DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-028]


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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that imports of unfinished blends of hydrofluorocarbon (HFC) components R-32 and R-125 from the People’s Republic of China (China) are circumventing the antidumping duty (AD) order on HFC blends from China. As a result, imports of blends of HFC components R-32 and R-125 from China will be subject to suspension of liquidation effective June 18, 2019. We invite interested parties to comment on this preliminary determination.

DATES: Applicable [insert date of publication in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Andrew Medley or Jacob Garten, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4987 or (202) 482-3342, respectively.

SUPPLEMENTARY INFORMATION:

Background

Commerce received information from U.S. Customs and Border Protection (CBP) relating to the Order on HFC blends from China regarding certain blends comprised of HFC
components R-32 and R-125, which closely resemble subject HFC blends from China. On April 2, 2018, Commerce published a notice that it was opening a scope segment of the proceeding and provided an opportunity for interested parties to comment. On June 12, 2018, the American HFC Coalition (the petitioner) filed comments on the CBP entry packages; on June 18, 2018, Weitron, Inc. and Weitron International Refrigeration Equipment (Kunshan) Co., Ltd. (Weitron Kunshan) (collectively, Weitron) filed rebuttal comments.

On August 14, 2018, the petitioner filed a request that, pursuant to section 781(a) of the Tariff Act of 1930, as amended (the Act), Commerce initiate an anti-circumvention inquiry regarding imports of unfinished blends of HFC components R-32 and R-125 from China that are further processed into finished HFC blends in the United States, which the petitioner alleged are circumventing the Order. On August 23, 2018, Weitron submitted rebuttal comments.

On June 18, 2019, Commerce initiated the anti-circumvention inquiry with respect to unfinished blends of HFC components R-32 and R-125 from China that are further processed into finished HFC blends in the United States. On June 24, 2019, we requested comments from

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1 R-32 is also known as Difluoromethane; R-125 is also known as Pentfluoroethane.
3 See 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People’s Republic of China; Cold-Rolled Steel Flat Products from Japan; Hydrofluorocarbon Blends from the People’s Republic of China; Light-Walled Rectangular Pipe and Tube from the People’s Republic of China: Opening of Scope Segments and Opportunity to Comment, 83 FR 13952 (April 2, 2018).
interested parties on respondent selection and the period of inquiry (POI).

In July 2019, we received comments on respondent selection and the POI from the petitioner and ICool International Commerce Limited (ICool). ICool requested treatment as a voluntary respondent.

On October 31, 2019, we placed on the record CBP data for U.S. imports under Harmonized Tariff Schedule of the United States (HTSUS) numbers 3824.78.0020 and 3824.78.0050, and solicited comments on these data. We issued quantity and value (Q&V) questionnaires to 19 companies on the same date.

On November 7, 2019, we received comments on the CBP data from Shandong Huaan New Material Co. Ltd. (Shandong Huaan), Zhejiang Qhua Fluor-Chemistry Co., Ltd. (Zhejiang Qhua), Zhejiang Yonghe New Type Refrigerant Co., Ltd. (Zhejiang Yonghe), and Zibo Feiyuan Chemical Co., Ltd. (Zibo Feiyuan). The Q&V questionnaire responses indicate that, of the 15

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11 See ICool Respondent Selection Comments.


13 Id.

companies responding, Weitron Inc. is the only importer of R-32/R-125 blends, and Weitron Kunshan is the only exporter/producer of R-32/R-125 blends after the imposition of the Order.

