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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-062]

Cast Iron Soil Pipe Fittings from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances, in Part

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

SUMMARY: The Department of Commerce (Commerce) determines that cast iron soil pipe fittings 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 is January 1, 2017, through June 30, 2017.

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

FOR FURTHER INFORMATION CONTACT: Sergio Balbontin or Denisa Ursu, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6478 and (202) 482-2285 respectively.

SUPPLEMENTARY INFORMATION:

Background

On February 20, 2018, Commerce published in the *Federal Register* the *Preliminary Determination* in the LTFV investigation of cast iron soil pipe fittings from China.¹ The mandatory respondents in this investigation are Shanxi Xuanshi Industrial Group Co. Ltd.

¹ See *Cast Iron Soil Pipe Fittings from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination and Extension of Provisional Measures*, 83 FR 7145 (February 20, 2018) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

(Xuanshi), Wor-Biz International Trading Co., Ltd. (Anhui) (Wor-Biz), Sibio International Limited (Sibo), and Kingway Pipe Co., Ltd. (Kingway). Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018. If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. The revised deadline for the final determination of this investigation is now July 5, 2018.²

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by interested parties for this final determination may be found in the Issues and Decision Memorandum issued concurrently with this notice.³ The Issues and 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 <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

Scope of the Investigation

The products covered by this investigation are cast iron soil pipe fittings from China. For a full description of the scope of this investigation, *see* the "Scope of the Investigation" in Appendix I of this notice. For this final determination, Commerce has issued a scope memorandum addressing interested parties' comments regarding scope issues presented in the

² *See* Memorandum for The Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

³ *See* Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination in the Less-Than-Fair-Value Investigation of Cast Iron Soil Pipe Fittings from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

case briefs and in subsequent scope comments.⁴ Commerce has determined to modify the scope of the investigation to include two additional subheadings of the U.S. Harmonized Tariff Schedule under which subject merchandise may enter. Commerce has also provided a clarification in the Final Scope Memorandum. For further discussion, *see* Commerce's Final Scope Memorandum. The scope in Appendix I reflects the final scope language.

Analysis of Comments Received

The issues raised in the case and rebuttal briefs submitted by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Issues and Decision Memorandum is attached to this notice at Appendix II.

Final Affirmative Determination of Critical Circumstances, in Part

In accordance with section 733(e)(1) of the Act and 19 CFR 351.206, we preliminarily found that critical circumstances exist with respect to imports of cast iron soil pipe fittings from the China-wide entity, the non-selected separate rate respondents, and Sibco, but do not exist with respect to Xuanshi and Wor-Biz.⁵ Commerce received no comments regarding its preliminary critical circumstances findings. For the final determination, we continue to find that, in accordance with section 735(a)(3) of the Act and 19 CFR 351.206, critical circumstances exist with respect to imports of the subject merchandise from the China-wide entity. Based on updated shipment and import data, we find that critical circumstances do not exist with respect to Xuanshi, Wor-Biz, and the non-selected separate rate respondents.⁶ As discussed below, we

⁴ *See* Memorandum, "Countervailing Duty and Less-Than-Fair-Value Investigations of Cast Iron Soil Pipe Fittings from the People's Republic of China: Final Scope Memorandum" (Final Scope Memorandum), dated concurrently with, and hereby adopted by, this notice.

⁵ *See* Preliminary Determination at 33 – 34.

⁶ *See* the Issues and Decision Memorandum for further details.

have determined that Sibio is no longer eligible for a separate rate, and is now considered to be part of the China-wide entity.

China-Wide Entity and Use of Adverse Facts Available

After the *Preliminary Determination* and prior to verification, Sibio notified Commerce that it was withdrawing from participation in this investigation. By withdrawing from participation in this investigation, Sibio prevented us from conducting verification of its questionnaire responses, including its claim that it is a wholly foreign-owned company. Therefore, we find that Sibio has failed to demonstrate its eligibility for a separate rate, and is considered to be part of the China-wide entity.⁷ For the reasons explained in the *Preliminary Determination*, we continue to find that the use of adverse facts available (AFA), pursuant to sections 776(a) and (b) of the Act, is warranted in determining the rate for the China-wide entity, which includes Sibio, Kingway, and other uncooperative respondents.

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.⁸ 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.⁹ For the final determination and for the reasons explained in the Issues and Decision Memorandum, we are relying on the highest non-aberrational control-number-specific

⁷ *Id.*

⁸ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Purified Carboxymethyl cellulose from Finland*, 69 FR 77216 (December 27, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Purified Carboxymethyl cellulose from Finland*, 70 FR 28279 (May 17, 2005).

