



## **DEPARTMENT OF COMMERCE**

### **International Trade Administration**

**[A-201-853; C-201-854]**

### **Standard Steel Welded Wire Mesh from Mexico: Initiation of Circumvention Inquiry on the Antidumping and Countervailing Duty Orders**

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

**SUMMARY:** In response to requests from Keysteel Corp., Mid-South Wire Company, National Wire LLC, Oklahoma Steel & Wire Co., and Wire Mesh Corp. (collectively, the requesters), the U.S. Department of Commerce (Commerce) is initiating a country-wide circumvention inquiry to determine whether standard steel welded wire mesh (wire mesh) from Mexico, which is completed in the United States from low-carbon steel wire produced in Mexico, is circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on wire mesh from Mexico.

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

**FOR FURTHER INFORMATION CONTACT:** Benjamin Nathan, 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) 482-3834.

### **SUPPLEMENTARY INFORMATION:**

#### **Background**

On November 5, 2024, pursuant to section 781(a) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.226(h), the requesters filed circumvention inquiry requests alleging that wire mesh completed in the United States using low-carbon steel wire manufactured in

Mexico is circumventing the AD and CVD *Orders*<sup>1</sup> on wire mesh from Mexico and, accordingly, should be included within the scope of the *Orders*.<sup>2</sup> On November 29, 2024, Deacero S.A.P.I de C.V., a Mexican producer of wire mesh, and its subsidiary Deacero USA, Inc. (collectively, Deacero), filed comments opposing the requesters' requests.<sup>3</sup> On December 6, 2024, the requesters filed rebuttal comments to Deacero's November 29, 2024 comments.<sup>4</sup>

On December 4, 2024, we extended the deadline to initiate this circumvention inquiry by 30 days, in accordance with 19 CFR 351.226(d)(1).<sup>5</sup>

On December 10, 2024, we issued a questionnaire to the requesters.<sup>6</sup> Subsequently, on December 12, 2024, the requesters filed their response to our request for information.<sup>7</sup>

### **Scope of the *Orders***

The merchandise covered by the scope of the *Orders* is wire mesh from Mexico. For a complete description of the scope of *Orders*, see the Circumvention Initiation Checklist.<sup>8</sup>

### **Merchandise Subject to the Circumvention Inquiry**

This circumvention inquiry covers low-carbon steel wire produced in Mexico and further processed and completed in the United States into wire mesh from Mexico.

### **Initiation of Circumvention Inquiry**

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

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<sup>1</sup> See *Standard Steel Welded Wire Mesh from Mexico: Antidumping Duty Order*, 86 FR 43525 (August 9, 2021); see also *Standard Steel Welded Wire Mesh from Mexico: Countervailing Duty Order*, 86 FR 18940 (April 12, 2021) (collectively, *Orders*).

<sup>2</sup> See Requesters' Letter, "Petitioners' Request for Circumvention Ruling Pursuant to Section 781(a) of the Act," dated November 5, 2024 (Circumvention Request).

<sup>3</sup> See Deacero's Letter, "Response in Opposition to Request for Anti-Circumvention Ruling," dated November 29, 2024.

<sup>4</sup> See Requesters' Letter, "Petitioners' Reply to Deacero's Comments on Petitioners' Request for Circumvention Inquiry," dated December 6, 2024.

<sup>5</sup> See Memorandum, "Extension of Circumvention Inquiry Initiation Deadline," dated December 4, 2024.

<sup>6</sup> See Commerce's Letter, "Supplemental Initiation Questionnaire," dated December 10, 2024 (Request for Information).

<sup>7</sup> See Requesters' Letter, "Petitioners' Supplemental Questionnaire Response," dated December 12, 2024.

<sup>8</sup> For a complete description of the scope of the *Orders*, see Checklist, "Standard Steel Welded Wire Mesh from Mexico Antidumping and Countervailing Duty Orders," dated concurrently with this notice (Circumvention Initiation Checklist).

Commerce “will accept the request and initiate a circumvention inquiry.” Section 351.226(c)(1) of Commerce’s regulations, in turn, requires that each circumvention inquiry request 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 supporting these allegations.” The requesters alleged circumvention pursuant to section 781(a) of the Act (*i.e.*, 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. 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 or finding 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.

In determining whether the process of assembly or completion in the United States is minor or insignificant under section 781(a)(1)(C) of the Act, section 781(a)(2) of the Act directs Commerce to consider: (A) the level of investment in the United States; (B) the level of research and development in the United States; (C) the nature of the production process in the United States; (D) the extent of production facilities in the United States; and (E) whether the value of the processing performed in the United States represents a small proportion of the value of the merchandise sold in the United States. However, 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.<sup>9</sup> Accordingly, it is Commerce's practice to evaluate each of these five factors as they exist in the United States, and to reach an affirmative or negative circumvention determination based on the totality of the circumstances of the particular circumvention inquiry.<sup>10</sup>

In addition, 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 exporter of the parts or components is affiliated with the person who assembles or completes the merchandise sold in the United States from the parts or components produced in the foreign country with respect to which the order applies; and (C) whether imports into the United States of the parts or components products in such foreign country have increased after the initiation of the investigation which resulted in the issuance of such order.