On December 13, 2020, we selected Weitron Inc. and Weitron Kunshan as the only mandatory respondents in this inquiry.\(^{15}\) On that same date we issued an initial questionnaire to Weitron Inc. and Weitron Kunshan.\(^{16}\) On January 3, 2020, Weitron Inc. and Weitron Kunshan notified Commerce that they did not intend to respond to the initial questionnaire issued by Commerce.\(^{17}\)

**Scope of the Order**

The products subject to the Order are HFC blends. HFC blends covered by the scope are R-404A, a zeotropic mixture consisting of 52 percent 1,1,1 Trifluoroethane, 44 percent Pentafluoroethane, and 4 percent 1,1,1,2-Tetrafluoroethane; R-407A, a zeotropic mixture of 20 percent Difluoromethane, 40 percent Pentafluoroethane, and 40 percent 1,1,1,2-Tetrafluoroethane; R-407C, a zeotropic mixture of 23 percent Difluoromethane, 25 percent Pentafluoroethane, and 52 percent 1,1,1,2-Tetrafluoroethane; R-410A, a zeotropic mixture of 50 percent Difluoromethane and 50 percent Pentafluoroethane; and R-507A, an azeotropic mixture of 50 percent Pentafluoroethane and 50 percent 1,1,1-Trifluoroethane also known as R-507. The foregoing percentages are nominal percentages by weight. Actual percentages of single

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component refrigerants by weight may vary by plus or minus two percent points from the nominal percentage identified above.\textsuperscript{18}

Any blend that includes an HFC component other than R-32, R-125, R-143a, or R-134a is excluded from the scope of the \textit{Order}.

Excluded from the \textit{Order} are blends of refrigerant chemicals that include products other than HFCs, such as blends including chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), hydrocarbons (HCs), or hydrofluoroolefins (HFOs).

Also excluded from the \textit{Order} are patented HFC blends, including, but not limited to, ISCEON\textsuperscript{®} blends, including MO99\textsuperscript{TM} (R-438A), MO79 (R-422A), MO59 (R-417A), MO49Plus\textsuperscript{TM} (R-437A) and MO29\textsuperscript{TM} (R-4 22D), Genetron\textsuperscript{®} Performax\textsuperscript{™} LT (R-407F), Choice\textsuperscript{®} R-421A, and Choice\textsuperscript{®} R-421B.

HFC blends covered by the scope of the \textit{Order} are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings 3824.78.0020 and 3824.78.0050. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.\textsuperscript{19}

\textbf{Merchandise Subject to the Anti-Circumvention Inquiry}

This anti-circumvention inquiry covers imports of partially finished blends of HFC components R-32 (also known as Difluoromethane) and R-125 (also known as

\textsuperscript{18}R-404A is sold under various trade names, including Forane\textsuperscript{®} 404A, Genetron\textsuperscript{®} 404A, Solkane\textsuperscript{®} 404A, Klea\textsuperscript{®} 404A, and Suva\textsuperscript{®}404A. R-407A is sold under various trade names, including Forane\textsuperscript{®} 407A, Solkane\textsuperscript{®} 407A, Klea\textsuperscript{®}407A, and Suva\textsuperscript{®}407A. R-407C is sold under various trade names, including Forane\textsuperscript{®} 407C, Genetron\textsuperscript{®} 407C, Solkane\textsuperscript{®} 407C, Klea\textsuperscript{®}407C and Suva\textsuperscript{®}407C. R-410A is sold under various trade names, including EcoFluor R410, Forane\textsuperscript{®} 410A, Genetron\textsuperscript{®} R410A and AZ-20, Solkane\textsuperscript{®} 410A, Klea\textsuperscript{®} 410A, Suva\textsuperscript{®} 410A, and Puron\textsuperscript{®}. R-507A is sold under various trade names, including Forane\textsuperscript{®} 507, Solkane\textsuperscript{®} 507, Klea\textsuperscript{®}507, Genetron\textsuperscript{®}AZ-50, and Suva\textsuperscript{®}507. R-32 is sold under various trade names, including Solkane\textsuperscript{®}32, Forane\textsuperscript{®}32, and Klea\textsuperscript{®}32. R-125 is sold under various trade names, including Solkane\textsuperscript{®}125, Klea\textsuperscript{®}125, Genetron\textsuperscript{®}125, and Forane\textsuperscript{®}125. R-143a is sold under various trade names, including Solkane\textsuperscript{®}143a, Genetron\textsuperscript{®}143a, and Forane\textsuperscript{®}125.