⁹ See, e.g., *Certain Stilbenic Optical Brightening Agents from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 17436, 17438 (March 26, 2012); *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from the People's Republic of China*,

dumping margin calculated for Sibbo in the *Preliminary Determination* to determine the rate for the China-wide entity.¹⁰

Separate Rates

For the final determination, we continue to find that Xuanshi and Wor-Biz are eligible to separate rates, as noted below. Section 735(c)(5)(A) of the Act provides that the estimated “all-others” rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding zero or *de minimis* margins, and any margins determined entirely under section 776 of Act. Consistent with our practice, we calculated a dumping margin for the companies determined to be eligible for separate rates, but which were not individually examined, based on the final dumping margins calculated for Xuanshi and Wor-Biz.¹¹ With two respondents, we would normally calculate (A) a weighted-average of the dumping margins calculated for the mandatory respondents; (B) a simple average of the dumping margins calculated for the mandatory respondents; and (C) a weighted-average of the dumping margins calculated for the mandatory respondents using each company's publicly-ranged values for the merchandise under consideration. We would compare (B) and (C) to (A) and select the rate closest to (A) as the most appropriate rate for the separate rate companies.¹² In this case, as complete publicly-ranged sales data was unavailable, we based the separate rate on a simple average of the two calculated margins.

65 FR 34660 (May 31, 2000), and accompanying IDM.

¹⁰ See Issues and Decision Memorandum at Comment 1 for a full discussion of this issue.

¹¹ See Memorandum, “Cast Iron Soil Pipe Fittings from the People’s Republic of China: Calculation of the Final Margin for Separate Rate Companies,” dated concurrently with this notice.

¹² See *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010).

Combination Rates

In the *Initiation Notice*,¹³ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Accordingly, we have assigned combination rates to certain companies as provided in the “Final Determination” section below.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from interested parties and our findings at verification, we made certain changes to the calculation of the antidumping duty margin applicable to Xuanshi and Wor-Biz. For a discussion of these changes, *see* the Issues and Decision Memorandum.

Final Determination

Commerce determines that cast iron soil pipe fittings from China are being, or are likely to be, sold in the United States at LTFV, and that the following dumping margins exist:

¹³ *See Cast Iron Soil Pipe Fittings from the People’s Republic of China: Initiation of Less-Than-Fair Value Investigation*, 82 FR 37053, 37056 (August 8, 2017).

Producer	Exporter	Estimated Weighted-Average Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offsets) (percent)
Shanxi Xuanshi Industrial Group Co., Ltd.	Shanxi Xuanshi Industrial Group Co., Ltd.	27.18	27.09
Guang Zhou Premier & Pinan Foundry Co., Ltd./Botou Chenyuan Foundry Co., Ltd./Wuhu Best Machines Co., Ltd.	Wor-Biz Trading Co., Ltd. (Anhui)	22.11	21.88
Shijiazhuang Asia Casting Co., Ltd.	Shijiazhuang Asia Casting Co., Ltd.	24.65	24.49
Qinshui Shunshida Casting Co., Ltd./Xinle Xinye Metal Products Co., Ltd.	Shanxi Zhongrui Tianyue Trading Co., Ltd.	24.65	24.49
Qinshui Shunshida Casting Co., Ltd./Xinle Rishuo Casting Factory/Shijiazhuang Shunjinguangao Trade Co., Ltd./Xinle Tang Rong Fa Lan Pan Co., Ltd.	Dalian Lino F.T.Z. Co., Ltd.	24.65	24.49
Xinle City Zhile Pipeline Industry Co., Ltd./Qinshui Shunshida Casting Co., Ltd./Foshan City Deying Metal	Dinggin Hardware (Dalian) Co., Ltd.	24.65	24.49

Products Co., Ltd.			
Xinle Rishuo Casting Factory/Qinshui Shunshida Casting Co., Ltd.	Dalian Metal I/E Co., Ltd.	24.65	24.49
Qinshui County Xinwei Precision Co., Ltd.	Qinshui Shunshida Casting Co., Ltd.	24.65	24.49
Shanxi Guruiwei Casting Co., Ltd.	Richang Qiaoshan Trade Co., Ltd.	24.65	24.49
Shijiazhuang Jingruisheng Metal Products Co., Ltd./Qinshui Shunshida Casting Co., Ltd./Xinle City Zhile Pipe Co., Ltd.	Hebei Metals & Engineering Products Trading Co., Ltd.	24.65	24.49
	CHINA-WIDE ENTITY	360.39	360.30

Disclosure

Commerce intends to disclose to interested parties the calculations performed in connection with this final determination within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of the notice of final determination in the *Federal Register*, in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of cast iron soil pipe fittings from China, as described in the “Scope of the Investigation” section, exported by Xuanshi and Wor-Biz, entered or withdrawn from warehouse, for consumption on or after

February 20, 2018, the date of publication of the *Preliminary Determination* notice in the *Federal Register*.

