



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-045, C-570-046]

1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China:

Preliminary Affirmative Determination of Circumvention

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

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that imports of 1-hydroxyethylidene-1, 1-diphosphonic acid, also referred to as hydroxyethylidenendiphosphonic acid, hydroxyethanediphosphonic acid, acetodiphosphonic acid, and etidronic acid, in solid or powder form (acidic solid HEDP) from the People's Republic of China (China) are circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on 1-hydroxyethylidene-1, 1-diphosphonic acid (HEDP) from China. Interested parties are invited to comment on this preliminary determination.

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

FOR FURTHER INFORMATION CONTACT: Charles Vannatta, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4036.

SUPPLEMENTARY INFORMATION:

Background

On May 18, 2017, Commerce published in the *Federal Register* the AD and CVD orders on HEDP from China.¹ On November 13, 2024, Compass Chemical International LLC

¹ See *1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value, and Antidumping Duty Order*, 82 FR. 22807 (May 18, 2017); see also *1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Countervailing Duty Order*, 82 FR 22809 (May 18, 2017) (collectively, *Orders*).

(Compass) requested that Commerce initiate a circumvention inquiry with regard to acidic solid HEDP that is exported to the United States from China.² In its Circumvention Request, Compass alleged that acidic solid HEDP constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope of the *Orders*, pursuant to section 781(c) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.226(j).³ Compass requested that Commerce conduct this circumvention inquiry on a country-wide basis.⁴

On December 19, 2024, Commerce published in the *Federal Register* a notice of initiation of this circumvention inquiry.⁵ In the *Initiation Notice*, Commerce initiated the circumvention inquiry on the basis of the minor alterations allegation, pursuant to section 781(c) of the Act and 19 CFR 351.226(j).⁶ Commerce initiated this inquiry on a country-wide basis.⁷ For a complete description of events that followed the initiation of this inquiry, *see* the Preliminary Decision Memorandum.⁸

Scope of the *Orders*

The merchandise covered by the *Orders* includes all grades of aqueous acidic (non-neutralized) concentrations of acidic HEDP from China. For a complete description of the scope of the *Orders*, *see* the Preliminary Decision Memorandum.

Merchandise Subject to the Circumvention Inquiry

This circumvention inquiry covers acidic solid HEDP produced in China and exported to the United States. A complete description of the merchandise subject to the circumvention inquiry is contained in the Preliminary Decision Memorandum.

² *See* Compass' Letter, "Request for an Anticircumvention Inquiry Pursuant to 19 U.S.C. § 1677j(c); Response to Supplemental Questionnaire," dated November 13, 2024 (Circumvention Request).

³ *Id.*

⁴ *Id.* at Attachment A at 30.

⁵ *See 1-Hydroxyethylidene-1, 1-Diphosphonic Acid From the People's Republic of China: Initiation of Circumvention Inquiry of the Antidumping and Countervailing Duty Orders*, 89 FR. 103779 (December 19, 2024) (*Initiation Notice*), and accompanying Initiation Checklist.

⁶ *Id.*

⁷ *Id.*

⁸ *See* Memorandum, "Circumvention Inquiry of the Antidumping Duty and Countervailing Duty Orders on 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Preliminary Decision Memorandum," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

Methodology

Commerce is conducting this circumvention inquiry pursuant to section 781(c) of the Act and 19 CFR 351.226(j). For a complete description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum. A list of topics discussed in the Preliminary Decision Memorandum is attached as an appendix to this notice. The Preliminary 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 Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Preliminary Affirmative Determination of Circumvention

As detailed in the Preliminary Decision Memorandum, we preliminarily determine that acidic solid HEDP is being produced in China and exported to the United States, and that the sale of acidic solid HEDP in the United States is circumventing the *Orders*. Further, we preliminarily determine that acidic solid HEDP constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope of the *Orders*, pursuant to section 781(c) of the Act and 19 CFR 351.226(j). We make this determination on a country-wide basis. As a result, we preliminarily determine that it is appropriate to include this merchandise within the *Orders*, and to instruct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of acidic solid HEDP produced in China and exported to the United States, and to require cash deposits of estimated antidumping and countervailing duties.

Use of Adverse Facts Available (AFA)

Pursuant to section 776(a) of the Act, if necessary information is not available on the record, or an interested party withholds requested information, fails to provide requested information by the deadline or in the form and manner requested, or significantly impedes a proceeding, Commerce shall use the facts otherwise available in reaching the applicable

determination. Moreover, pursuant to section 776(b) of the Act, Commerce may use inferences adverse to the interests of an interested party in selecting from among the facts otherwise available if the party fails to cooperate by not acting to the best of its ability to provide requested information.

