DEPARTMENT OF COMMERCE

International Trade Administration


Acrylonitrile-Butadiene Rubber from France, the Republic of Korea, and Mexico: Initiation of Less-Than-Fair-Value Investigations

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


FOR FURTHER INFORMATION CONTACT: Patrick Barton at (202) 482-0012 (France); Andre Gziryan at (202) 482-2201 (Republic of Korea); and Dennis McClure at (202) 482-5973 (Mexico); AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

The Petitions

On June 30, 2021, the Department of Commerce (Commerce) received antidumping duty (AD) petitions concerning imports of acrylonitrile-butadiene rubber (AB Rubber) from France, the Republic of Korea (Korea), and Mexico filed in proper form on behalf of the petitioner,\(^1\) a domestic producer of AB Rubber.\(^2\)

On July 2, 2021, July 6, 13, and 14, 2021, Commerce requested supplemental information pertaining to certain aspects of the Petitions in separate supplemental

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\(^1\) Zeon Chemicals L.P. and Zeon GP, LLC (collectively, Zeon) (the petitioner).

The petitioner filed responses to the supplemental questionnaires on July 7, 12, 14, 15, 2021. In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioner alleged that imports of AB Rubber from France, Korea, and Mexico are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Act, and that imports of such products are materially injuring, or threatening material injury to, the domestic AB Rubber industry in the United States. Consistent with section 732(b)(1) of the Act, the Petitions are accompanied by information reasonably available to the petitioner supporting its allegations.

Commerce finds that the petitioner filed the Petitions on behalf of the domestic industry, because the petitioner is an interested party, as defined in section 771(9)(C) of the Act. Commerce also finds that the petitioner demonstrated sufficient industry support for the initiation of the requested AD investigations.

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5 See infra, section on “Determination of Industry Support for the Petitions.”
Periods of Investigation

Because the Petitions were filed on June 30, 2021, pursuant to 19 CFR 351.204(b)(1), the period of investigation (POI) for the France, Korea, and Mexico AD investigations is April 1, 2020, through March 31, 2021.

Scope of the Investigations

The product covered by these investigations is AB Rubber from France, Korea, and Mexico. For a full description of the scope of these investigations, see the appendix to this notice.

Comments on the Scope of the Investigations

On July 2, 2021, Commerce requested information and clarification from the petitioner regarding the proposed scope to ensure that the scope language in the Petitions is an accurate reflection of the products for which the domestic industry is seeking relief. On July 7, 2021, the petitioner revised the scope. The description of merchandise covered by these investigations, as described in the appendix to this notice, reflects these clarifications.

As discussed in the Preamble to Commerce’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (i.e., scope). Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determinations. If scope comments include factual information, all such factual information should be limited to public information. To facilitate preparation of its questionnaires, Commerce requests that all interested parties submit such comments by 5:00 p.m. Eastern Time (ET) on August 9, 2021, which is 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual

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6 See General Issues Supplemental at 3-4.
7 See General Issues Supplement at 2-4.
8 See Antidumping Duties; Countervailing Duties, Final Rule, 62 FR 27296, 27323 (May 19, 1997) (Preamble).
9 See 19 CFR 351.102(b)(21) (defining “factual information”).
information, must be filed by 5:00 p.m. ET on August 19, 2021, which is 10 calendar days from the initial comment deadline.

Commerce requests that any factual information that parties consider relevant to the scope of the investigations be submitted during this period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigations may be relevant, the party may contact Commerce and request permission to submit the additional information. All such submissions must be filed on the records of the concurrent AD investigations.

**Filing Requirements**

All submissions to Commerce must be filed electronically via Enforcement and Compliance’s Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS). An electronically filed document must be received successfully in its entirety by the time and date it is due.

**Comments on Product Characteristics**

Commerce is providing interested parties an opportunity to comment on the appropriate physical characteristics of AB Rubber to be reported in response to Commerce’s AD questionnaires. This information will be used to identify the key physical characteristics of the subject merchandise in order to report the relevant costs of production accurately, as well as to develop appropriate product-comparison criteria.

Interested parties may provide any information or comments that they feel are relevant to the development of an accurate list of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as: (1) general product characteristics; and (2) product comparison criteria. We note that it is not always appropriate to

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use all product characteristics as product comparison criteria. We base product comparison
criteria on meaningful commercial differences among products. In other words, although there
may be some physical product characteristics utilized by manufacturers to describe AB Rubber,
it may be that only a select few product characteristics take into account commercially
meaningful physical characteristics. In addition, interested parties may comment on the order in
which the physical characteristics should be used in matching products. Generally, Commerce
attempts to list the most important physical characteristics first and the least important
characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the
AD questionnaires, all product characteristics comments must be filed by 5:00 p.m. ET on
August 9, 2021, which is 20 calendar days from the signature date of this notice. Any rebuttal
comments must be filed by 5:00 p.m. ET on August 19, 2021. All comments and submissions to
Commerce must be filed electronically using ACCESS, as explained above, on the record of
each of the AD investigations.

