



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-090]

Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, and Preliminary Affirmative Determination of Critical Circumstances

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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that certain steel wheels 12 to 16.5 inches in diameter (certain steel wheels) from the People's Republic of China (China) are being sold in the United States at less than fair value (LTFV). The period of investigation (POI) is January 1, 2018, through June 30, 2018. Interested parties are invited to comment on this preliminary determination.

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

FOR FURTHER INFORMATION CONTACT: Kyle Clahane or Charles Doss, AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5449 or (202) 482-4474, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). We published the notice of initiation of this investigation on

September 5, 2018.¹ We exercised our discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019.² On February 6, 2019, we postponed the preliminary determination of this investigation and the revised deadline is now April 15, 2019.³ For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II 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>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are certain steel wheels 12 to 16.5 inches in diameter from China. For a complete description of the scope of this investigation, *see* Appendix I.

¹ *See Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 45095 (September 5, 2018) (*Initiation Notice*) and accompanying Initiation Checklist.

² *See* memorandum, “Deadlines Affected by the Partial Shutdown of the Federal Government,” dated January 28, 2019.

³ *See Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 84 FR 2169 (February 6, 2019).

⁴ *See* memorandum, “Decision Memorandum for the Preliminary Determination in the Less Than Fair Value Investigation of Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China,” dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. For a summary of the product coverage comments and rebuttal responses submitted to the record for this investigation, and accompanying discussion and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.⁷ We are preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* the revised scope in Appendix I to this notice.

Methodology

We are conducting this investigation in accordance with section 731 of the Act. Pursuant to section 776(a) and (b) of the Act, we have preliminarily relied upon facts otherwise available, with adverse inferences (AFA), for the China-wide entity, including each of the companies selected for individual examination: Xiamen Sunrise Wheel Group Co., Ltd. (Sunrise), Xingmin Intelligent Transportation System Co., Ltd. (Xingmin), and Zhejiang Jingu Co., Ltd. (Zhejiang Jingu). As AFA, we have assigned the highest margin alleged in the Petition of 44.35 percent.⁸

We preliminarily find a single entity, Changzhou Chungang Machinery Co., Ltd. (Chungang Machinery), which was not selected for individual examination in this investigation, to have demonstrated eligibility for a separate rate. However, because none of the mandatory

⁵ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁶ *See Initiation Notice*.

⁷ *See* memorandum, "Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People's Republic of China: Preliminary Scope Decision Memorandum," dated concurrently with, and hereby adopted by, this notice (Preliminary Scope Decision Memorandum).

⁸ *See* the petitioner's letter, "Petitions for the Imposition of Antidumping Duties and Countervailing Duties on Imports of Certain Steel Wheels 12 – 16.5 Inches in Diameter from the People's Republic of China," dated August 8, 2018 (the Petition). We adjusted the Petition rate when we initiated this investigation. *See* Initiation Checklist at Attachment V.

respondents are receiving a separate rate and we are determining the China-wide rate based on AFA, we look to section 735(c)(5)(B) of the Act for guidance and are, consistent with that provision, using “any reasonable method” to determine the rate for exporters that are not being individually examined and found to be entitled to a separate rate. As “any reasonable method,” we find it appropriate to assign the simple average of the Petition rates (*i.e.*, 38.27 percent)⁹ to Chungang Machinery, the separate rate applicant not individually examined.¹⁰

For a full description of the methodology underlying Commerce’s preliminary determination, *see* the Preliminary Decision Memorandum.

Preliminary Affirmative Determination of Critical Circumstances

In accordance with section 733(e) of the Act and 19 CFR 351.206, Commerce preliminarily determines that critical circumstances exist with respect to imports of certain steel wheels from China for Chungang Machinery, the company eligible for a separate rate, and the China-wide entity. For a full description of the methodology and results of Commerce’s critical circumstances analysis, *see* the Preliminary Decision Memorandum.

Combination Rates

In the *Initiation Notice*,¹¹ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation.

Policy Bulletin 05.1 describes this practice.¹²

⁹ *Id.* The individual Petition rates, as recalculated in the Initiation Checklist, were 44.35, 37.24, 43.12, 42.28, 37.32, 30.48, 36.11, and 35.27 percent. The simple average of these margins is 38.27 percent.

¹⁰ *See, e.g., Carton-Closing Staples From the People’s Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 83 FR 13236 (March 28, 2018) and accompanying Issues and Decision Memorandum at Comment 3 (citing, *e.g., Galvanized Steel Wire from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 17430 (March 26, 2012)).

¹¹ *See Initiation Notice* at 83 FR 45099.

¹² *See* Enforcement and Compliance’s Policy Bulletin No. 05.1, regarding, “Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries,” dated April 5, 2005 (Policy Bulletin 05.1), available on Commerce’s Web site at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist.

Producer	Exporter	Estimated Weighted-Average Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offsets) (percent)
Changzhou Chungang Machinery Co., Ltd.	Changzhou Chungang Machinery Co., Ltd.	38.27	37.65
China-Wide Entity		44.35	43.73

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*, as discussed below. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as indicated in the chart above as follows: (1) for the producer/exporter combinations listed in the table above, the cash deposit rate is equal to the estimated weighted-average dumping margin listed for that combination in the table; (2) for all combinations of Chinese producers/exporters of merchandise under consideration that have not established eligibility for their own separate rates, the cash deposit rate will be equal to the estimated weighted-average dumping margin established for the China-wide entity; and (3) for all third-country exporters of merchandise under consideration not listed in the table above, the cash

deposit rate is the cash deposit rate applicable to the Chinese producer/exporter combination (or the China-wide entity) that supplied that third-country exporter.

