



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-104, C-570-105]

Alloy and Certain Carbon Steel Threaded Rod From the People's Republic of China; Carbon and Alloy Steel Threaded Rod From the People's Republic of China: Initiation of Circumvention Inquiries on the Antidumping Duty Order and Countervailing Duty Order

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

SUMMARY: In response to a request from Vulcan Threaded Products Inc. (Vulcan), the U.S. Department of Commerce (Commerce) is initiating country-wide circumvention inquiries to determine whether steel threaded rod, made from alloy steel, that is produced in the United States from unthreaded pins imported from the People's Republic of China (China) is circumventing the antidumping duty (AD) order on alloy and certain carbon steel threaded rod from China and the countervailing duty (CVD) order on carbon and alloy steel threaded rod from China.

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

FOR FURTHER INFORMATION CONTACT: Robert Galantucci; AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2923.

SUPPLEMENTARY INFORMATION:

Background

On May 22, 2023, pursuant to section 781(a) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.226(c), Vulcan filed a request for circumvention inquiries¹ alleging that steel threaded rod completed in the United States using unthreaded pins imported from China

¹ See Vulcan's Letter, "Request for Circumvention Inquiry," dated May 22, 2023 (Circumvention Request).

was circumventing the AD and CVD orders on steel threaded rod from China.² On June 14, 2023, we issued a supplemental questionnaire to Vulcan,³ and we extended the time period for determining whether to initiate circumvention inquiries by 15 days, until July 6, 2023.⁴

On June 15, 2023, Commerce received a submission from Birmingham Fastener Inc. and Dan-Loc Group LLC, importers and U.S. producers of steel threaded rod, opposing initiation of circumvention inquiries.⁵ On June 22, 2023, Vulcan responded to Commerce’s questionnaire.⁶

Scope of the Orders

The merchandise covered by these orders is alloy and carbon steel threaded rod from China. A full description of the scope of the orders is provided in the Initiation Checklists.⁷

Merchandise Subject to the Circumvention Inquiries

These circumvention inquiries cover steel threaded rod, made from alloy steel, completed in the United States using unthreaded pins imported from China.

Initiation of Circumvention Inquiries

Section 351.226(d) of Commerce’s regulations states that, if Commerce determines that a request for a circumvention inquiry satisfies the requirements of 19 CFR 351.226(c), then Commerce “will accept the request and initiate a circumvention inquiry.” Section 351.226(c)(1) of Commerce’s regulations, in turn, requires that each request for a circumvention inquiry allege “that the elements necessary for a circumvention determination under section 781 of the Act exist” and be “accompanied by information reasonably available to the interested party

² Vulcan’s Circumvention Request related to three separate orders: (1) *Certain Steel Threaded Rod from the People’s Republic of China: Notice of Antidumping Duty Order*, 74 FR 17154 (April 14, 2009) (2009 AD Order); (2) *Alloy and Certain Carbon Steel Threaded Rod From the People’s Republic of China: Antidumping Duty Order*, 85 FR 19929 (April 9, 2020) (2020 AD Order); and (3) *Carbon and Alloy Steel Threaded Rod From India and the People’s Republic of China: Countervailing Duty Orders*, 85 FR 19927 (April 9, 2020) (2020 CVD Order).

³ See Commerce’s Letter, “Request for Circumvention Inquiries – Supplemental Questionnaire,” dated June 14, 2023.

⁴ See Memorandum, “Extension of Time to Determine Whether to Initiate Circumvention Inquiries,” dated June 14, 2023.

⁵ See Birmingham/Dan-Loc’s Letter, “Opposition to Request for Circumvention Inquiry,” dated June 14, 2023.

⁶ See Vulcan’s Letter, “Response to Supplemental Questionnaire,” dated June 22, 2023 (Vulcan June 22, 2023 SQR).

⁷ See Initiation Checklists, “Circumvention Initiation Checklist,” dated concurrently with, and hereby adopted by, this notice (AD Checklist - 2020 Order), at Attachment I; and “Circumvention Initiation Checklist,” dated concurrently with, and hereby adopted by, this notice (CVD Checklist - 2020 Order), at Attachment I.

supporting these allegations.” Vulcan alleges circumvention pursuant to section 781(a) of the Act (merchandise completed or assembled in the United States).

Section 781(a)(1) of the Act provides that Commerce may find circumvention of an order when merchandise of the same class or kind subject to the order is completed or assembled in the United States from parts or components produced in the country subject to the order. In conducting a circumvention inquiry under section 781(a)(1) of the Act, Commerce relies on the following criteria: (A) merchandise sold in the United States is of the same class or kind as any merchandise that is the subject of an AD or CVD order; (B) such merchandise sold in the United States is completed or assembled in the United States from parts or components produced in the foreign country with respect to which such order applies; (C) the process of assembly or completion in the United States is minor or insignificant; and (D) the value of the parts or components referred to in subparagraph (B) is a significant portion of the total value of the merchandise.

No single factor, by itself, controls Commerce’s determination of whether the process of assembly or completion in the United States is minor or insignificant within the meaning of 781(a) of the Act.⁸ Accordingly, it is Commerce’s practice to evaluate each of the five criteria specified therein, and to reach an affirmative or negative circumvention determination based on the totality of the circumstances of the particular circumvention inquiry.⁹

Furthermore, section 781(a)(3) of the Act sets forth additional factors to consider in determining whether to include merchandise assembled or completed in the United States within the scope of an AD or CVD order. Specifically, Commerce shall take into account such factors as: (A) the pattern of trade, including sourcing patterns; (B) whether the manufacturer or

⁸ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, Vol. 1 (1994), at 893.