**Determination of Industry Support for the Petitions**

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic
industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the
domestic producers or workers who support the petition account for: (i) at least 25 percent of the
total production of the domestic like product; and (ii) more than 50 percent of the production of
the domestic like product produced by that portion of the industry expressing support for, or
opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the
petition does not establish support of domestic producers or workers accounting for more than 50
percent of the total production of the domestic like product, Commerce shall: (i) poll the
industry or rely on other information in order to determine if there is support for the petition, as
required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must apply the same statutory definition regarding the domestic like product,\(^{11}\) they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.\(^ {12}\)

Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” \(i.e.,\) the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigations.\(^ {13}\) Based on our analysis of the information submitted on the record, we have determined that AB Rubber, as defined in the

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\(^{11}\) See section 771(10) of the Act.


\(^{13}\) See the Petitions at Volume I at 14-25 and Exhibits I-4, I-6, I-12, and I-13; see also General Issues Supplement at 1 and Exhibit GI-2.
scope, constitutes a single domestic like product, and we have analyzed industry support in terms of that domestic like product.\textsuperscript{14}

In determining whether the petitioner has standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the “Scope of the Investigations,” in the appendix to this notice. To establish industry support, the petitioner provided its own production of the domestic like product in 2020.\textsuperscript{15} The petitioner states that it is the only domestic producer of AB Rubber; therefore the Petitions are supported by 100 percent of the U.S. industry.\textsuperscript{16} We relied on data provided by the petitioner for purposes of measuring industry support.\textsuperscript{17}

Our review of the data provided in the Petitions, the General Issues Supplement, and other information readily available to Commerce indicates that the petitioner has established industry support for the Petitions.\textsuperscript{18} First, the Petitions established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (\textit{e.g.}, polling).\textsuperscript{19} Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petitions account for at least 25 percent of the total production of the domestic like product.\textsuperscript{20} Finally, the domestic producers (or workers)

\textsuperscript{14} For a discussion of the domestic like product analysis as applied to these cases and information regarding industry support, see Checklists, “Antidumping Duty Investigation Initiation Checklists: Acrylonitrile-Butadiene Rubber from France, Mexico, and the Republic of Korea,” (Country-Specific AD Initiation Checklists) at Attachment II, Analysis of Industry Support for the Antidumping Duty Petitions Covering Acrylonitrile-Butadiene Rubber from France, Mexico, and the Republic of Korea (Attachment II). These checklists are dated concurrently with this notice and on file electronically via ACCESS.

\textsuperscript{15} See the Petitions at Volume I at Exhibit I-17.

\textsuperscript{16} See the Petitions at Volume I at 2-4 and Exhibits I-1 through I-5; see also General Issues Supplement at 5 and Exhibits GI-8 and GI-9.

\textsuperscript{17} See the Petitions at Volume I at 2-4 and Exhibits I-1 through I-5; see also General Issues Supplement at 5 and Exhibits GI-8 and GI-9.

\textsuperscript{18} See the Petitions at Volume I at 2-4 and Exhibits I-1 through I-5; see also General Issues Supplement at 5 and Exhibits GI-8 and GI-9.

\textsuperscript{19} See the Petitions at Volume I at 2-4 and Exhibits I-1 through I-5; see also General Issues Supplement at 5 and Exhibits GI-8 and GI-9; and section 732(c)(4)(D) of the Act.

\textsuperscript{20} See the Petitions at Volume I at 2-4 and Exhibits I-1 through I-5; see also General Issues Supplement at 5 and Exhibits GI-8 and GI-9. For further discussion, see Attachment II of the Country-Specific AD Initiation Checklists.
have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petitions account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions. Accordingly, Commerce determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at LTFV. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

The petitioner contends that the industry’s injured condition is illustrated by significant and increasing market share of subject imports; lost sales and revenues; underselling and price depression and/or suppression; increase in cost of goods sold per unit of production; declines in production, shipments, and capacity utilization, and decline in financial performance. We assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as negligibility, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.

Allegations of Sales at LTFV

The following is a description of the allegations of sales at LTFV upon which Commerce based its decision to initiate AD investigations of imports of AB Rubber from France, Korea, and Mexico. The sources of data for the deductions and adjustments relating to U.S. price and

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21 See Attachment II of the Country-Specific AD Initiation Checklists.
22 Id.
23 See Petitions at Volume I at 26 and Exhibit I-10; see also General Issues Supplement at 6 and Exhibit GI-12.
24 See Petitions at Volume I at 25-34 and Exhibits I-9, I-10, I-14, I-15, and I-17 through I-19; see also General Issues Supplement at Exhibits GI-10 through GI-14.
normal value (NV) are discussed in greater detail in the Country-Specific AD Initiation Checklists.

