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International Trade Administration
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Changed Circumstance Review
SSI: Shanghai Peer Bearing/TRBs
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April 1, 2015

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Gary Taverman
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of Antidumping Duty Changed Circumstances Review Requested by Shanghai General Bearing Co., Ltd: Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China

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Summary

We analyzed the case and rebuttal briefs of interested parties in this changed circumstances review (CCR) of the antidumping (AD) duty order on tapered roller bearings and parts thereof, finished and unfinished (TRBs), from the People's Republic of China (PRC).[1] As a result of our analysis, we have not made changes to the Preliminary Results.[2] We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum. Below is the complete list of the issues in this review for which we received comments from parties:

1. The Time Period Examined
2. Whether the Department Should Distinguish Between Incremental Versus Rapid Changes
3. Changes to the Four Factors Considered in Successor-in-Interest (SII) Determinations

[1] See Antidumping Duty Order: Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China, 52 FR 22667 (June 15, 1987) (AD Order).

[2] See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Notice of Preliminary Results of Changed Circumstances Review and Extension of the Final Results, 79 FR 69424 (November 21, 2014) (Preliminary Results).

Background

On November 21, 2014, the Department of Commerce (the Department) published the preliminary results of this CCR of the AD Order. The Department preliminarily found that Shanghai General Bearing Co., Ltd. (SGBC/SKF) was the SII to a company with the same name which was revoked from the AD Order in 1997 (hereinafter known as SGBC).

We invited parties to comment on the Preliminary Results. We received a case brief from Stemco LP (Stemco), a U.S. manufacturer and importer of TRBs, and case and rebuttal briefs from SGBC/SKF. After analyzing the comments received, we have not changed our SII analysis from that presented in the Preliminary Results.

Scope of the Order

Imports covered by the order are shipments of tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China; flange, take up cartridge, and hanger units incorporating tapered roller bearings; and tapered roller housings (except pillow blocks) incorporating tapered rollers, with or without spindles, whether or not for automotive use. These products are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 8482.20.00, 8482.91.0050, 8482.99.15, 8482.99.45, 8483.20.40, 8483.20.80, 8483.30.80, 8483.90.20, 8483.90.30, 8483.90.80, 8708.70.6060, 8708.99.2300, 8708.99.4850, 8708.99.6890, 8708.99.8115 and, 8708.99.8180. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

Discussion of the Issues

Comment 1: *The Time Period Examined*

As noted above, in 1997 the Department revoked the AD order on TRBs produced and exported by SGBC based on a finding of no dumping by SGBC over a three-year period ending in May 1994.[3] In 2012, SGBC's majority owner, General Bearing Company (GBC), merged with a wholly-owned subsidiary of AB SKF (SKF), and as a result, SGBC became part of the SKF Group. Therefore, the Department is conducting a CCR to determine whether SGBC/SKF (in its current formulation) is the SII to SGBC and, thus, retains the revoked status of SGBC.

In the Preliminary Results, the Department analyzed record information regarding the operations of SGBC as they existed in May 1994 through the August 2012 merger. Because the company experienced two significant events since its revocation from the AD Order -- once in 2005 and again in 2012 -- we analyzed SGBC's operations from the time of its revocation to 2005, and also from 2005 to the period following SGBC's affiliation with SKF. Based on our analysis, we preliminarily found that SGBC/SKF is the SII to SGBC.

[3] See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Revocation in Part of Antidumping Duty Order, 62 FR 6189 (February 11, 1997).

Stemco disagrees with the Department's preliminary conclusion, and it argues that we should find SGBC/SKF not to be the SII to SGBC in the final results. While Stemco agrees that the Department appropriately started its analysis in 1994,[4] Stemco disagrees that it was proper to separately consider changes which occurred during the two "interim" periods identified above (i.e., 1994 through 2005, and 2005 through 2012). Rather, Stemco contends that it is the Department's practice when conducting an SII analysis to compare the company as it existed at the time it was last reviewed by the Department, to the company as it currently operates. In support of this statement, Stemco cites a number of cases involving SII determinations, including a prior segment of the TRBs proceeding.[5]

Stemco recognizes that the Department segmented its analysis into two periods out of concern that, given the nearly 20-year time span, examining only 1994 and 2012 would magnify minor changes within SGBC. However, Stemco argues that the Department's stated concerns are unjustified because the passage of time cannot magnify minor changes if they are truly minor. Further, Stemco claims that the Department not only failed to explain why it is appropriate to use 2005 as the point to divide its analysis, but also why it performed the SII analysis using interim periods at all, given that using interim periods is inconsistent with the Department's practice.[6] According to Stemco, while the Department may change its practice on an issue, the Court of Appeals for the Federal Circuit (CAFC) has held that it must provide an adequate explanation for the change,[7] and the Department has failed to do so here.

