



DEPARTMENT OF COMMERCE

International Trade Administration

[C-428-848]

Forged Steel Fluid End Blocks from the Federal Republic of Germany: 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 fluid end blocks (fluid end blocks) from the Federal Republic of Germany (Germany).

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

FOR FURTHER INFORMATION CONTACT: Joseph Dowling or Robert Palmer, 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) 482-1646 or (202) 482-9068, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 26, 2020, Commerce published the *Preliminary Determination* of this countervailing duty (CVD) investigation, which also aligned the final determination of this CVD investigation with the final determination in the companion antidumping duty investigation of fluid end blocks from Germany.¹ 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 which

¹ See *Forged Steel Fluid End Blocks from the Federal Republic of Germany: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 31454 (May 26, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

is hereby adopted by this notice.² 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>. In addition, a complete version of the Final 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, 2018 through December 31, 2018.

Scope of the Investigation

The products covered by this investigation are fluid end blocks from Germany. For a full description of the scope of this investigation, *see* the "Scope of the Investigation" in 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.³ We received comments from interested parties on the Preliminary Scope Memorandum, which we address in the Final Scope Decision Memorandum, dated concurrently with, and hereby adopted by, this final determination.⁴ Commerce is not modifying the scope language as it appeared in the *Preliminary Determination*. *See* Appendix I for the final scope of the investigation.

² *See* Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Forged Steel Fluid End Blocks from Federal Republic of Germany," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

³ *See* Memorandum to the File, "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).

⁴ *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).

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 raised by parties raised 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.⁵ 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.⁶ 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 *Post-Preliminary Determination*,⁷ as facts available in making our final determination.

All-Others Rate

We continue to calculate the all-others rate using a weighted average of the individual estimated subsidy rates calculated for the examined respondents (BGH Edelstahl Siegen GmbH and Schmiedewerke Gröditz GmbH) using each company’s publicly ranged data for the value of their exports of subject merchandise to the United States.⁸

⁵ 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.

⁶ See Memorandum, “Cancellation of Verification and Establishment of the Briefing Schedule,” dated October 23, 2020.

⁷ See Memorandum, “Countervailing Duty Investigation of Forged Steel Fluid End Blocks from the Federal Republic of Germany: Post-Preliminary Analysis,” dated October 26, 2020 (Post-Preliminary Determination).

⁸ See *Preliminary Determination*, 85 FR at 31454.

Final Determination

Commerce determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate
BGH Edelstahl Siegen GmbH ⁹	5.86 percent
Schmiedewerke Gröditz GmbH ¹⁰	6.71 percent
voestalpine Bohler Group ¹¹	14.81 percent
All Others ¹²	6.29 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 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 from Germany that were entered or withdrawn from warehouse, for consumption on or after May 26, 2020, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, effective September 23, 2020, we instructed CBP to discontinue the suspension of liquidation of all entries

⁹ As discussed in the Preliminary Decision Memorandum, Commerce found the following companies to be cross-owned with BGH Edelstahl Siegen GmbH: Boschgotthardshütte O. Breyer GmbH, BGH Edelstahlwerke GmbH, Rohstoff-, Press- und Schneidbetrieb Siegen GmbH, and SRG Schrott und Recycling GmbH.

¹⁰ As discussed in the Preliminary Decision Memorandum, Commerce found the following companies to be cross-owned with Schmiedewerke Gröditz GmbH: GMH Schmiedetechnik GmbH, Georgsmarienhütte Holding GmbH, and GHM Recycling GmbH.

¹¹ See Memorandum, “AFA Calculation Memorandum for the Final Determination,” dated December 7, 2020.

¹² For discussion of the calculation of this rate, see Memorandum, “Countervailing Duty Investigation of Forged Steel Fluid End Blocks from the Federal Republic of Germany: Final Determination Calculation of All Other’s Rate,” dated December 7, 2020.

of subject merchandise, but to continue the suspension of liquidation of all entries of subject merchandise between May 26, 2020 and September 22, 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 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 fluid end blocks from Germany. 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 777(i) of the Act and 19 CFR 351.210(c).

Dated: December 7, 2020.

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 this investigation 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: Whether Commerce Properly Initiated this Investigation
- Comment 2: Whether the Administrative Record of this Investigation is Complete
- Comment 3: Whether Commerce Provided Sufficient Time to Review its Post-Preliminary Determination and Submit Case Briefs
- Comment 4: Whether the Application of Adverse Facts Available (AFA) to the Federal Republic of Germany (FRG) for Certain Programs is Warranted
- Comment 5: 2018 Special Equalization Scheme – Reduced EEG¹³ Surcharge
- 5a: Whether the EEG Program Constitutes a Financial Contribution
 - 5b: Whether the EEG Program is Specific
 - 5c: Whether Commerce’s Calculation of the EEG Program Benefit is Correct
- Comment 6: Special Equalization Scheme: Reduced Surcharge Under the Combined Heat and Power Act (KWKG)¹⁴
- 6a: Whether the KWKG Program Constitutes a Financial Contribution
 - 6b: Whether the KWKG Program is Specific
 - 6c: Whether the KWKG Program Confers a Benefit
- Comment 7: Offshore Surcharge Relief Program
- 7a: Whether the Offshore Surcharge Relief Program Constitutes a Financial Contribution
 - 7b: Whether the Offshore Surcharge Relief Program is Specific
 - 7c: Whether the Offshore Surcharge Relief Program Confers a Benefit
- Comment 8: Whether the Concession Fee Ordinance¹⁵ Relief Program is Countervailable
- Comment 9: The Energy Tax Act (EnergieStG)¹⁶ and Electricity Tax Act (StromStG)¹⁷ Programs
- 9a: Whether Section 9a of the StromStG and Section 51 of the EnergieStG are Specific
 - 9b: Whether Section 9b and 10 of the StromStG are Specific
 - 9c: Whether Section 37 of the EnergieStG is Specific
- Comment 10: Whether Commerce Should Find European Union (EU) Emissions Trading System (ETS) Countervailable
- Comment 11: Whether the EU ETS – Compensation of Indirect CO2 Costs Program is Countervailable
- Comment 12: Whether the EU Research Fund for Coal and Steel (RFCS) Program is Countervailable
- Comment 13: Whether Commerce Should Include Sales of Services in Calculating SWG’s Subsidy Rate

¹³ Erneuerbare-Energien-Gesetz (EEG) or Renewable Energy Resources Act.

¹⁴ Combined Heat and Power Act or Kraft-Wärme-Kopplungsgesetz.

¹⁵ Concession Fee Ordinance (Konzessionsabgabenverordnung or KAV) Relief.

¹⁶ Energy Tax Act or Energiesteuergesetz (EnergieStG).

¹⁷ Electricity Tax Act or Stromsteuergesetz (StromStG).

Comment 14: Whether Commerce Correctly Attributed BGH Siegen's Benefit

VII. Recommendation

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