⁹ See, e.g., *Hydrofluorocarbon Blends from the People’s Republic of China: Final Negative Scope Ruling on Gujarat Fluorochemicals Ltd.’s R-410A Blend; Affirmative Final Determination of Circumvention of the Antidumping Duty Order by Indian Blends Containing CCC Components*, 85 FR 61930 (October 1, 2020), and accompanying Issues and Decision Memorandum at 20 (specifying the applicable standard in the context of an inquiry under section 781(b) of the Act).

exporter of the parts or components is affiliated with the entity that assembles or completes the merchandise sold in the United States from the parts or components produced in the foreign country to which the order applies; and (C) whether imports into the United States of the parts or components produced in such foreign country have increased after the initiation of the investigation that resulted in the issuance of such order. As discussed below, Vulcan provided allegations and supporting evidence with respect to the above-referenced criteria as they relate to products within the *2020 AD Order* and the *2020 CVD Order*.

Analysis

Based on our analysis¹⁰ of Vulcan's request for circumvention inquiries, we determine that Vulcan satisfied the criteria set forth by 19 CFR 351.226(c) with respect to the certain products within the *2020 AD Order* (*i.e.*, A-570-104, covering alloy and certain carbon steel threaded rod from China) and the *2020 CVD Order* (*i.e.*, C-570-105, covering carbon and alloy steel threaded rod from China). Vulcan did not provide evidence in support of its allegation as it relates to carbon-quality steel products; therefore, Vulcan's request did not meet the requirements set forth by 19 CFR 351.226(c) with respect to the *2009 AD Order* (*i.e.*, A-570-932, which covers carbon quality steel threaded rod from China),¹¹ or the carbon steel threaded rod contained in the *2020 AD Order* and the *2020 CVD Order*. Accordingly, pursuant to 19 CFR 351.226(d)(1)(ii), we have accepted Vulcan's request with respect to the alloy products covered by the *2020 AD Order* and the *2020 CVD Order* and are initiating circumvention inquiries for these orders with respect to alloy steel threaded rod. For a full discussion of the basis for our decision to initiate these circumvention inquiries, *see* Initiation Checklists.

Furthermore, pursuant to 19 CFR 351.226(c)(2)(iii) and (v), Vulcan asserted that the company-specific information underlying its allegation was likely representative of the broader

¹⁰ *See generally* AD Checklist - 2020 Order; and CVD Checklist - 2020 Order; *see also* Commerce's Letter, "Rejection of Circumvention Request," dated July 6, 2023.

¹¹ *See* Vulcan June 22, 2023 SQR at 2 ("Vulcan is not aware of any publicly available information indicating that circumvention is currently occurring with respect to the antidumping duty order on carbon steel threaded rod from China (A-570-932).").

universe of circumvention. Accordingly, Vulcan stated that it is appropriate to conduct these inquiries on a country-wide basis; the company identified prior instances where Commerce considered allegations to be generally applicable (rather than company-specific), and also alleged that there was the potential for unaddressed evasion absent country-wide inquiries.¹² Based on these considerations, Commerce is initiating these circumvention inquiries on a country-wide basis.

Suspension of Liquidation

Pursuant to 19 CFR 351.226(l)(1), Commerce will notify U.S. Customs and Border Protection (CBP) of the initiation of circumvention inquiries and will direct CBP to continue the suspension of liquidation of entries of products subject to these circumvention inquiries that were already subject to the suspension of liquidation under the orders and to apply the cash deposit rate that would be applicable if the products were determined to be covered by the applicable scope. Should Commerce issue affirmative preliminary or final circumvention determinations, Commerce will follow the suspension of liquidation rules under 19 CFR 351.226(l)(2)-(4).

Notification to Interested Parties

In accordance with 19 CFR 351.226(d) and section 781(a) of the Act, Commerce determines that Vulcan's request for circumvention inquiries relating to the *2020 AD Order* and the *2020 CVD Order* satisfies the requirements of 19 CFR 351.226(c). Accordingly, Commerce is notifying all interested parties of the initiation of these circumvention inquiries to determine whether alloy steel threaded rod produced in the United States from unthreaded pins imported from China is circumventing these orders.

Additionally, we are hereby providing interested parties with an opportunity to comment on any additional entities – *i.e.*, importers, exporters, producers – that are involved in the supply, sale, or production related to alloy steel threaded rod completed in the United States using

¹² See Circumvention Request at 27.

unthreaded pins imported from China. Comments on the identity of such entities are due within seven days of publication of this notice in the *Federal Register*.

We have included a description of the products that are subject to these inquiries and an explanation of Commerce's decision to initiate in the accompanying Initiation Checklists.¹³ In accordance with 19 CFR 351.226(e)(1), Commerce intends to issue its preliminary circumvention determinations no later than 150 days from the date of publication of the notice of initiation of these circumvention inquiries in the *Federal Register*.

This notice is published in accordance with section 781(a) of the Act and 19 CFR 351.226(d)(1)(ii)

Dated: July 6, 2023,

Lisa W. Wang,
Assistant Secretary
for Enforcement and Compliance.

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¹³ See generally AD Checklist - 2020 Order; and CVD Checklist - 2020 Order.