DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-907]

Ultra-High Molecular Weight Polyethylene from the Republic of Korea: Initiation of Less-Than-Fair-Value Investigation

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


FOR FURTHER INFORMATION CONTACT: Darla Brown or Ian Hamilton, 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) 482-1791 or (202) 482-4798, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On March 4, 2020, the U.S. Department of Commerce (Commerce) received an antidumping duty (AD) petition concerning imports of ultra-high molecular weight polyethylene (ultra-high polyethylene) from the Republic of Korea (Korea), filed in proper form on behalf of Celanese Corporation (the petitioner).¹

¹ See Petitioner’s Letter, “Petitioners for the Imposition of Antidumping Duties: Ultra-High Molecular Weight Polyethylene from South Korea,” dated March 3, 2020 (Petition). The Petition was filed with Commerce and the U.S. International Trade Commission (ITC) on March 3, 2020, after 12:00 noon, and pursuant to 19 CFR 207.10(a), is deemed to have been filed with the ITC on the next business day, March 4, 2020. Because section 732(b)(2) of the Tariff Act of 1930, as amended (the Act), requires simultaneous filing of the Petition with Commerce and the ITC, Commerce deemed the Petition to have been filed with Commerce on March 4, 2020. See Memorandum, “Decision Memorandum Concerning the Filing Date of the Petition,” dated March 9, 2020.
On March 6 and 12, 2020, Commerce requested supplemental information pertaining to certain aspects of the Petition. On March 10 and 16, 2020, respectively, the petitioner filed its responses to these supplemental questionnaires.

In accordance with section 732(b) of the Act, the petitioner alleges that imports of ultra-high polyethylene from Korea are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, the domestic industry producing ultra-high polyethylene in the United States. Consistent with section 732(b)(1) of the Act, the Petition is accompanied by information reasonably available to the petitioner supporting its allegation.

Commerce finds that the petitioner filed the Petition on behalf of the domestic industry, because the petitioner is an interested party, as defined by section 771(9)(C) of the Act. Commerce also finds that the petitioner demonstrated sufficient industry support with respect to the initiation of the requested AD investigation.

**Period of Investigation**

Because the Petition was filed on March 4, 2020, pursuant to 19 CFR 351.204(b)(1), the period of investigation (POI) is January 1, 2019 through December 31, 2019.

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Scope of the Investigation

The product covered by this investigation is ultra-high molecular weight polyethylene from Korea. For a full description of the scope of this investigation, see the appendix to this notice.

Comments on the Scope of the Investigation

During our review of the Petition, we contacted the petitioner regarding the proposed scope to ensure that the scope language in the Petition is an accurate reflection of the products for which the domestic industry is seeking relief. The description of the merchandise covered by this investigation, as described in the appendix to this notice, reflects these clarifications.

Consistent with the Preamble to Commerce’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (i.e., scope). Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determination. If scope comments include factual information, all such factual information should be limited to public information. To facilitate preparation of its questionnaire, Commerce requests that all interested parties submit scope comments by 5:00 p.m. Eastern Time (ET) on April 13, 2020, which is 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on April 23, 2020, which is 10 calendar days from the initial comment deadline.

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5 See Supplemental Questionnaire and Second Supplemental Questionnaire; Petition Supplement at Exhibit GEN-SUP-11; and Petition Second Supplement at Exhibit GEN-2SUP-1.
6 See Antidumping Duties; Countervailing Duties, Final Rule, 62 FR 27296, 27323 (May 19, 1997) (Preamble).
7 See 19 CFR 351.102(b)(21) (defining “factual information”).
8 See 19 CFR 351.303(b).
Commerce requests that any factual information parties consider relevant to the scope of the investigation be submitted during this period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information.

**Filing Requirements**

All submissions to Commerce must be filed electronically via Enforcement and Compliance’s Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS). An electronically filed document must be received successfully in its entirety by the time and date it is due. Documents exempted from the electronic submission requirements must be filed manually (i.e., in paper form) with Enforcement and Compliance’s APO/Dockets Unit, Room 18022, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, and stamped with the date and time of receipt by the applicable deadlines.

