: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-221]

Large Diameter Graphite Electrodes from the People's Republic of China: Preliminary Affirmative Critical Circumstances Determination in Countervailing Duty Investigation

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

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that critical circumstances exist with respect to imports of large diameter graphite electrodes (large graphite electrodes) from the People's Republic of China (China). The period of investigation is January 1, 2025, through December 31, 2025. Interested parties are invited to comment on this preliminary determination of critical circumstances.

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

FOR FURTHER INFORMATION CONTACT: Joseph Molokwu, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-8043.

SUPPLEMENTARY INFORMATION:

Background

On March 20, 2026, Commerce published the notice of initiation of this countervailing duty (CVD) investigation in the *Federal Register*.[1] On July 30, 2026, Commerce published its *Preliminary Determination*.[2] In the *Preliminary Determination*, Commerce applied facts available with an adverse inference (AFA) to the two mandatory respondents, Dantan New

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[1] *See Large Diameter Graphite Electrodes from the People's Republic of China and India: Initiation of Countervailing Duty Investigations,* 91 FR 13577 (March 20, 2026) (*Initiation Notice*).

[2] *See Large Diameter Graphite Electrodes from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination,* 91 FR 48076 (July 30, 2026) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

Materials Co., Ltd. (Dantan New Materials) and Shanxi Juxian Graphite New Material Co., Ltd. (Shanxi Juxian), and the Government of China.[3]

On September 1, 2026, the Large Diameter Graphite Electrodes Fair Trade Coalition (the petitioners) filed a timely critical circumstances allegation, pursuant to section 703(e)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.206, alleging that critical circumstances exist with respect to large graphite electrodes from China.[4]

In accordance with section 703(e)(1) of the Act and 19 CFR 351.206(c)(1), because the petitioners submitted the critical circumstances allegation more than 30 days before the scheduled date of the final determination, Commerce will make a preliminary finding as to whether there is a reasonable basis to believe or suspect that critical circumstances exist.

Critical Circumstances Allegation

The petitioners allege that there was a massive increase in imports of large graphite electrodes from China and provided monthly import data for the period November 2025 through June 2026.[5] The petitioners state that a comparison of total imports, by quantity, for the base period of November 2025 through February 2025 to the comparison period of March 2026 through June 2026, shows that imports from China increased by 105.43 percent, which is considered "massive" under 19 CFR 351.206(h)(2) and section 703(e)(1)(b) of the Act.[6] The petitioners also allege that there is a reasonable basis to believe that there are subsidies in this investigation which are inconsistent with the World Trade Organization Agreement on Subsidies and Countervailing Measures (SCM Agreement).[7]

Critical Circumstances Analysis

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[3] *See Preliminary Determination* PDM at 4-19.
[4] The petitioners are the Large Diameter Graphite Electrodes Fair Trade Coalition and its individual members, Resonac Graphite America Inc. and Tokai Carbon GE LLC. *See* Petitioners' Letter, " Petitioners' Allegation of Critical Circumstances," dated September 1, 2026 (Petitioners' Allegation).
[5] *See* Petitioners' Allegation at 5-7.
[6] *Id*.
[7] *Id* at 3-4.

Section 703(e)(1) of the Act provides that Commerce will preliminarily determine that critical circumstances exist in a CVD investigation if there is a reasonable basis to believe or suspect that: (A) the alleged countervailable subsidy is inconsistent with the SCM Agreement; [8] and (B) there have been massive imports of the subject merchandise over a relatively short period.

In determining whether "massive imports" occurred over a "relatively short period," pursuant to section 703(e)(1)(B) of the Act and 19 CFR 351.206(h) and (i), Commerce normally compares the import volumes of the subject merchandise for at least three months immediately preceding the filing of the petition (*i.e.*, the base period) to a comparable period of at least three months following the filing of the petition (*i.e.*, the comparison period). However, the regulations also provide that if Commerce finds that importers, or exporters or producers, had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely, Commerce may consider a period of not less than three months from the earlier time.[9] Imports normally will be considered massive when imports during the comparison period have increased by 15 percent or more compared to imports during the base period.[10]

<u>Alleged Countervailable Subsidies Are Inconsistent With the SCM Agreement</u>

Commerce considered the evidence on the record that certain programs are inconsistent with the SCM Agreement because they are contingent upon export performance. Based on information on the record, we preliminarily find a reasonable basis to believe or suspect that Dantan New Materials, Shanxi Juxian, and all other producers and/or exporters received countervailable subsidies inconsistent with the SCM Agreement under section 703(e)(1)(A) of the Act. Such programs include: Export Loans from Chinese State-Owned Bank; Export Seller's Credit; Export Buyer's Credit; Subsidies for the Development of Famous Brands and

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[8] Commerce limits its critical circumstances findings to those subsidies contingent upon export performance or use of domestic over imported goods (*i.e.*, those prohibited under Article 3 of the SCM Agreement). *See, e.g., Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Carbon and Certain Alloy Steel Wire from Germany*,67 FR 55808, 55809-10 (August 30, 2002).

[9] *See* 19 CFR 351.206(i).

[10] *See* 19 CFR 351.206(h)(2).

