



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-064]

Stainless Steel Flanges from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value

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

SUMMARY: The U.S. Department of Commerce (Commerce) determines that stainless steel flanges from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is January 1, 2017, through June 30, 2017. The final dumping margins of sales at LTFV are listed below in the "Final Determination" section of this notice.

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

FOR FURTHER INFORMATION CONTACT: Ian Hamilton or Kabir Archuletta, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4798 or (202) 482-2593, respectively.

SUPPLEMENTARY INFORMATION:

Background

This final determination is made in accordance with section 735(a) of the Tariff Act of 1930, as amended (the Act). On March 28, 2018, Commerce published the preliminary affirmative determination of sales at LTFV in the investigation of stainless steel flanges from

China.<sup>1</sup> We invited interested parties to comment on the *Preliminary Determination*. We received no comments from interested parties.

#### Scope of the Investigation

The products covered by this investigation are stainless steel flanges from China. For a complete description of the scope of this investigation, *see* the Appendix to this notice.

#### Analysis of Comments Received

As noted above, we received no comments in response to the *Preliminary Determination*. For the purposes of the final determination, Commerce has made no changes to the *Preliminary Determination*.

#### Use of Adverse Facts Available

We continue to find that the mandatory respondent in this investigation, Shanxi Guanjiaying Flange Forging Group Co., Ltd (GJY), did not provide requested information, withheld requested information, significantly impeded this investigation, and did not cooperate to the best of its ability to comply with Commerce's request for information in failing to submit a complete and reliable sales reconciliation, as detailed in the *Preliminary Determination* and accompanying Preliminary Decision Memorandum.<sup>2</sup> Accordingly, we continue to determine it appropriate to apply facts otherwise available, with an adverse inference, in accordance with sections 776(a)–(b) of the Act.<sup>3</sup> As AFA, we have continued to apply the highest dumping

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<sup>1</sup> *See Stainless Steel Flanges from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value*, 83 FR 13244 (March 28, 2018) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

<sup>2</sup> *See Preliminary Determination*, 83 FR at 13244; *see also* Preliminary Decision Memorandum at 8-10.

<sup>3</sup> Preliminary Decision Memorandum at 10-15.

margin contained in the Petition, 257.11 percent, as explained in the *Preliminary Determination* and accompanying Preliminary Decision Memorandum.<sup>4</sup>

In accordance with the *Preliminary Determination*, we continue to grant GJY a separate rate because evidence on the record supports an absence of *de jure* and *de facto* government control.<sup>5</sup> Hydro-Fluids Controls Limited (HFC), Songhai Flange Manufacturing Co., Ltd (Songhai), and Dongtai QB Stainless Steel Co., Ltd (Dongtai), were also selected as mandatory respondents, but withdrew from participation in this investigation and did not respond to requests for information.<sup>6</sup> Thus, we continue to find that HFC, Songhai, and Dongtai did not demonstrate that they are eligible for a separate rate and are part of the China-wide entity. We also continue to find that, in addition to the mandatory respondents that did not respond to our requests for information, Commerce did not receive timely responses to its Quantity and Value (Q&V) questionnaire from numerous Chinese exporters and/or producers of the merchandise under consideration that were named in the Petition and to whom Commerce issued Q&V questionnaires.<sup>7</sup> Because these companies, which comprise part of the China-wide entity, failed to submit the requested Q&V information, we determine that the China-wide entity did not cooperate to the best of its ability. Therefore, for this final determination, Commerce continues

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<sup>4</sup> See *Stainless Steel Flanges from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 42649 (September 11, 2017); see also Petitioners' Letter, "Stainless Steel Flanges from the People's Republic of China and India: Petitions for the Imposition of Antidumping and Countervailing Duties," dated August 16, 2017 (Petition); Preliminary Decision Memorandum at 13-15.

<sup>5</sup> See Policy Bulletin 05.1, *Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries*, dated April 5, 2005, available at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

<sup>6</sup> See HFC's Letter, "Certain Stainless Steel Flanges from the People's Republic of China: Withdrawal from Active Participation by Hydro-Fluid Controls Limited," dated October 12, 2017; Songhai's Letter, "Certain Stainless Steel Flanges from the People's Republic of China: Withdrawal from Active Participation by Songhai Flange Manufacturing Co. Ltd.," dated October 13, 2017; Dongtai's Letter, "Certain Stainless Steel Flanges from the People's Republic of China: Withdrawal from Active Participation by Dongtai QB Stainless Steel Co., Ltd.," dated November 28, 2017.

<sup>7</sup> See Preliminary Decision Memorandum at 10; see also Petition; Memorandum, "Quantity and Value Questionnaires Delivery Confirmation," dated September 20, 2017.

to find that the China-wide entity failed to provide necessary information, withheld information requested by Commerce, failed to provide information in a timely manner, and significantly impeded this proceeding by not submitting the requested information. As a result, Commerce continues to find that use of facts available, with an adverse inference, is warranted in determining the rate of the China-wide entity, pursuant to sections 776(a)(1), (a)(2)(A)-(C), and 776(b) of the Act.<sup>8</sup>

#### China-Wide Rate

In selecting the AFA rate for the China-wide entity, Commerce's practice is to select a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated. Specifically, it is Commerce's practice to select, as an AFA rate, the higher of: (a) the highest dumping margin alleged in the petition; or, (b) the highest calculated dumping margin of any respondent in the investigation. As AFA, Commerce has assigned to the China-wide entity the rate of 257.11 percent, which is the highest dumping margin alleged in the Petition.