**Comments on Product Characteristics**

Commerce is providing interested parties an opportunity to comment on the appropriate physical characteristics of ultra-high polyethylene to be reported in response to Commerce’s AD questionnaire. This information will be used to identify the key physical characteristics of the merchandise under consideration in order to report the relevant costs of production accurately, as well as to develop appropriate product-comparison criteria.

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Interested parties may provide any information or comments that they feel are relevant to the development of an accurate list of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as: (1) general product characteristics; and (2) product comparison criteria. We note that it is not always appropriate to use all product characteristics as product comparison criteria. We base product comparison criteria on meaningful commercial differences among products. In other words, although there may be some physical product characteristics utilized by manufacturers to describe ultra-high polyethylene, it may be that only a select few product characteristics take into account commercially meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in matching products. Generally, Commerce attempts to list the most important physical characteristics first and the least important characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the AD questionnaire, all product characteristics comments must be filed by 5:00 p.m. ET on April 13, 2020, which is 20 calendar days from the signature date of this notice.\(^\text{10}\) Any rebuttal comments must be filed by 5:00 p.m. ET on April 23, 2020. All comments and submissions to Commerce must be filed electronically using ACCESS, as explained above, on the record of the investigation.

**Determination of Industry Support for the Petition**

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the

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\(^\text{10}\) See 19 CFR 351.303(b).
total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, Commerce shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The ITC, which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.

Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product

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11 See section 771(10) of the Act.
analysis begins is “the article subject to an investigation” (i.e., the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that ultra-high polyethylene, as defined in the scope, constitutes a single domestic like product, and we have analyzed industry support in terms of that domestic like product.

In determining whether the petitioner has standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the “Scope of the Investigation,” in the appendix to this notice. To establish domestic production, the petitioner provided its own production of the domestic like product in 2019, as well as estimated 2019 effective total U.S. production capacity of the only other known producer of domestic like product. To establish industry support, the petitioner compared its production to the estimated total production of the domestic like product for the entire domestic industry. We relied on data provided by the petitioner for purposes of measuring industry support.

Our review of the data provided in the Petition, the General Issues Supplement, the Second General Issues Supplement, and other information readily available to Commerce indicates that the petitioner has established industry support for the Petition. First, the Petition

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13 See Volume I of the Petition at 14-18 and Exhibits GEN-12 and GEN-18.
14 For a discussion of the domestic like product analysis as applied to this case and information regarding industry support, see Initiation Checklist at Attachment II.
15 See Volume I of the Petition at 6-7 and Exhibit GEN-2; see also Petition Supplement at 2-5 and Exhibits GEN-SUP-2 through GEN-SUP-7, and GEN-SUP-10; and Second Petition Supplement at 1.
16 Id.
17 Id. For further discussion, see Initiation Checklist at Attachment II.
18 Id.
established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (e.g., polling). Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, Commerce determines that the Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at LTFV. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

The petitioner contends that the industry’s injured condition is illustrated by a significant and increasing volume of subject imports; reduced market share; underselling and price

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19 See section 732(c)(4)(D) of the Act; see also Initiation Checklist at Attachment II.
20 See Initiation Checklist at Attachment II.
21 Id.
22 Id.
23 See Volume I of the Petition at 19 and Exhibit GEN-8; see also Petition Supplement at 5.
depression or suppression; lost sales and revenues; and declining financial performance.\textsuperscript{24} We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as negligibility, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.\textsuperscript{25}

**Allegations of Sales at LTFV**

The following is a description of the allegations of sales at LTFV upon which Commerce based its decision to initiate an AD investigation of imports of ultra-high polyethylene from Korea. The sources of data for the deductions and adjustments relating to U.S. price and normal value (NV) are discussed in greater detail in the Initiation Checklist.