Section 733(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of merchandise entered, or withdrawn from warehouse, for consumption on or after the later of (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered, or (b) the date on which notice of initiation of the investigation was published.

Commerce preliminarily finds that critical circumstances exist for imports of subject merchandise from the following producer/exporter combinations: Chungang Machinery, the company eligible for a separate rate, and the China-wide entity. In accordance with section 733(e)(2)(A) of the Act, the suspension of liquidation shall apply to all unliquidated entries of merchandise from the producer/exporter combinations identified in this paragraph that were entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days before the publication of this notice.

To determine the cash deposit rate, 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 when CVD provisional measures are in effect. Accordingly, where Commerce has made a preliminary affirmative determination for domestic subsidy pass-through or export subsidies, Commerce has offset the calculated estimated weighted-average dumping margin by the appropriate rate(s). Any such adjusted rates may be found in the “Preliminary Determination” section’s chart of estimated weighted-average dumping margins above.

Should provisional measures in the companion CVD investigation expire prior to the expiration of provisional measures in this LTFV investigation, Commerce will direct CBP to begin collecting cash deposits at a rate equal to the estimated weighted-average dumping margins calculated in this preliminary determination unadjusted for the passed-through domestic subsidies or for export subsidies at the time the CVD provisional measures expire.

These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with a preliminary 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 preliminarily applied AFA to the mandatory respondents in this investigation in accordance with section 776 of the Act, and the applied AFA rate is based solely on the Petition, and the rate assigned to the separate rate company was a simple average of the Petition rates, there are no calculations to disclose.

Verification

Because the mandatory respondents in this investigation did not provide information requested by Commerce and Commerce preliminarily determines each of the mandatory respondents to have been uncooperative, verification will not be conducted.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than 30 days after the date of publication of the preliminary determination, unless the Secretary alters the time limit. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for

case briefs.¹³ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation 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.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC, 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Final Determination

Section 735(a)(1) of the Act and 19 CFR 351.210(b)(1) provide that Commerce will issue the final determination within 75 days after the date of its preliminary determination. Accordingly, Commerce will make its final determination no later than 75 days after the signature date of this preliminary determination.

International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its preliminary determination of sales at LTFV. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of the

¹³ See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

Dated: April 15, 2019.

Appendix I

Scope of the Investigation

The scope of this investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 12 inches to 16.5 inches within the scope are generally for road and highway trailers and other towable equipment, including, inter alia, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes. The standard widths of certain on-the-road steel wheels are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope.

The scope includes rims and discs for certain on-the-road steel wheels, whether imported as an assembly, unassembled, or separately. The scope includes certain on-the-road steel wheels regardless of steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. The scope also includes certain on-the-road steel wheels with discs in either a “hub-piloted” or “stud-piloted” mounting configuration, though the stud-piloted configuration is most common in the size range covered.

All on-the-road wheels sold in the United States must meet Standard 110 or 120 of the National Highway Traffic Safety Administration’s (NHTSA) Federal Motor Vehicle Safety Standards, which requires a rim marking, such as the “DOT” symbol, indicating compliance with applicable motor vehicle standards. See 49 CFR 571.110 and 571.120. The scope includes certain on-the-road steel wheels imported with or without NHTSA’s required markings.

Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem or rims imported as an assembly with a tire mounted on the rim and/or with a valve stem are included in the scope of this investigation. However, if the steel wheels or rims are imported as an assembly with a tire mounted on the wheel or rim and/or with a valve stem attached, the tire and/or valve stem is not covered by the scope.

The scope includes rims, discs, and wheels that have been further processed in a third country, including, but not limited to, the painting of wheels from China and the welding and painting of rims and discs from China to form a steel wheel, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in China.

Excluded from this scope are the following:

- (1) Steel wheels for use with tube-type tires; such tires use multi piece rims, which are two-piece and three-piece assemblies and require the use of an inner tube;
- (2) aluminum wheels;
- (3) certain on-the-road steel wheels that are coated entirely in chrome;
- (4) steel wheels that do not meet Standard 110 or 120 of the NHTSA’s requirements other than the rim marking requirements found in 49 CFR 571.110S4.4.2 and 571.120S5.2;

- (5) steel wheels that meet the following specifications: steel wheels with a nominal wheel diameter ranging from 15 inches to 16.5 inches, with a rim width of 8 inches or greater, and a wheel backspacing ranging from 3.75 inches to 5.5 inches; and
- (6) steel wheels with wire spokes.

Certain on-the-road steel wheels subject to this investigation are properly classifiable under the following category of the Harmonized Tariff Schedule of the United States (HTSUS): 8716.90.5035 which covers the exact product covered by the scope whether entered as an assembled wheel or in components. Certain on-the-road steel wheels entered with a tire mounted on them may be entered under HTSUS 8716.90.5059 (Trailers and semi-trailers; other vehicles, not mechanically propelled, parts, wheels, other, wheels with other tires) (a category that will be broader than what is covered by the scope). While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

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- III. Period of Investigation
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 - A. Non-Market Economy Country
 - B. Separate Rates
 - i. Absence of *De Jure* control
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 - C. China-Wide Entity
 - D. Application of Facts Available and Adverse Inferences
 - i. Application of Facts Available
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- VIII. Adjustment Under Section 777(A)(f) of the Act
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[FR Doc. 2019-08005 Filed: 4/19/2019 8:45 am; Publication Date: 4/22/2019]