China World Top Brands; Foreign Trade Development Fund Grants; and Export Assistance Grants.[11] Thus, because there is a reasonable basis to believe or suspect these programs are inconsistent with the SCM Agreement, we preliminarily find that the criterion under section 703(e)(1)(A) of the Act has been met.

Massive Imports

As explained in the *Preliminary Determination,* Dantan New Materials and Shanxi Juxian did not cooperate in this investigation, and we preliminarily applied total AFA under sections 776(a) and (b) of the Act. Therefore, in accordance with sections 776(a) and (b) of the Act, we preliminarily find that critical circumstances exist with respect to imports of large graphite electrodes from China for Dantan New Materials and Shanxi Juxian under section 703(e)(1) of the Act.

For all other producers and/or exporters, to determine their total volume of shipments, Commerce's normal practice is to subtract shipments reported by the cooperating mandatory respondents from the total shipment data of subject merchandise. However, as stated above, there are no cooperative respondents in this investigation. Therefore, for all other exporters and/or producers, we compared the monthly shipment data using import data from Trade Data Monitor (TDM) for a base and a comparison period.

When determining whether massive shipments occurred within the meaning of 19 CFR 351.206(h), Commerce's practice is to include the month the petition was filed in the base period if the petition was filed during the last half of the month.[12] Further, when provisional measures have been applied, Commerce's practice is to use the longest period for which information is available through the month in which provisional measures were applied or the month prior to

[11] *See* Petitioners' Letter, "Petition for the Imposition of Antidumping and Countervailing Duties," dated February 24, 2026 (Petition), at Volume IV; *see also* Checklist, "Countervailing Duty Investigation Initiation Checklist: Large Diameter Graphite Electrodes from the People's Republic of China," dated March 16, 2026.

[12] *See, e.g., Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances,*73 FR 31966 (June 5, 2008), and accompanying Issues and Decision Memorandum (IDM) at 91-92; *see also Overhead Door Counterbalance Torsion Springs from India: Preliminary Affirmative Determination of Critical Circumstances in the Countervailing Duty Investigation,*90 FR 35660, 61 (July 29, 2025).

provisional measures being applied if the preliminary determination published in the first half of the month.[13] The Petition was filed during the second half of February 2026, and the *Preliminary Determination* published during the second half of July 2026 (*i.e.*, the month in which provisional measures were applied). Thus, to determine whether there was a massive surge in imports, Commerce analyzed the total import volume from the filing of the petition until provision measures were imposed, *i.e.*, the five-month base period of October 2025 through February 2026 and a five-month comparison period of March 2026 through July 2025.[14] The quantity of shipments reported in the TDM data for the Harmonized Tariff Schedule of the United States (HTSUS) number 8545.11.0020 during the comparison period exceeded the quantity of shipments reported for the base period by greater than 15 percent.[15] Therefore, we determine that the record supports a determination that there is a massive surge in imports between the base and comparison periods for all other exporters and producers of large graphite electrodes from China.[16]

Final Determination

We will make a final determination concerning critical circumstances in the final determination of this investigation, which is currently scheduled for December 7, 2026.

Public Comments

Case briefs or other written comments limited to Commerce's preliminary determination of critical circumstances may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which this notice is published in the *Federal Register.* Rebuttal briefs, limited to issues raised in the case briefs, may be filed not

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[13] *See, e.g., Certain Quartz Surface Products from the Republic of Turkey: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances, In Part,* 85 FR 25400 (May 1, 2020) and accompanying IDM at 2-3.
[14] *See* Memorandum, "Preliminary Critical Circumstances Analysis," dated concurrently with this notice, at Attachment.
[15] *Id.*
[16] *Id.*

later than five days after the date for filing case briefs.[17] Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.[18]

As provided under 19 CFR 351.309(c)(2) and (d)(2), in prior proceedings we have encouraged interested parties to provide an executive summary of their brief that should be limited to five pages total, including footnotes. In this investigation, we instead request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.[19] Further, we request that interested parties limit their 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 investigation. We request that interested parties include footnotes for relevant citations in the 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).[20]

Suspension of Liquidation

In accordance with section 703(e)(2)(A) of the Act, for Dantan New Materials, Shanxi Juxian, and all other producers and/or exporters, we intend to direct U.S. Customs and Border Protection (CBP) to suspend liquidation of any unliquidated entries of subject merchandise from China entered, or withdrawn from warehouse for consumption, on or after May 1, 2026, which is 90 days prior to the date of publication of the *Preliminary Determination* in the *Federal Register*. For such entries, CBP shall require a cash deposit equal to the estimated preliminary subsidy rates established in the *Preliminary Determination*. This suspension of liquidation will remain in effect until further notice.

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[17] *See* 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings,* 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).
[18] *See* 19 CFR 351.309(c)(2) and (d)(2).
[19] We use the term "issue" here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.
[20] *See APO and Service Final Rule*.

U.S. International Trade Commission (ITC) Notification

In accordance with section 703(f) of the Act, we will notify the ITC of this preliminary determination of critical circumstances.

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act, and 19 CFR 351.206.

Dated: September 18, 2026.

Steven Presing,
Executive Director
for Policy and Negotiations.

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