**Export Price**

The petitioner based export price (EP) on the average unit values (AUVs) of the official U.S. import statistics obtained from the ITC’s Dataweb (Dataweb). The petitioner made deductions from these AUVs for foreign inland freight expenses. The petitioner also based EP on an offer for sale from Korea Petrochemical Industry Corporation (KPIC) to a customer of the petitioner. The petitioner made deductions from this offer for sale for foreign inland freight expenses, foreign brokerage and handling charges, ocean freight expenses, marine insurance expenses, merchandise processing fees, U.S. brokerage and handling charges, and U.S. inland freight expenses.\textsuperscript{26}

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\textsuperscript{24} See Volume I of the Petition at 20-22 and Exhibits GEN-9 and GEN-10; see also Petition Supplement at 5-7 and Exhibit GEN-SUP-9.


\textsuperscript{26} See Initiation Checklist at 6-8.
Normal Value

The petitioner based NV on home market price quotes obtained through market research for ultra-high polyethylene produced in and sold, or offered for sale, in Korea within the POI. The petitioner deducted foreign inland freight expenses from the home market prices.

Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of ultra-high polyethylene from Korea are being, or are likely to be, sold in the United States at LTFV. Based on comparisons of EP to NV, in accordance with sections 772 and 773 of the Act, the estimated dumping margins for ultra-high polyethylene from Korea range from 13.16 to 153.35 percent.

Initiation of LTFV Investigation

We find that the Petition and supplemental responses meet the requirements of section 732 of the Act. Therefore, we are initiating an AD investigation to determine whether imports of ultra-high polyethylene from Korea are being, or are likely to be, sold in the United States at LTFV. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

27 In accordance with section 505(a) of the Trade Preferences Extension Act of 2015, amending section 773(b)(2) of the Act, for this investigation, Commerce will request information necessary to calculate the constructed value and cost of production (COP) to determine whether there are reasonable grounds to believe or suspect that sales of the foreign like product have been made at prices that represent less than the COP of the product. Commerce no longer requires a COP allegation to conduct this analysis.
28 See Initiation Checklist at 6-8.
29 Id.
30 Id.
Respondent Selection

Although Commerce normally relies on import data from using U.S. Customs and Border Protection import statistics to determine whether to select a limited number of producers/exporters for individual examination in AD investigations, the petitioner identified only one company in Korea, i.e., KPIC, as a producer/exporter of ultra-high polyethylene and provided independent, third-party information as support.31 We currently know of no additional producers/exporters of ultra-high polyethylene from Korea. Accordingly, Commerce intends to examine all known Korean producers/exporters (i.e., KPIC). We invite interested parties to comment on this issue. Such comments may include factual information within the meaning of 19 CFR 351.102(b)(21). Parties wishing to comment must do so within three business days of the publication of this notice in the Federal Register. Comments must be filed electronically using ACCESS. An electronically-filed document must be received successfully in its entirety via ACCESS by 5:00 p.m. ET on the specified deadline.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public version of the Petition have been provided to the Government of Korea via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the Petition to each exporter named in the Petition, as provided under 19 CFR 351.203(c)(2).

ITC Notification

We will notify the ITC of our initiation, as required by section 732(d) of the Act.

31 See Volume I of the Petition at 12 and Exhibit GEN-15, Volume II of the Petition at 4 and Exhibit AD-II-1; see also Petition Supplement at Exhibit AD-II-SUP-13.
**Preliminary Determination by the ITC**

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of ultra-high polyethylene from Korea are materially injuring, or threatening material injury to, a U.S. industry. A negative ITC determination will result in the investigation being terminated. Otherwise, this AD investigation will proceed according to statutory and regulatory time limits.

**Submission of Factual Information**

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)–(iv). 19 CFR 351.301(b) requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct. Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in this investigation.

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32 See section 733(a) of the Act.
33 Id.
34 See 19 CFR 351.301(b).
35 See 19 CFR 351.301(b)(2).
Particular Market Situation Allegation

Section 504 of the Trade Preferences Extension Act of 2015 amended the Act by adding the concept of particular market situation (PMS) for purposes of constructed value under section 773(e) of the Act.\(^3^6\) Section 773(e) of the Act states that “if a particular market situation exists such that the cost of materials and fabrication or other processing of any kind does not accurately reflect the cost of production in the ordinary course of trade, the administering authority may use another calculation methodology under this subtitle or any other calculation methodology.”