\textsuperscript{19}See Order.
Pentafluoroethane) from China that must be further processed in the United States to create an HFC blend that would be subject to the Order.

Applicable Statute

Section 781 of the Act addresses circumvention of antidumping or countervailing duty orders. With respect to merchandise assembled or completed in the United States, section 781(a)(1) of the Act provides that if: (A) the merchandise sold in the United States is of the same class or kind as any other merchandise that is the subject of an AD order; (B) such merchandise sold in the United States is completed or assembled in the United States from parts or components produced in the foreign country with respect to which such order applies; (C) the process of assembly or completion in the United States is minor or insignificant; and (D) the value of the parts or components produced in the foreign country is a significant portion of the total value of the merchandise, then Commerce may include within the scope of the order the imported parts or components produced in the foreign country used in the completion or assembly of the merchandise in the United States, after taking into account any advice provided by the United States International Trade Commission (ITC) under section 781(e) of the Act.

In determining whether the process of assembly or completion in the United States is minor or insignificant, section 781(a)(2) of the Act directs Commerce to consider: (A) the level of investment; (B) the level of research and development; (C) the nature of the production process; (D) the extent of production facilities; and (E) whether the value of processing performed in the United States represents a small proportion of the value of the merchandise sold in the United States.

Section 781(a)(3) of the Act sets forth the factors to consider in determining whether to include parts or components in an AD order. Commerce shall take into account: (A) the pattern
of trade, including sourcing patterns; (B) whether the manufacturer or exporter of the parts or components is affiliated with the person who assembles or completes the merchandise sold in the United States; and (C) whether imports into the United States of the parts or components produced in the foreign country have increased after the initiation of the investigation which resulted in the issuance of the order.

**Affirmative Preliminary Determination of Circumvention**

For the reasons described below, we preliminarily determine, pursuant to section 781(a) of the Act, that imports of unfinished blends of HFC components R-32 and R-125 from China are circumventing the Order.

**Facts Available**

As noted above, Weitron Inc. is the only importer of R-32/R-125 blends and Weitron Kunshan is the only exporter/producer of R-32/R-125 blends after the imposition of the Order. Weitron Inc., and its affiliated Chinese exporter, Weitron Kunshan, failed to respond to Commerce’s requests for information. The questionnaire Commerce issued to Weitron was designed to elicit information for purposes of conducting both qualitative and quantitative analyses in accordance with the criteria enumerated in section 781(a) of the Act, as outlined above. This approach is consistent with our analysis in previous anti-circumvention inquiries.

Without this information Commerce has no choice but to resort to the use of facts available in making its determination pursuant to section 776(a)(2) of the Act. In selecting from

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20 See Weitron Notification of Intent Not to Respond.

among the facts available, Commerce determines that an adverse inference is warranted, pursuant to section 776(b) of the Act, because Weitron failed to comply to the best of its ability with Commerce’s request for information.

Section 776(a) of the Act requires Commerce to resort to facts otherwise available if necessary information is not available on the record or when an interested party or any other person withholds information that has been requested by Commerce. As provided in section 782(c)(1) of the Act, if an interested party, promptly after receiving a request from Commerce for information, notifies Commerce that such party is unable to submit the information requested in the requested form and manner, Commerce may modify the requirements to avoid imposing an unreasonable burden on that party. However, Weitron did not notify Commerce that it was unable to comply with Commerce’s request. Rather, Weitron informed Commerce that, considering the cost and time, and in light of the fact that it had no further entries of subject unfinished blends after the date of initiation of this proceeding, nor any plans to import such unfinished blends, it did not intend to respond to the initial questionnaire issued in this proceeding. Consequently, because Weitron failed to respond to Commerce’s questionnaire, we must base the preliminary determination in this inquiry on the facts otherwise available.

