



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-809]

Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review

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

SUMMARY: In response to a request from Hyundai Steel, a producer/exporter of circular welded non-alloy steel pipe (CWP) from the Republic of Korea, and pursuant to section 751(b) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.216 and 351.221(c)(3)(ii), the Department is initiating a changed circumstances review and issuing this notice of preliminary results. We preliminarily determine that Hyundai Steel is the successor-in-interest to Hyundai HYSCO (HYSCO).

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

FOR FURTHER INFORMATION CONTACT: Joseph Shuler, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1293.

SUPPLEMENTARY INFORMATION:

Background

On November 2, 1992, the Department published the antidumping duty order for circular welded non-alloy steel pipe from the Republic of Korea.¹

On February 24, 2016, Hyundai Steel informed the Department that effective July 1, 2015, it had merged with HYSCO,² and requested that: (1) the Department conduct a changed circumstances review under 19 CFR 351.216(b) to determine that it is the successor-in-interest to HYSCO for purposes of determining antidumping duty cash deposits and liabilities; and (2) the Department conduct the changed circumstances review on an expedited basis under 19 CFR 351.221(c)(3)(ii). No interested parties commented on Hyundai Steel's request.

Scope of the Order

The merchandise subject to the order is circular welded non-alloy steel pipe and tube, of circular cross-section, not more than 406.4 millimeters (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain

¹ See *Notice of Antidumping Duty Orders: Certain Circular Welded Non-Alloy Steel Pipe from Brazil, the Republic of Korea (Korea), Mexico, and Venezuela, and Amendment to Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Non-Alloy Steel Pipe from Korea*, 57 FR 49453 (November 2, 1992).

² See letter from Hyundai Steel to the Department, "Certain Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Request for Changed Circumstances Review (CCR Request), dated February 24, 2016.

end, beveled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipes and tubes and are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing applications, such as for fence tubing, and as structural pipe tubing used for framing and as support members for reconstruction or load-bearing purposes in the construction, shipbuilding, trucking, farm equipment, and other related industries.

Unfinished conduit pipe is also included in the order.

All carbon-steel pipes and tubes within the physical description outlined above are included within the scope of the order except line pipe, oil-country tubular goods, boiler tubing, mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished conduit.³

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule of the United States (HTSUS) numbers: 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090. Although the HTSUS numbers are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

³ See *Final Negative Determination of Scope Inquiry on Certain Circular Welded Non-Alloy Steel Pipe and Tube from Brazil, the Republic of Korea, Mexico, and Venezuela*, 61 FR 11608 (March 21, 1996). In accordance with this determination, pipe certified to the API 5L line-pipe specification and pipe certified to both the API 5L line-pipe specifications and the less-stringent ASTM A-53 standard-pipe specifications, which falls within the physical parameters as outlined above, and entered as line pipe of a kind used for oil and gas pipelines, is outside of the scope of the AD order.

All carbon-steel pipes and tubes within the physical description outlined above are included within the scope of the order except line pipe, oil-country tubular goods, boiler tubing, mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished conduit.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule of the United States (HTSUS) numbers: 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090. Although the HTSUS numbers are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

Initiation and Preliminary Results

Pursuant to section 751(b)(1) of the Act, the Department will conduct a changed circumstances review upon receipt of a request from an interested party or receipt of information concerning an antidumping duty order which demonstrates changed circumstances sufficient to warrant a review of the order. As noted above in the “Background” section, we received information indicating that on July 1, 2015, Hyundai Steel merged with HYSCO. The information further indicates that at that time, Hyundai Steel assumed all of HYSCO’s operations for the production and sale of subject merchandise. This constitutes changed circumstances warranting a review of this order.⁴ Therefore, in accordance with section 751(b)(1) of the Act, we are initiating a changed circumstances review based upon the information contained in Hyundai Steel’s submission.⁵

Section 351.221(c)(3)(ii) of the Department’s regulations permits the Department to combine the notice of initiation of a changed circumstances review and the preliminary results of review if the Department concludes that expedited action is warranted. In this instance, we find that expedited action is warranted, and are issuing a combined notice of initiation and preliminary results based on the information placed on the record by Hyundai Steel.

