table 1 of A1064. Subject wire mesh has the following actual wire diameter ranges, which account for both oversteeling and diameter tolerance:

W/D No.	Maximum Oversteeling No.	Diameter Range (inch)
1.4 ( <i>i.e.</i> , 10 gauge)	3.4	0.093 to 0.211
2.1 ( <i>i.e.</i> , 8 gauge)	4.1	0.161 to 0.231
2.9 ( <i>i.e.</i> , 6 gauge)	4.9	0.189 to 0.253
4.0 ( <i>i.e.</i> , 4 gauge)	6.0	0.223 to 0.280

To the extent a roll or sheet of welded wire mesh falls within the permissible variations provided above, it is within this scope.

In addition to the tolerances permitted in ASTM specification A1064/A1064M, wire mesh within this scope includes combinations where:

1. A width and/or length combination varies by  $\pm$  one grid size in any direction, *i.e.*,  $\pm 6$  inches in length or width where the wire mesh's grid size is "6X6"; and/or
2. The center-to-center spacing between individual wires may vary by up to one quarter of an inch from the nominal grid size specified.

Length is measured from the ends of any wire and width is measured between the center-line of end longitudinal wires.

Additionally, although the subject wire mesh typically meets ASTM A1064/A1064M, the failure to include certifications, test reports or other documentation establishing that the product meets

this specification does not remove the product from the scope. Wire mesh made to comparable foreign specifications (*e.g.*, DIN, JIS, *etc.*) or proprietary specifications is included in the scope.

Excluded from the scope is wire mesh that is galvanized (*i.e.*, coated with zinc) or coated with an epoxy coating. In order to be excluded as galvanized, the excluded welded wire mesh must have a zinc coating thickness meeting the requirements of ASTM specification A641/A641M. Epoxy coating is a mix of epoxy resin and hardener that can be applied to the surface of steel wire.

Merchandise subject to this investigation are classified under Harmonized Tariff Schedule of the United States (HTSUS) categories 7314.20.0000 and 7314.39.0000. While HTSUS subheadings are provided for convenience and customs purposes, 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. Scope of the Investigation
- IV. Scope Comments
- V. Injury Test
- VI. Use of Facts Otherwise Available and Adverse Inferences
- VII. Subsidies Valuation
- VIII. Analysis of Programs
- IX. Recommendation

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