



DEPARTMENT OF COMMERCE

International Trade Administration

[A-428-847]

Forged Steel Fluid End Blocks from the Federal Republic of Germany: Final Determination of Sales at Less Than Fair Value

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

SUMMARY: The Department of Commerce (Commerce) determines that imports of forged steel fluid end blocks (fluid end blocks) from the Federal Republic of Germany (Germany) are being, or are likely to be, sold in the United States at less than fair value (LTFV) for the period of investigation October 1, 2018 through September 30, 2019.

DATES: Applicable [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Alexis Cherry or Katherine Johnson, 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) 482-0607 or (202) 482-4929, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 23, 2020, Commerce published in the *Federal Register* its preliminary affirmative determination in the LTFV investigation of fluid end blocks from Germany, in which we also postponed the final determination until December 7, 2020.<sup>1</sup> We invited interested parties to comment on the *Preliminary Determination*. A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues

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<sup>1</sup> See *Forged Steel Fluid End Blocks from the Federal Republic of Germany: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 85 FR 44513 (July 23, 2020) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

raised by parties for this final determination, may be found in the Issues and Decision Memorandum.<sup>2</sup>

### Scope of the Investigation

The products covered by this investigation are fluid end blocks from Germany. For a complete description of the scope of this investigation, *see* Appendix I.

### Scope Comments

During the course of this investigation, Commerce received scope comments from interested parties. Commerce issued a Preliminary Scope Decision Memorandum to address these comments.<sup>3</sup> We received comments from interested parties on the Preliminary Scope Decision Memorandum, which we address in the Final Scope Decision Memorandum, dated concurrently with, and hereby adopted by, this final determination.<sup>4</sup> Commerce is not modifying the scope language as it appeared in the *Preliminary Determination*. See Appendix I for the final scope of the investigation.

### Analysis of Comments Received

All issues raised in the case and rebuttal briefs that were submitted by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues addressed in the Issues and Decision Memorandum is attached to this notice at Appendix II. 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

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<sup>2</sup> *See* Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination in the Less-Than-Fair-Value Investigation of Forged Steel Fluid End Blocks from the Federal Republic of Germany," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

<sup>3</sup> *See* Memorandum, "Forged Steel Fluid End Blocks from the Federal Republic of Germany, India, Italy, and the People's Republic of China: Scope Comments Decision Memorandum for the Preliminary Determinations," dated May 18, 2020 (Preliminary Scope Decision Memorandum).

<sup>4</sup> *See* Memorandum, "Forged Steel Fluid End Blocks from the Federal Republic of Germany, India, Italy, and the People's Republic of China: Scope Comments Decision Memorandum for the Final Determinations," dated December 7, 2020 (Final Scope Decision Memorandum).

at <http://enforcement.trade.gov/frn>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

### Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation as provided for in section 782(i) of the Tariff Act of 1930, as amended (the Act). Accordingly, we took additional steps in lieu of on-site verification and requested additional documentation and information.<sup>5</sup>

### Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings related to our request for information in lieu of verification, we made certain changes to the margin calculations. For a discussion of these changes, *see* the “Margin Calculations” section of the Issues and Decision Memorandum.

### Use of Adverse Facts Available

The respondents Schmiedewerke Groditz GmbH (SWG) and voestalpine Bohler Group (voestalpine) failed to cooperate in this investigation. Therefore, in the *Preliminary Determination*, pursuant to sections 776(a) and (b) of the Act, Commerce assigned SWG and voestalpine a rate based on adverse facts available (AFA). There is no new information on the record that would cause us to revisit our determination to apply AFA to these companies. Accordingly, we continue to find that the application of AFA pursuant to sections 776(a) and (b) of the Act is warranted with respect to SWG and voestalpine. Commerce has assigned to SWG’s and voestalpine’s exports of the subject merchandise the rate of 70.84 percent, which is BGH’s highest transaction-specific margin.<sup>6</sup> Because this rate is not secondary information, but rather is

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<sup>5</sup> *See* Commerce’s Letter to BGH, “Less-Than-Fair-Value Investigation of Forged Steel Fluid End Blocks from the Federal Republic of Germany,” dated October 20, 2020; *see also* BGH’s Letter, “Forged Steel Fluid End Blocks from Germany: Response to Questionnaire in Lieu of Performing On-Site Verification,” dated October 28, 2020.