In making a successor-in-interest determination, the Department examines several factors including, but not limited to, whether there were changes in: (1) management; (2) production facilities; (3) supplier relationships; and (4) customer base.⁶ While no single factor

⁴ See 19 CFR 351.216(d).

⁵ See the CCR Request.

⁶ See, e.g., *Pressure Sensitive Plastic Tape from Italy: Preliminary Results of Antidumping Duty Changed*

or combination of these factors will necessarily provide a dispositive indication of a successor-in-interest relationship, the Department will generally consider the new company to be the successor to the previous company if the new company's resulting operation is not materially dissimilar to that of its predecessor.⁷ Thus, if the evidence demonstrates that, with respect to the production and sale of the subject merchandise, the new company operates as the same business entity as the former company, the Department will accord the new company the same treatment under the antidumping duty order as its predecessor.

In its submission, Hyundai Steel explained that it merged with HYSCO effective July 1, 2015. Hyundai Steel stated that the merger was approved by shareholders of both companies, but procedurally, the merger took the form of an “absorption” through which Hyundai Steel “absorbed” HYSCO, which no longer exists as a corporate entity.⁸ Hyundai Steel claimed that since the effective date of the merger, Hyundai Steel is operating essentially the same business as HYSCO did, and that there have been no significant changes in management or production facilities, with only minimal impact on the company's supplier relationships and its customer base with respect to the production and sale of the subject merchandise.⁹ Hyundai Steel submitted detailed documentation relating to the merger of the two companies (*e.g.*,

Circumstances Review, 75 FR 8925 (Feb. 26, 2010), unchanged in *Pressure Sensitive Plastic Tape From Italy: Final Results of Antidumping Duty Changed Circumstances Review*, 75 FR 27706 (May 18, 2010); *Brake Rotors From the People's Republic of China: Final Results of Changed Circumstances Antidumping Duty Administrative Review*, 70 FR 69941 (November 18, 2005) (*Brake Rotors*), citing *Brass Sheet and Strip from Canada: Final Results of Antidumping Duty Administrative Review*, 57 FR 2460 (May 13, 1992); and *Structural Steel Beams from Korea: Preliminary Results of Changed Circumstances Antidumping Duty Administrative Review*, 66 FR 15834 (March 21, 2001).

⁷ See, *e.g.*, *Brake Rotors*.

⁸ See CCR Request at 2.

⁹ See CCR Request at 3-4.

shareholder meeting report, articles of incorporation, and a copy of the merger announcement).¹⁰

With respect to management, Hyundai Steel retained its board of directors and discharged the board of directors of HYSCO, with the exception of Mr. Heon-seok Lee, who was a board member and executive (Chief Director of Pipe Factory Manufacturing Support Group) of HYSCO and who remains with Hyundai Steel as a member of the board of directors and an executive (Chief Director of Pipe Factory and Head of Automotive Parts Production Office).¹¹ In addition, 12 of 17 HYSCO executives remain at Hyundai Steel, nine of whom continue to work in business units similar to the HYSCO units where they were employed.

Hyundai Steel further explained that its current organizational structure is substantially similar to that of HYSCO; the only difference is that the management team of the former company is now integrated into the larger management structure of Hyundai Steel.¹² Hyundai Steel explained that the only changes within the organizational structure are that certain business units (of HYSCO) were divided and integrated into Hyundai Steel's business units.¹³ The documentation submitted in the CCR Request demonstrates that the units specifically related to the production and sale of the subject merchandise by Hyundai Steel remain the same, other than changes in the names of the plants and divisions, as they were for HYSCO.¹⁴

¹⁰ *Id.* at 3 and Exhibits 1 through 14.

¹¹ *Id.* at 8 and Exhibit 3.

¹² *Id.* at 7.

¹³ *Id.* at 7.

¹⁴ *See* CCR Request at 7-8.