### **Analysis**

Based on our analysis of the requesters' circumvention request, Commerce determines that the requesters have satisfied the criteria under 19 CFR 351.226(c) to warrant the initiation of circumvention inquiries of the *Orders*. For a full discussion of the basis for our decision to initiate these circumvention inquiries, *see* the Circumvention Initiation Checklist.<sup>11</sup> As explained in the Circumvention Initiation Checklist, the information provided by the requesters warrants initiating these circumvention inquiries on a country-wide basis. Commerce has taken this

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<sup>9</sup> *See* Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, Vol. 1 (1994) (SAA), at 893.

<sup>10</sup> *See Antidumping Duty Order on Hydrofluorocarbon Blends from the People's Republic of China: Preliminary Affirmative Determination of Circumvention with Respect to R-410B, R-407G, and a Certain Custom Blend from the People's Republic of China*, 89 FR 25568 (April 11, 2024), and accompanying Preliminary Decision Memorandum, unchanged in *Antidumping Order on Hydrofluorocarbon Blends from the People's Republic of China: Final Affirmative Determination of Circumvention With Respect to R- 410B, R-407G, and a Certain Custom Blend from the People's Republic of China*, 89 FR 56848 (July 11, 2024).

<sup>11</sup> *See* Circumvention Initiation Checklist.

approach in prior circumvention inquiries, where the facts warranted initiation on a country-wide basis.<sup>12</sup>

Consistent with the approach in the prior circumvention inquiries that were initiated on a country-wide basis, Commerce intends to issue a questionnaire to solicit information from producers and exporters in Mexico concerning their shipments to the United States and the origin of any imported low-carbon steel wire being further processed into merchandise subject to the *Order*.

### **Respondent Selection**

Commerce intends to base respondent selection on U.S. Customs and Border and Protection (CBP) data. Commerce intends to place CBP data on each record within five days of the publication of the initiation notice. Comments regarding the CBP data and respondent selection should be submitted within seven days after placement of the CBP data on the record of the relevant inquiry.

Commerce intends to establish a schedule for questionnaire responses after respondent selection. A company's failure to completely respond to Commerce's requests for information may result in the application of partial or total facts available, pursuant to section 776(a) of the Act, which may include adverse inferences, pursuant to section 776(b) of the Act.

### **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 this circumvention inquiry and direct CBP to continue the suspension of liquidation of entries of products subject to the circumvention inquiry that were

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<sup>12</sup> See, e.g., *Certain Corrosion-Resistant Steel Products from the Republic of Korea and Taiwan: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders*, 83 FR 37785 (August 2, 2018); *Carbon Steel Butt-Weld Pipe Fittings from the People's Republic of China: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty Order*, 82 FR 40556, 40560 (August 25, 2017) (stating at initiation that Commerce would evaluate the extent to which a country-wide finding applicable to all exports might be warranted); and *Certain Corrosion-Resistant Steel Products from the People's Republic of China: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders*, 81 FR 79454, 79458 (November 14, 2016) (stating at initiation that Commerce would evaluate the extent to which a country-wide finding applicable to all exports might be warranted).

already subject to the suspension of liquidation under the *Orders* and to apply the cash deposit rate that would be applicable if the product was determined to be covered by the scope of the *Orders*. Should Commerce issue preliminary or final circumvention determinations, Commerce will follow the suspension of liquidation rules under 19 CFR 351.226(1)(2)-(4).

### **Notification to Interested Parties**

In accordance with 19 CFR 351.226(d) and section 781(a) of the Act, Commerce determines that the requesters' requests for this circumvention inquiry satisfies the requirements of 19 CFR 351.226(c). Accordingly, Commerce is notifying all interested parties of the initiation of this circumvention inquiry to determine whether certain imports of low-carbon steel wire produced in Mexico and further processed and completed in the United States into wire mesh from Mexico, are circumventing the *Orders*. In addition, we have included a description of the products that are the subject of this inquiry, and an explanation of the reasons for Commerce's decision to initiate this inquiry as provided above and in the accompanying Circumvention Initiation Checklist.<sup>13</sup> In accordance with 19 CFR 351.226(e)(2), Commerce intends to issue its preliminary circumvention determination within 150 days from the date of publication of the notice of initiation of a circumvention inquiry 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: January 6, 2025.

**Steven Presing,**  
*Acting Deputy Assistant Secretary*  
*for Policy and Negotiations.*

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<sup>13</sup> See Circumvention Initiation Checklist.