Commerce requested quantity and value (Q&V) information from twelve companies: Dalian Sinobio Chemistry Co., Ltd. (Dalian Sinobio), Henan Qingshuiyuan Technology Co, Ltd. (Henan Qingshuiyuan), Jiangsu Yao's Environmental Protection Technology Co., Ltd. (Jiangsu Yao), Jiyuan Qingyuan Water Treatment Co. (Jiyuan Qingyuan), Juancheng Kangtai, KCC Industrial Enterprise Limited (KCC Industrial), Nantong Uniphos Chemicals Co., Ltd. (Nantong Uniphos), Plastix Company Ltd. (Plastix), Shandong Dongyue Chemical (Shandong Dongyue), Shandong Green Technologies Import Export Co., Ltd. (Green Technologies), Shandong Taihe Chemicals Co., Ltd. (Taihe Chemicals), and Shandong Taihe Water Treatment Technologies Co., Ltd (Taihe Water Treatment).⁹ In the Q&V Questionnaire,¹⁰ Commerce explained that failure to respond may result in the determination that the company failed to cooperate by not acting to the best of its ability to comply with the request for information, and Commerce may use an inference that is adverse to the company's interests in selecting from the facts otherwise available, in accordance with section 776(b) of the Act.¹¹ Commerce received a timely response to the Q&V Questionnaire from Plastix, which explained that it was a Taiwanese, third-country exporter of acidic solid HEDP, but did not produce or export acidic solid HEDP from China.¹² Dalian Sinobio, Henan Qingshuiyuan, Jiangsu Yao, Jiyuan Qingyuan, Juancheng Kangtai, KCC Industrial, Nantong Uniphos, Shandong Dongyue, Green Technologies, Taihe Chemicals, and Taihe Water Treatment (collectively, the Eleven Non-Responsive Companies) failed to respond to Commerce's Q&V Questionnaire.

⁹ See Commerce's Letter, "Quantity and Value Questionnaire for Chinese Producers, Exporters, or U.S. Importers," dated January 21, 2025 (Q&V Questionnaire); *see also* Memorandum, "Issuance of Quantity and Value Questionnaire," dated January 22, 2025.

¹⁰ See Q&V Questionnaire.

¹¹ See Q&V Questionnaire at 2.

¹² See Plastix's Letter, "Q&V Response," dated February 11, 2025.

Therefore, we preliminarily find that the Eleven Non-Responsive Companies withheld requested information, failed to provide requested information by the deadline or in the form and manner requested, and significantly impeded this inquiry, within the meaning of sections 776(a)(1) and (2)(A)-(C) of the Act. Moreover, we find that the Eleven Non-Responsive Companies failed to cooperate by not acting to the best of their ability to provide the requested information because they did not provide a timely response to Commerce's questionnaire. Consequently, we used adverse inferences with respect to the Eleven Non-Responsive Companies in selecting from the facts otherwise available on the record, pursuant to sections 776(a)(2)(B) and (C) and section 776(b) of the Act. For details regarding the AFA applied in this preliminary determination, *see* the Preliminary Decision Memorandum.

As detailed in the Preliminary Decision Memorandum, based on AFA, we preliminarily determine that the Eleven Non-Responsive Companies have exported inquiry merchandise during the period of inquiry (*i.e.*, January 1, 2022, through July 31, 2024) and that sales of such merchandise in the United States are circumventing the *Orders*.

Suspension of Liquidation and Cash Deposit Requirements

In accordance with 19 CFR 351.226(1)(2), we will direct CBP to continue the suspension of liquidation of previously suspended entries and to suspend liquidation of all entries of acidic solid HEDP produced in China that are entered, or withdrawn from warehouse, for consumption in the United States on or after December 19, 2024, the date of publication of the initiation of this circumvention inquiry in the *Federal Register*.¹³ Commerce also intends to instruct CBP to require a cash deposit for estimated antidumping and countervailing duties at the applicable rates for each unliquidated entry of acidic solid HEDP.

These suspension of liquidation instructions and cash deposit requirements will remain in effect until further notice.

Disclosure

¹³ *See Initiation Notice.*

Normally, Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of this notice in accordance with 19 CFR 351.224(b). However, in this inquiry, there are no calculations to disclose as this preliminary determination is based entirely on facts available. Accordingly, there will be no disclosure for this preliminary affirmative determination.

Public Comment and Request for Hearing

Interested parties may submit affirmative comments to Commerce no later than 14 days after the date of publication of this notice in the *Federal Register*.¹⁴ Rebuttal comments, limited to issues raised in the affirmative comments, may be submitted no later than seven days after the deadline for affirmative comments.¹⁵ No new factual information will be accepted in the comments or rebuttal comments.

In this circumvention inquiry, we request that interested parties provide at the beginning of their affirmative and rebuttal comments, a public executive summary for each issue raised in their comments.¹⁶ Further, we request that interested parties limit their public executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this circumvention inquiry. We request that interested parties include footnotes for relevant citations in the public executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁷

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S.

¹⁴ See 19 CFR 351.226(f)(4).

¹⁵ *Id.*

¹⁶ We use the term “issue” here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁷ See *Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069 (September 29, 2023).

Department of Commerce, within 30 days after the date of publication of this notice in the *Federal Register*, filed electronically via ACCESS. Hearing requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants and whether any participant is a foreign national; and (3) a list of the issues to be discussed. Issues raised in the hearing will be limited to issues raised in the respective comments.¹⁸ If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined and will notify the parties through ACCESS.¹⁹ Parties should confirm the date, time, and location of the hearing two days before the scheduled date.

All submissions, including affirmative and rebuttal comments, as well as hearing requests, should be filed using ACCESS. An electronically-filed document must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time on the established deadline.

Notification to Interested Parties

Commerce is issuing and publishing this preliminary determination in accordance with section 781(c) of the Act and 19 CFR 351.226(g)(1).

Dated: May 5, 2025.

Abdelali Elouaradia,
Deputy Assistant Secretary
for Enforcement and Compliance.

¹⁸ See 19 CFR 351.310

¹⁹ See 19 CFR 351.310(d).

Appendix

Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the *Orders*
- IV. Merchandise Subject to the Circumvention Inquiry
- V. Period of Inquiry
- VI. Use of Facts Available and Adverse Inferences
- VII. Statutory and Regulatory Framework: Minor Alterations
- VIII. Circumvention Analysis
- IX. Preliminary Affirmative Determination of Circumvention
- X. Country-Wide Determination
- XI. Recommendation

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