Based on this information, and in particular, based on the fact that Hyundai Steel’s management team continues to include the majority of the former HYSCO managers, we preliminarily find that the reorganization resulting from the merger of the two companies did not result in management that was materially dissimilar with respect to the subject merchandise.

With respect to production facilities, Hyundai Steel reported that there have been no changes.¹⁵ Hyundai Steel provided copies of HYSCO’s company brochure and noted that the location of the production facility, in Ulsan, Korea, also remains unchanged.¹⁶ Based on this information, we preliminarily find that the merger did not result in material changes to the production of the subject merchandise.

With respect to suppliers and customers, Hyundai Steel provided information that demonstrates that there are only marginal differences to its supplier relationships. Specifically, prior to the merger, Hyundai Steel was HYSCO’s largest supplier of hot-rolled coil; after the merger, Hyundai Steel continues to be the largest supplier of this input to the production of the subject merchandise. Although other suppliers of hot-rolled coil to HYSCO prior to the merger are no longer providing hot-rolled coil, Hyundai Steel explained that these suppliers provided only a small portion of the input to HYSCO before the merger.¹⁷ Hyundai Steel explained that the merger had no effect on the customers or sales practices in the U.S. (other than a short interruption in sales) or domestic markets because Hyundai Steel is now selling the

¹⁵ *Id.* at 9.

¹⁶ *Id.*

¹⁷ *Id.* at 8-9.

subject merchandise to the same customers in exactly the same manner as HYSCO did.

Hyundai Steel elaborated that the same customers accounted for 98 percent of the customer base following the merger.

Based on our consideration of the totality of the evidence provided by Hyundai Steel, we preliminarily determine that Hyundai Steel is the successor-in-interest to HYSCO, for purposes of the application of the antidumping duty order. Specifically, with respect to the production and sale of the subject merchandise, we find that the merger of these two companies resulted in no significant changes to management or production facilities. Additionally, the minor changes in supplier relationships and customers that Hyundai Steel identified indicate that there had been no material change in suppliers of inputs or services related to the production, sale and distribution of the subject merchandise, and thus do not weigh against finding that Hyundai Steel is the successor-in-interest to HYSCO. Thus, Hyundai Steel operates as the same business entity as HYSCO with respect to the subject merchandise. If the Department upholds this preliminary determination in the final results, Hyundai Steel will retain the antidumping duty deposit rate currently assigned to HYSCO with respect to the subject merchandise (*i.e.*, 3.69 percent). If these preliminary results are adopted in the final results of this changed circumstances review, we will instruct U.S. Customs and Border Protection to suspend liquidation of entries of CWP made by Hyundai Steel, effective the date of publication of the final results.

Public Comment

Interested parties may submit case briefs and/or written comments not later than 14 days after the date of publication of this notice. Rebuttal briefs and rebuttals to written comments, which must be limited to issues raised in such briefs or comments, may be filed not later than 21 days after the date of publication of this notice.¹⁸ Parties who submit case or rebuttal briefs are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities. Parties submitting briefs should do so pursuant to the Department’s electronic filing system, ACCESS.¹⁹ Electronically-filed documents must be received successfully in their entirety by 5:00 p.m. Eastern Time on the due dates established above.²⁰

Any interested party may request a hearing within 14 days of publication of this notice.²¹ Parties will be notified of the time and date of any hearing if requested.²²

¹⁸ See 19 CFR 351.309(d).

¹⁹ See 19 CFR 351.303(f).

²⁰ See 19 CFR 351.303(b)(1).

²¹ See 19 CFR 351.310(c).

²² See 19 CFR 351.310(d).

Consistent with 19 CFR 351.216(e), we will issue the final results of this changed circumstances review no later than 270 days after the date on which this review was initiated, or within 45 days if all parties agree to our preliminary finding. This initiation and preliminary results of review notice is published in accordance with sections 751(b)(1) and 777(i)(1) of the Act and 19 CFR 351.216, 19 CFR 351.221 (b)(1), (4), and 19 CFR 351.222(g)

Dated: May 9, 2016.

Paul Piquado

Assistant Secretary

for Enforcement and Compliance