<sup>6</sup> *See* Issues and Decision Memorandum.

based on information obtained in the course of the investigation, Commerce need not corroborate this rate pursuant to section 776(c) of the Act.

#### All-Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated weighted-average dumping margin for all other producers and exporters not individually investigated shall be equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated excluding rates that are zero, *de minimis*, or determined entirely under section 776 of the Act. Commerce assigned a rate based entirely on facts available to SWG and voestalpine. Therefore, the only rate that is not zero, *de minimis*, or based entirely on facts otherwise available is the rate calculated for BGH. Consequently, the rate calculated for BGH is also assigned as the rate for all other producers and exporters.

#### Final Determination

The final estimated weighted-average dumping margins are as follows:

<b>Exporter/Producer</b>	<b>Estimated Weighted-Average Dumping Margin (percent)</b>
BGH Edelstahl Siegen GmbH	3.82 <sup>7</sup>
Schmiedewerke Groditz GmbH	**70.84
voestalpine Bohler Group	**70.84
All Others	3.82

\*\* Adverse Facts Available

#### Disclosure

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<sup>7</sup> See Memorandum, "Antidumping Duty Investigation of Forged Steel Fluid End Blocks from the Republic of Germany: Final Determination Margin Calculation for BGH Edelstahl Siegen GmbH," dated concurrently with, and hereby adopted by, this notice.

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

#### Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, Commerce will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all appropriate entries of fluid end blocks from Germany, as described in Appendix I of this notice, which are entered, or withdrawn from warehouse, for consumption on or after July 23, 2020, the date of publication in the *Federal Register* of the affirmative *Preliminary Determination*.

Pursuant to section 735(c)(1)(B)(ii) of the Act and 19 CFR 351.210(d), we will instruct CBP to require a cash deposit for such entries of merchandise equal to the estimated weighted-average dumping margin as follows: (1) the cash deposit rate for the respondents listed above will be equal to the respondent-specific estimated weighted-average dumping margin determined in this final determination; (2) if the exporter is not a respondent identified above but the producer is, then the cash deposit rate will be equal to the respondent-specific estimated weighted-average dumping margin established for that producer of the subject merchandise; and (3) the cash deposit rate for all other producers and exporters will be equal to the all-others estimated weighted-average dumping margin. These suspension-of-liquidation instructions will remain in effect until further notice.

While Commerce normally adjusts cash deposits for estimated antidumping (AD) duties by the amount of export subsidies countervailed in a companion CVD proceeding when CVD provisional measures are in effect, we have not adjusted the cash deposit rates listed above because Commerce found no countervailable export subsidies in the final determination of the companion CVD investigation.<sup>8</sup>

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<sup>8</sup> See Forged Steel Fluid End Blocks from the Federal Republic of Germany: Final Affirmative Countervailing Duty Determination, and accompanying Issues and Decision Memorandum, dated December 7, 2020.

### International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the International Trade Commission (ITC) of the final affirmative determination of sales at LTFV. Because Commerce's final determination is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of fluid end blocks no later than 45 days after this final determination. If the ITC determines that such injury does not exist, this proceeding will be terminated, and all cash deposits posted will be refunded and suspension of liquidation will be lifted. If the ITC determines that such injury does exist, Commerce will issue an AD order directing CBP to assess, upon further instruction by Commerce, AD duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the "Continuation of Suspension of Liquidation" section.

### Notification Regarding Administrative Protective Orders

This notice will serve as a final reminder to the parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

### Notification to Interested Parties

This determination and this notice are issued and published pursuant to sections 735(d) and 777(i)(1) of the Act and 19 CFR 351.210(c).