Finally, Stemco maintains that there are important policy reasons for examining the successorship period as a whole. To support this statement, Stemco quotes the Department's position in East Sea Seafoods, where the Department noted that its ability to consider all changes to a company since that company was last reviewed allows it to uphold its responsibility to assign appropriate duties and to protect U.S. industries. Stemco requests that the Department apply the same standard here and consider whether SGBC/SKF now is materially dissimilar to SGBC in 1994.

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[4] Stemco notes that, because the purpose of an SII CCR is to determine whether a company is entitled to its predecessor's cash deposit rate (or lack thereof, in a situation involving revocation), it is logical for the Department to begin its analysis at the time that the predecessor company received this cash deposit rate (which in this case is 1994).

[5] See, e.g., East Sea Seafoods LLC v. United States, 703 F. Supp. 2d 1336 (CIT 2010) (East Sea Seafoods). See also Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results and Termination, in Part, of the Antidumping Duty Changed Circumstances Review, 76 FR 64898 (October 19, 2011) (Diamond Sawblades from the PRC); Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Certain Orange Juice from Brazil, 71 FR 2183 (January 13, 2006) (Orange Juice from Brazil I); Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of the 2009-2010 Antidumping Duty Administrative Review and Rescission of Administrative Review, in Part, 77 FR 2271 (January 17, 2012) (TRBs from the PRC); and Certain Frozen Warmwater Shrimp From Thailand: Preliminary Results of Antidumping Duty Changed Circumstances Review and Notice of Intent to Revoke in Part, 74 FR 39042 (August 5, 2009), unchanged in Certain Frozen Warmwater Shrimp From Thailand: Final Results of Antidumping Duty Changed Circumstances Review and Notice of Revocation in Part, 74 FR 52452 (October 13, 2009) (Shrimp from Thailand).

[6] See, e.g., East Sea Seafoods, 703 F. Supp. 2d at 1336. See also Diamond Sawblades from the PRC; Orange Juice from Brazil I; TRBs from the PRC; and Shrimp from Thailand.

[7] See Nippon Steel Corp. v. United States, 494 F.3d 1371 (CAFC 2007).

SGBC/SKF agrees with the Department's preliminary finding that it is the SII to SGBC. However, like Stemco, it also argues that the Department incorrectly defined the time period under analysis. According to SGBC/SKF, only the period in 2012 immediately before and after GBC's merger with SKF is relevant to the successorship question. SGBC/SKF argues that, if the Department were to use the time when a company was revoked from an AD order as the "key event," as it did in the Preliminary Results, such an approach would discourage companies from implementing any changes to their operations subsequent to revocation because such changes could lead to a CCR (and, ultimately, to reinstatement into an AD order).

SGBC/SKF notes that, prior to the Preliminary Results, it cited numerous cases where the Department limited its SII analysis for revoked companies to the periods immediately before and after an acquisition or transfer of assets.[8] SGBC/SKF points out that the Department dismissed the majority of this precedent because the underlying cases involved: 1) name changes; and/or 2) previous SII determinations, which obviated the need to analyze information from older periods. However, SGBC/SKF asserts that the Department failed to distinguish one case which SGBC/SKF claims is directly analogous: Ball Bearings from France (a case where a company was revoked from an AD order in 1999, acquired by SKF in 2006, and subjected to a successorship analysis which was limited to the time immediately before and after the acquisition).[9]

In any event, SGBC/SKF contends that the Department must explain why it is appropriate to use the time of revocation as the starting point in cases involving an acquisition, but not in cases involving a name change. SGBC/SKF asserts that the Department's stated explanation (i.e., that a name change is a different fact pattern than an acquisition) is insufficient, given that all cases have different fact patterns. According to SGBC/SKF, this explanation amounts to little more