Section 776(b) of the Act permits Commerce to use an inference that is adverse to the interests of an interested party if that party fails to cooperate by not acting to the best of its ability to comply with a request for information. Given that Weitron refused to comply with Commerce’s request for information, we find that Weitron failed to cooperate by not acting to the best of its ability. The refusal by Weitron to respond to our questionnaire precludes Commerce from making a determination based on a complete record as to whether the

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22 See sections 776(a)(1) and 776(a)(2)(A) of the Act.
23 See Weitron Notification of Intent Not to Respond at 1.
importation of unfinished blends of R-32 and R-125 from China is circumventing the AD order. In addition, because Weitron failed to provide Commerce with any information, we are also unable to distinguish between their imports or purchases of unfinished blends of HFC components R-32 and R-125 from China for purposes other than U.S. assembly into merchandise covered by the Order. Accordingly, we are making an adverse inference pursuant to section 776(b) of the Act that unfinished blends of HFC components R-32 and R-125 from China are completed or assembled in the United States into merchandise covered by the Order within the meaning of section 781(a) of the Act. Therefore, we preliminarily find that these unfinished blends of HFC components R-32 and R-125 from China are subject merchandise.

Section 776(c) of the Act provides that when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, Commerce shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. The Statement of Administrative Action (SAA), which accompanied the Uruguay Round Agreements Act,\(^{24}\) states that the independent sources may include published price lists, official import statistics and customs data, and information obtained from interested parties during the investigation or review.\(^{25}\) The SAA also clarifies that “corroborate” means that Commerce will satisfy itself that the secondary information to be used has probative value.\(^{26}\) To the extent practicable, Commerce will examine the reliability and relevance of the information used.\(^ {27}\)

\(^{24}\) See H.R. Doc. No. 316, 103rd Congress, 2nd Session (1994).
\(^{25}\) See SAA at 870.
\(^{26}\) Id.
\(^{27}\) See, e.g., *Circumvention and Scope Inquiries on the Antidumping Duty Order on Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Partial Affirmative Final Determination of Circumvention of the Antidumping Duty Order, Partial Final Termination of Circumvention Inquiry and Final Rescission of Scope Inquiry*, 71 FR 38608 (July 7, 2006), and accompanying Issues and Decision Memorandum (IDM) at Comment 2B.
We reviewed all information on the record including the petitioner’s August 14, 2018, request for this anti-circumvention inquiry, its subsequent submissions, and Commerce’s initiation of this inquiry. The petitioner demonstrated that imported unfinished blends of HFC components R-32/R-125 produced in China may be further processed into HFC blends covered by the Order, which satisfies section 781(a)(1)(A)(i) of the Act. The petitioner demonstrated that the imported unfinished blends of HFC components R-32/R-125 cannot be sold in the U.S. market and, therefore, must be adjusted after importation to be sold in the United States, which satisfies section 781(a)(1)(B) of the Act. The petitioner also provided evidence that the finished HFC blends assembly process in the United States is minor or insignificant under section 781(a)(1)(C) of the Act. Although the petitioner did not have direct and specific information from U.S. assemblers, they were able to provide information based on the ITC’s investigation, Commerce’s underlying investigation, and proprietary data, which satisfies sections 781(a)(1)(C) and 781(a)(2) of the Act. With respect to whether the value of the parts or components produced in China (i.e., the unfinished blends of HFC components R-32 and R-125) is a significant portion of the total value of the merchandise subject to the Order, the