U.S. Price

For France, Korea, and Mexico, the petitioner based export price (EP) on average unit values (AUVs) of imports into the United States during the POI, under United States Harmonized Tariff Schedule (HTSUS) subheading 4002.59.0000, which is discrete to AB Rubber. As the AUVs used for EP are stated on a free-on-board (FOB) basis, for France and Mexico, the petitioner deducted foreign inland freight as an adjustment to calculate a net ex-factory U.S. price.\textsuperscript{26} The petitioner was unable to identify a public source to approximate the average distance between the nearest container port and the addresses of the Korean AB Rubber plants identified in Volume I of the Petitions. Accordingly, the petitioner did not make an inland freight adjustment to the FOB per-unit value of subject merchandise for the EP calculated for Korea.\textsuperscript{27}

Normal Value\textsuperscript{28}

For France, Korea, and Mexico, the petitioner stated it was unable to obtain home market or third country prices to use as a basis for NV.\textsuperscript{29} Accordingly, the petitioner based NV on constructed value (CV).\textsuperscript{30} For further discussion of CV, see the section “Normal Value Based on Constructed Value.”

Normal Value Based on Constructed Value

As noted above, the petitioner was not able to obtain home market prices or third country prices to use as a basis for NV. Accordingly, the petitioner based NV on CV.\textsuperscript{31} Pursuant to

\textsuperscript{26} See Country-Specific AD Initiation Checklists.
\textsuperscript{27} Id.
\textsuperscript{28} In accordance with section 773(b)(2) of the Act, for France, Korea, and Mexico investigations, Commerce will request information necessary to calculate the constructed value and cost of production (COP) to determine whether there are reasonable grounds to believe or suspect that sales of the foreign like product have been made at prices that represent less than the COP of the product.
\textsuperscript{29} See Country-Specific AD Initiation Checklists.
\textsuperscript{30} Id.
\textsuperscript{31} Id.
section 773(e) of the Act, the petitioner calculated CV as the sum of the cost of manufacturing, selling, general, and administrative expenses, financial expenses, and profit.\textsuperscript{32}

**Fair Value Comparisons**

Based on the data provided by the petitioner, there is reason to believe that imports of AB Rubber from France, Korea, and Mexico are being, or are likely to be, sold in the United States at LTFV. Based on comparisons of EP to NV, in accordance with sections 772 and 773 of the Act, the estimated dumping margins for AB Rubber for each of the countries covered by this initiation are as follows: (1) France – 41.73 percent; (2) Korea – 105.38 percent; and (3) Mexico – 92.70 percent.\textsuperscript{33}

**Initiation of LTFV Investigations**

Based upon the examination of the Petitions and supplemental responses, we find that they meet the requirements of section 732 of the Act. Therefore, we are initiating AD investigations to determine whether imports of AB Rubber from France, Korea and Mexico are being, or are likely to be, sold in the United States at LTFV. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

**Respondent Selection**

In the Petitions, the petitioner named one company in France (\textit{i.e.}, Arlanxeo Emulsion Rubber France), one company in Mexico (\textit{i.e.}, INSA (Dynasol Group)), and two companies in Korea (\textit{i.e.}, Kumho Petrochemical and LG Chemical, Ltd.) as producers/exporters of AB Rubber, while providing independent, third-party information as support.\textsuperscript{34} We currently know of no additional producers/exporters of AB Rubber from France, Korea, and Mexico. Accordingly, Commerce intends to individually examine these producers/exporters in the France, Korea, and

\textsuperscript{32} Id.

\textsuperscript{33} See Country-Specific AD Initiation Checklists for details of calculations.

\textsuperscript{34} See Petitions at Volume I at 11-12 and Exhibits I-2 and I-4; see also General Issues Supplement at 1-2 and Exhibits GI-3 and GI-4.
Mexico investigations, respectively. We invite interested parties to comment on this issue. Such comments may include factual information within the meaning of 19 CFR 351.102(b)(21). Parties wishing to comment must do so within three business days of the publication of this notice in the Federal Register. Commerce will not accept rebuttal comments regarding respondent selection. Comments must be filed electronically using ACCESS. An electronically-filed document must be received successfully in its entirety by Commerce’s electronic records system, ACCESS, by 5 p.m. ET on the specified deadline. Because we intend to examine all known producers/exporters, if no comments are received or if comments received further support the existence of only the above-mentioned producers/exporters in France, Korea, and Mexico, we do not intend to conduct respondent selection and will proceed to issuing the initial antidumping questionnaires to the companies identified. However, if comments are received which create a need for a respondent selection process, we intend to finalize our decisions regarding respondent selection within 20 days of publication of this notice.