#### Combination Rates

In the *Initiation Notice*, Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation.<sup>9</sup> Because Commerce continues to use facts otherwise available with an adverse inference in determining the rate for the only respondent that demonstrated eligibility for a separate rate in

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<sup>8</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 4986, 4991-92 (January 31, 2003); unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

<sup>9</sup> See *Stainless Steel Flanges from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 42649, 42653 (September 11, 2017) (*Initiation Notice*).

this investigation, GJY, Commerce did not calculate producer/exporter combination rates for that company.

Final Determination

The final weighted-average dumping margins are as follows:

<b>Exporter/Producer</b>	<b>Weighted-Average Dumping Margins (Percent)</b>
Shanxi Guanjiaying Flange Forging Group Co., Ltd	257.11
China-wide Entity	257.11

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with a final determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). However, because Commerce applied adverse facts available to the individually examined company participating in this investigation, in accordance with section 776 of the Act, and the applied adverse facts available rate is based solely on the Petition, there are no calculations to disclose.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, Commerce will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all appropriate entries of stainless steel flanges from China, as described in the Appendix to this notice, which were entered, or withdrawn from warehouse, for consumption on or after March 28, 2018, the date of publication in the *Federal Register* of the affirmative *Preliminary Determination*.

Further, pursuant to section 735(c)(1)(B)(ii) of the Act, Commerce will also instruct CBP to collect a cash deposit as follows: (1) The rate for the exporters listed in the chart above will

be the rate we have determined in this final determination; (2) for all Chinese exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the China-wide rate; and (3) for all non-Chinese exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the Chinese exporter/producer combination that supplied that non-Chinese exporter. These suspension-of-liquidation instructions will remain in effect until further notice. Because there has been no demonstration that an adjustment for domestic subsidies is warranted, Commerce has not made any such adjustment to the rate assigned to GJY or the China-wide entity. Additionally, Commerce is making no adjustments for export subsidies to the antidumping cash deposit rate in this investigation because we have made no findings in the companion countervailing duty investigation that any of the programs are export subsidies.<sup>10</sup>

#### International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the U.S. International Trade Commission (ITC) of the final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of stainless steel flanges from China no later than 45 days after this final determination. If the ITC determines that material injury, or threat of material injury, does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist,

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<sup>10</sup> See *Countervailing Duty Investigation of Stainless Steel Flanges from the People's Republic of China: Final Affirmative Determination*, 83 FR 15790 (April 12, 2018); see also, e.g., *Circular Welded Carbon-Quality Steel Pipe from Pakistan: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*, 81 FR 36867 (June 8, 2016) and accompanying Preliminary Decision Memorandum at 13.

Commerce will issue an antidumping duty order directing CBP to assess, upon further instruction by Commerce, antidumping duties on all imports of the merchandise under consideration entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

#### Notification Regarding Administrative Protective Orders

This notice serves as a reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

#### Notification to Interested Parties

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act, and 19 CFR 351.210(c).

*Dated: June 4, 2018.*

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Gary Taverman,  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance.

### **Appendix**

#### **Scope of the Investigation**

The products covered by this investigation are certain forged stainless steel flanges, whether unfinished, semi-finished, or finished (certain forged stainless steel flanges). Certain forged stainless steel flanges are generally manufactured to, but not limited to, the material specification of ASTM/ASME A/SA182 or comparable domestic or foreign specifications. Certain forged stainless steel flanges are made in various grades such as, but not limited to, 304, 304L, 316, and 316L (or combinations thereof). The term “stainless steel” used in this scope refers to an alloy

steel containing, by actual weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements.

Unfinished stainless steel flanges possess the approximate shape of finished stainless steel flanges and have not yet been machined to final specification after the initial forging or like operations. These machining processes may include, but are not limited to, boring, facing, spot facing, drilling, tapering, threading, beveling, heating, or compressing. Semi-finished stainless steel flanges are unfinished stainless steel flanges that have undergone some machining processes.

The scope includes six general types of flanges. They are: (1) weld neck, generally used in butt-weld line connection; (2) threaded, generally used for threaded line connections; (3) slip-on, generally used to slide over pipe; (4) lap joint, generally used with stub-ends/butt-weld line connections; (5) socket weld, generally used to fit pipe into a machine recession; and (6) blind, generally used to seal off a line. The sizes and descriptions of the flanges within the scope include all pressure classes of ASME B16.5 and range from one-half inch to twenty-four inches nominal pipe size. Specifically excluded from the scope of this investigation are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A351.

The country of origin for certain forged stainless steel flanges, whether unfinished, semi-finished, or finished is the country where the flange was forged. Subject merchandise includes stainless steel flanges as defined above that have been further processed in a third country. The processing includes, but is not limited to, boring, facing, spot facing, drilling, tapering, threading, beveling, heating, or compressing, and/or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the stainless steel flanges.

Merchandise subject to the investigation is typically imported under headings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). While HTSUS subheadings and ASTM specifications are provided for convenience and customs purposes, the written description of the scope is dispositive.

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