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28 See Initiation Request.
29 See Notice of Initiation.
31 Id. at 28277 (citing Petitioner’s June 12, 2018 Scope Comments at 4; and Weitron’s Letter, “Weitron’s Response to American HFC Coalition’s Comments on Scope Segment, Antidumping Duty Order on Hydrofluorocarbon Blends from the People’s Republic of China,” dated June 18, 2018 (Weitron’s Scope Comments), at 3; and Initiation Request at 7-9).
32 Id. at 28277-78 (citing Initiation Request at 11-15 and Exhibits 1, 2, 3, and 4; and Weitron’s Scope Comments).
33 Id. at 282278 (citing Initiation Request at 16-17 and Exhibits 5 and 6; and Hydrofluorocarbon Blends and Components Thereof from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, 81 FR 42314 (June 29, 2016), and accompanying IDM at Comment 4).
The petitioner presented information demonstrating a change in the pattern of trade, which satisfies section 781(a)(3)(A) of the Act, and that there is a capability for numerous facilities to adopt this approach, which could result in a negation of the effect of the Order. Thus, we conclude that the evidence on the record, considered in light of the non-cooperation of Weitron and our application of facts available with adverse inferences, is sufficient to preliminarily determine that there has been circumvention within the meaning of section 781(a) of the Act.

**Suspension of Liquidation**

In accordance with 19 CFR 351.225(l)(2), Commerce will instruct CBP to suspend liquidation of all unfinished blends of HFC components R-32 and R-125 (as defined in the Merchandise Subject to the Anti-Circumvention Inquiry section above) from China that are entered, or withdrawn from warehouse, for consumption on or after June 18, 2019, the date of initiation of this anti-circumvention inquiry. CBP shall require cash deposits in accordance with those rates prevailing at the time of entry, depending upon the exporter in question.

**Notification to the ITC**

Consistent with section 781(e) of the Act, Commerce is notifying the ITC of this affirmative preliminary determination to include the merchandise subject to this inquiry within the AD order on HFC blends from China. Pursuant to section 781(e) of the Act, the ITC may request consultations concerning Commerce’s proposed inclusion of the subject merchandise. These consultations must be concluded within 15 days after the date of the request. If, after

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34 *Id.* at 28278 (citing Initiation Request at 17-19 and Exhibits 5 and 6; and HFCs CBP Memo at Attachments).

35 *Id.* at 28278 (citing Initiation Request at 19-21 and Exhibit 3 and 4; and HFCs CBP Memo at Attachments).

consultations, the ITC believes that a significant injury issue is presented by the proposed inclusion, it will have 60 days to provide written advice to Commerce.

Public Comment

Interested parties may submit case briefs to Commerce no later than 30 days after the date of publication of this notice.\textsuperscript{37} Rebuttal briefs, limited to issues raised in the case briefs, may be filed no later than five days after the time limit for filing case briefs.\textsuperscript{38} Parties who submit case briefs or rebuttal briefs in this proceeding 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.\textsuperscript{39} Case and rebuttal briefs should be filed electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS).\textsuperscript{40}

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, filed electronically and received successfully in its entirety, via ACCESS by 5:00 p.m. Eastern Time within 30 days after the date of publication of this notice.\textsuperscript{41} Hearing requests should contain: (1) the party’s name, address, and telephone number; (2) the number of participants; and (3) a list of issues to be discussed. Issues raised in the hearing will be limited to issues raised in the briefs. If a request for a hearing is made, parties will be notified of the date and time for the hearing to

\textsuperscript{37} See 19 CFR 351.309(c).
\textsuperscript{38} See 19 CFR 351.309(d).
\textsuperscript{39} See 19 CFR 351.309(c)(2) and (d)(2).
\textsuperscript{40} See 19 CFR 351.303.
\textsuperscript{41} See 19 CFR 351.310(c).
be held at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.\textsuperscript{42}

Commerce will publish the final determination with respect to this anti-circumvention inquiry, including the results of its analysis of any written comments. The deadline for the final determination is currently April 7, 2020.

Notification to Interested Parties

This notice is published in accordance with section 781(a) of the Act and 19 CFR 351.225(g).


Christian Marsh,
Deputy Assistant Secretary
for Enforcement and Compliance.

\textsuperscript{42} Id.