Interested parties must submit applications for disclosure under administrative protective order (APO) in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on Commerce’s website at http://enforcement.trade.gov/apo.

Distribution of Copies of the AD Petitions

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public version of the Petitions have been provided to the governments of France, Korea, and Mexico via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the AD Petitions to each exporter named in the AD Petitions, as provided under 19 CFR 351.203(c)(2).

ITC Notification

Commerce will notify the ITC of our initiation, as required by section 732(d) of the Act.
Preliminary Determinations by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the AD Petitions were filed, whether there is a reasonable indication that imports of AB Rubber from France, Korea, and/or Mexico are materially injuring, or threatening material injury to, a U.S. industry.35 A negative ITC determination for any country will result in the investigation being terminated with respect to that country.36 Otherwise, these AD investigations will proceed according to statutory and regulatory time limits.

Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)-(iv). Section 351.301(b) of Commerce’s regulations requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted37 and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.38 Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in these investigations.

Particular Market Situation Allegation

35 See section 733(a) of the Act.
36 Id.
37 See 19 CFR 351.301(b).
38 See 19 CFR 351.301(b)(2).
Section 773(e) of the Act addresses the concept of particular market situation (PMS) for purposes of CV, stating that “if a particular market situation exists such that the cost of materials and fabrication or other processing of any kind does not accurately reflect the cost of production in the ordinary course of trade, the administering authority may use another calculation methodology under this subtitle or any other calculation methodology.” When an interested party submits a PMS allegation pursuant to section 773(e) of the Act, Commerce will respond to such a submission consistent with 19 CFR 351.301(c)(2)(v). If Commerce finds that a PMS exists under section 773(e) of the Act, then it will modify its dumping calculations appropriately.

Neither section 773(e) of the Act, nor 19 CFR 351.301(c)(2)(v), set a deadline for the submission of PMS allegations and supporting factual information. However, in order to administer section 773(e) of the Act, Commerce must receive PMS allegations and supporting factual information with enough time to consider the submission. Thus, should an interested party wish to submit a PMS allegation and supporting new factual information pursuant to section 773(e) of the Act, it must do so no later than 20 days after submission of a respondent’s initial section D questionnaire response.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by Commerce. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, we will inform parties in a letter or memorandum of the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone
submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Parties should review *Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013), available at http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm, prior to submitting factual information in these investigations.

**Certification Requirements**

Any party submitting factual information in an AD proceeding must certify to the accuracy and completeness of that information. Parties must use the certification formats provided in 19 CFR 351.303(g). Commerce intends to reject factual submissions if the submitting party does not comply with the applicable certification requirements.

**Notification to Interested Parties**

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Parties wishing to participate in these investigations should ensure that they meet the requirements of 19 CFR 351.103(d) (e.g., by filing the required letter of appearance). Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.

This notice is issued and published pursuant to sections 732(c)(2) and 777(i) of the Act, and 19 CFR 351.203(c).

Dated: July 20, 2021.

Christian Marsh,
Acting Assistant Secretary for Enforcement and Compliance.

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39 See section 782(b) of the Act.
41 See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).
Appendix

Scope of the Investigations

The product covered by these investigations is commonly referred to as acrylonitrile butadiene rubber or nitrile rubber (AB Rubber). AB Rubber is a synthetic rubber produced by the emulsion polymerization of butadiene and acrylonitrile with or without the incorporation of a third component selected from methacrylic acid or isoprene. This scope covers AB Rubber in solid or non-aqueous liquid form. The scope also includes carboxylated AB Rubber.

Excluded from the scope of these investigations is AB Rubber in latex form (commonly classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 4002.51.0000). Latex AB Rubber is commonly either (a) acrylonitrile/butadiene polymer in latex form or (b) acrylonitrile/butadiene/methacrylic acid polymer in latex form. The broader definition of latex refers to a water emulsion of a synthetic rubber obtained by polymerization.

Also excluded from the scope of these investigations is: (a) AB Rubber containing additives (e.g., nitrile rubber further compounded with fillers, reinforcement agents, vulcanization agents, etc.; by example, products classified under HTSUS subheading 4005); (b) AB Rubber containing rubber processing chemicals, AB Rubber containing other materials used for further processing beyond the polymerization process; (c) hydrogenated AB Rubber (commonly referred to as HNBR) produced by subsequent dissolution and hydrogenation of AB Rubber; (d) reactive liquid polymers containing acrylonitrile and butadiene with amine, epoxy, carboxyl, or methacrylate vinyl chemical functionality.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise processed in a third country, including by modifying physical form or packaging with another product, or performing any other finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the AB Rubber.

The merchandise subject to these investigations is classified in the HTSUS at subheading 4002.59.0000. While the HTSUS subheading numbers are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

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