Furthermore, we continue to find that critical circumstances exist pursuant to section 735(c)(4)(A) of the Act with respect to the China-wide entity. Therefore, for this entity, we will instruct CBP to continue to suspend liquidation for all appropriate entries of cast iron soil pipe fittings entered, or withdrawn from warehouse, for consumption on or after November 22, 2017, which is 90 days prior to the date of publication of the *Preliminary Determination*.

To determine the cash deposit rate,¹⁴ Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion countervailing duty (CVD) proceeding where appropriate. Accordingly, because Commerce has made a final affirmative determination for export subsidies, we offset the calculated estimated weighted-average dumping margins by the appropriate rates as indicated in the above chart.¹⁵ We made no adjustment for domestic subsidy pass-through in this case because we found no basis upon which to make such an adjustment.¹⁶

In addition, pursuant to section 735(c)(1)(B)(ii) of the Act, Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which NV exceeds U.S. price as follows: (1) the cash deposit rate for the exporter/producer combination listed in the table above will be the rate identified for that combination in the table; (2) for all combinations of exporters/producers of merchandise under consideration that have not received their own separate rate above, the cash-deposit rate will be the cash deposit rate established for the China-wide entity; and (3) for all non-Chinese exporters of the merchandise under consideration which have not received their own separate rate above, the cash deposit rate will be the cash deposit

¹⁴ See *Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations*, 76 FR 61042 (October 3, 2011).

¹⁵ See the Issues and Decision Memorandum for further discussion.

¹⁶ *Id.*

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.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the International Trade Commission (ITC) of the final affirmative determination of sales at LTFV.

As Commerce's final determination is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of cast iron soil pipe fittings from China, or sales (or the likelihood of sales) for importation, of cast iron soil pipe fittings from China. If the ITC determines that such injury does not exist, this proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, Commerce intends to issue an antidumping duty order directing CBP to assess, upon further instruction by Commerce, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is issued and published pursuant to sections 735(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: July 5, 2018.

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 I

Scope of the Investigation

The merchandise covered by this investigation is cast iron soil pipe fittings, finished and unfinished, regardless of industry or proprietary specifications, and regardless of size. Cast iron soil pipe fittings are nonmalleable iron castings of various designs and sizes, including, but not limited to, bends, tees, wyes, traps, drains, and other common or special fittings, with or without side inlets.

Cast iron soil pipe fittings are classified into two major types – hubless and hub and spigot. Hubless cast iron soil pipe fittings are manufactured without a hub, generally in compliance with Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or American Society for Testing and Materials (ASTM) specification A888. Hub and spigot pipe fittings have hubs into which the spigot (plain end) of the pipe or fitting is inserted. Cast iron soil pipe fittings are generally distinguished from other types of nonmalleable cast iron fittings by the manner in which they are connected to cast iron soil pipe and other fittings.

The subject imports are normally classified in subheading 7307.11.0045 of the Harmonized Tariff Schedule of the United States (HTSUS): Cast fittings of nonmalleable cast iron for cast iron soil pipe. They may also be entered under HTSUS 7324.29.0000 and 7307.92.3010. The HTSUS subheadings and specifications are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Final Determination of Critical Circumstances
- IV. China-Wide Rate
- V. Separate Rates
- VI. Adjustments for Countervailable Export Subsidies
- VII. Changes Since the Preliminary Determination
- VIII. Discussion of the Issues

General Issues

- Comment 1: What Rate to Assign as Adverse Facts Available (AFA) to Sibio and the China-Wide Entity
- Comment 2: Surrogate Country Selection
- Comment 3: Adjusting the Global Trade Atlas (GTA) Import Data for Movement Expenses
- Comment 4: Treatment of Certain Inputs as Materials or Overhead
- Comment 5: Reintroduced Materials
- Comment 6: Surrogate Value for Coated Sand
- Comment 7: Calculating the Margins on a Consistent Basis
- Comment 8: Calculation of Movement Expenses
- Comment 9: Non-Refundable Value Added Tax (VAT)
- Comment 10: Record-Keeping Deficiencies

Wor-Biz Issues

- Comment 11: Surrogate Value for Asphalt Paint
- Comment 12: Surrogate Value for Paint Thinner
- Comment 13: Calculation of Freight Revenue

Xuanshi Issues

- Comment 14: Surrogate Value for Pig Iron
- Comment 15: Surrogate Values for Iron Ore, Coal, and Coke
- Comment 16: Calculation of the Slag Iron By-Product Offset
- Comment 17: Calculation of the Packing Material Consumption Rates
- Comment 18: Surrogate Values for Inland and Ocean Freight

- IX. Recommendation

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