Dated: December 7, 2020.

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

## Appendix I

### Scope of the Investigation

The products covered by this investigation are forged steel fluid end blocks (fluid end blocks), whether in finished or unfinished form, and which are typically used in the manufacture or service of hydraulic pumps.

The term “forged” is an industry term used to describe the grain texture of steel resulting from the application of localized compressive force. Illustrative forging standards include, but are not limited to, American Society for Testing and Materials (ASTM) specifications A668 and A788.

For purposes of this investigation, the term “steel” denotes metal containing the following chemical elements, by weight: (i) iron greater than or equal to 60 percent; (ii) nickel less than or equal to 8.5 percent; (iii) copper less than or equal to 6 percent; (iv) chromium greater than or equal to 0.4 percent, but less than or equal to 20 percent; and (v) molybdenum greater than or equal to 0.15 percent, but less than or equal to 3 percent. Illustrative steel standards include, but are not limited to, American Iron and Steel Institute (AISI) or Society of Automotive Engineers (SAE) grades 4130, 4135, 4140, 4320, 4330, 4340, 8630, 15-5, 17-4, F6NM, F22, F60, and XM25, as well as modified varieties of these grades.

The products covered by this investigation are: (1) cut-to-length fluid end blocks with an actual height (measured from its highest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), an actual width (measured from its widest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), and an actual length (measured from its longest point) of 11 inches (279.4 mm) to 75 inches (1,905.0 mm); and (2) strings of fluid end blocks with an actual height (measured from its highest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), an actual width (measured from its widest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), and an actual length (measured from its longest point) up to 360 inches (9,144.0 mm).

The products included in the scope of this investigation have a tensile strength of at least 70 KSI (measured in accordance with ASTM A370) and a hardness of at least 140 HBW (measured in accordance with ASTM E10).

A fluid end block may be imported in finished condition (i.e., ready for incorporation into a pump fluid end assembly without further finishing operations) or unfinished condition (i.e., forged but still requiring one or more finishing operations before it is ready for incorporation into a pump fluid end assembly). Such finishing operations may include: (1) heat treating; (2) milling one or more flat surfaces; (3) contour machining to custom shapes or dimensions; (4) drilling or boring holes; (5) threading holes; and/or (6) painting, varnishing, or coating.

Excluded from the scope of this investigation are fluid end block assemblies which (1) include (a) plungers and related housings, adapters, gaskets, seals, and packing nuts, (b) valves and related seats, springs, seals, and cover nuts, and (c) a discharge flange and related seals, and (2) are otherwise ready to be mated with the “power end” of a hydraulic pump without the need for installation of any plunger, valve, or discharge flange components, or any other further manufacturing operations.

The products included in the scope of this investigation may enter under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7218.91.0030, 7218.99.0030, 7224.90.0015, 7224.90.0045, 7326.19.0010, 7326.90.8688, or 8413.91.9055. While these

HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

## Appendix II

### List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Changes from the Preliminary Determination
- IV. Discussion of the Issues
- V. Comment 1: Zeroing
- Comment 2: Differential Pricing Analysis
- Comment 3: Particular Market Situation Allegations
  - 1. Cost-Based Allegations
    - a. Electricity Costs
    - b. Ferrochrome Costs
    - c. Natural Gas
  - 2. Price-Based Allegations
    - a. Cartel Presence in Germany/Ongoing Price-Fixing Investigation
    - b. Scrap and Alloy Surcharges
    - c. Physical Differences in the Products
- Comment 4: Calculation of Constructed Value Profit
- Comment 5: Whether Adverse Facts Available (AFA) is Appropriate for BGH Edelstahl Siegen GmbH (BGH)
- Comment 6: Whether to Use BGH's Submitted Sales and Cost Data
- Comment 7: Application of AFA to Schmiedewerke Groditz GmbH (SWG)
- Comment 8: Selection of Appropriate AFA Rate for SWG
- V. Recommendation