When an interested party submits a PMS allegation pursuant to section 773(e) of the Act, Commerce will respond to such a submission consistent with 19 CFR 351.301(c)(2)(v). If Commerce finds that a PMS exists under section 773(e) of the Act, then it will modify its dumping calculations appropriately.

Neither section 773(e) of the Act nor 19 CFR 351.301(c)(2)(v) sets a deadline for the submission of PMS allegations and supporting factual information. However, in order to administer section 773(e) of the Act, Commerce must receive PMS allegations and supporting factual information with enough time to consider the submission. Thus, should an interested party wish to submit a PMS allegation and supporting new factual information pursuant to section 773(e) of the Act, it must do so no later than 20 days after submission of a respondent’s initial section D questionnaire response.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by Commerce. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit.

established under 19 CFR 351.301. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, we will inform parties in a letter or memorandum setting forth the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Parties should review Extension of Time Limits; Final Rule, 78 FR 57790 (September 20, 2013), available at http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm, prior to submitting factual information in this investigation.

Certification Requirements

Any party submitting factual information in an AD or countervailing duty proceeding must certify to the accuracy and completeness of that information. Parties must use the certification formats provided in 19 CFR 351.303(g). Commerce intends to reject factual submissions if the submitting party does not comply with the applicable certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under Administrative Protective Order (APO) in accordance with 19 CFR 351.305. On January 22, 2008, Commerce published Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO

37 See section 782(b) of the Act.
Procedures, 73 FR 3634 (January 22, 2008). Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

This notice is issued and published pursuant to sections 732(c)(2) and 777(i) of the Act, and 19 CFR 351.203(c).


Jeffrey I. Kessler,
Assistant Secretary
for Enforcement and Compliance.
Appendix

Scope of the Investigation

The merchandise covered by the scope is ultra-high molecular weight polyethylene. Ultra-high molecular weight polyethylene is a linear polyethylene, in granular or powder form. It is defined by its melt mass-flow rate of <0.1 g/10 min, measured at 190°C and 21.6 kg load, based on the methods and calculations set forth in the International Organization for Standardization (ISO) standards 21304-1 and 21304-2. Ultra-high molecular weight polyethylene has a Chemical Abstract Service (CAS) registry number of 9002-88-4.

The scope includes all ultra-high molecular weight polyethylene in granular or powder forms meeting the above specifications regardless of additives introduced in the manufacturing process. Ultra-high molecular weight polyethylene blended with other products is included in the scope of this investigation where ultra-high molecular weight polyethylene accounts for more than 50 percent, by actual weight, of the blend and the resulting blend maintains a melt mass-flow rate of <0.1 g/10 min.

Excluded from the scope of the investigation is medical-grade ultra-high molecular weight polyethylene. Medical grade ultra-high molecular weight polyethylene has a minimum viscosity of 2000 ml/g at a concentration of 0.02% at 135°C (275°F) in decahydonaphthalene and an elongational stress of 0.2 MPa or greater. Medical-grade ultra-high molecular weight polyethylene is further defined by its ash and trace element content, which shall not exceed the following maximum quantities as set forth in ISO-5834-1: ash (125 mg/kg), titanium (40 mg/kg), calcium (5 mg/kg), chlorine (30 mg/kg), and aluminum (20 mg/kg). ISO 5834-1 further defines medical grade ultra-high molecular weight polyethylene by its particulate matter content, which requires that there shall be no more than three particles of contaminant per 300 ± 20 g tested. Each of the above criteria is calculated based on the standards and methods used in ISO 5834-1.

Ultra-high molecular weight polyethylene is classifiable under the HTSUS subheadings 3901.10.1000 and 3901.20.1000. Although the HTSUS subheadings and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.

[FR Doc. 2020-06589 Filed: 3/30/2020 8:45 am; Publication Date: 3/31/2020]