[8] See Polyethylene Terephthalate Film, Sheet and Strip From the Republic of Korea, Initiation and Preliminary Results of Changed Circumstances Antidumping Duty Administrative Review, 65 FR 11982 (March 7, 2000) (PET Film from Korea I); Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review, 76 FR 27005 (May 10, 2011) (PET Film from Korea II), unchanged in Notice of Final Results of Antidumping Duty Changed Circumstances Review: Polyethylene Terephthalate Film, Sheet, and Strip From the Republic of Korea, 76 FR 50456 (August 15, 2011); Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescissions of Reviews in Part, 73 FR 52823 (September 11, 2008) (Ball Bearings from France); and Ball Bearings and Parts Thereof From France: Preliminary Results of Changed-Circumstances Review, 74 FR 27280 (June 9, 2009) (Ball Bearings from France II Prelim).

[9] See Ball Bearings from France at Comment 12; Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Preliminary Results of Antidumping Duty Administrative Reviews and Intent to Rescind Reviews in Part, 73 FR 25654, 25658 (May 7, 2008). SGBC notes that the Preliminary Results cites only a subsequent CCR in the same proceeding that is not factually analogous, Ball Bearings from France II Prelim, unchanged in Ball Bearings and Parts Thereof from France: Final Results of Changed-Circumstances Review, 74 FR 65522 (December 10, 2009) (Ball Bearings from France II).

than a conclusory assertion, and the Court of International Trade (CIT) has found such assertions to be inadequate.[10]

With respect to Stemco's arguments, SGBC/SKF disagrees that any of the cited precedent is on point. SGBC/SKF asserts that in TRBs from the PRC the acquisition of the factory subject to the SII inquiry occurred within months after the end of the revocation period of review (POR), and the Department stated there that it "focused its analysis on the period at which the acquisition occurred,"[11] while in Diamond Sawblades from the PRC and Orange Juice from Brazil I, the Department compared the current operations of the companies subject to the SII inquiries to their operations immediately before their changes in corporate structure.[12] SGBC/SKF concedes that the time period examined in East Sea Seafoods differs, but it does not find this difference troubling; rather, it maintains that East Sea Seafoods merely demonstrates that the Department's practice has been mixed. SGBC/SKF is not surprised by this, given that the Department's SII analysis is not defined by statute or regulation (and thus the Department approaches SII determinations on a case-by-case basis).

SGBC/SKF disagrees that the use of two time periods is a deviation from practice that requires further explanation. Notwithstanding its above argument (i.e., that the Department's practice is to limit its analysis to periods immediately surrounding the event triggering the CCR), SGBC/SKF cites PET Film from Korea as an example where the Department conducted several CCRs for the same respondent, each of which began at the point where the company was last examined.[13] Given this precedent, SGBC/SKF maintains that any claim that the Department's approach in the Preliminary Results is a deviation from prior practice is inaccurate.

Finally, SGBC/SKF asserts that, even assuming, arguendo, the Department's analysis in the Preliminary Results does represent a change in practice, the CAFC has given the Department wide latitude to change its approach on a case-by-case basis when applying a practice not set forth in a regulation or statute.[14]

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[10] As support for this contention, SGBC/SKF cites Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S. v. United States, 625 F. Supp. 2d 1339, 1351 (CIT 2009) (where the Court held that the Department's rationale for distinguishing this case from others was conclusory and, thus, it failed to distinguish the case in any meaningful way).

[11] See TRBs from the PRC, 77 FR at 2271.

[12] See Diamond Sawblades from the PRC, 76 FR at 64898; and Orange Juice from Brazil I, 71 FR at 2183. SGBC/SKF recognizes that in Orange Juice from Brazil I the Department stated that the question before it was whether the new company was the successor to the old company "as it existed at the time of revocation," but it dismisses this language as irrelevant in light of other statements made by the Department in the same decision suggesting that the Department actually focused its analysis on the pre- and post-merger periods. SGBC/SKF also recognizes that in Diamond Sawblades from the PRC, the Department did compare the current company to a version that existed several years earlier, but it attributes this analysis to the fact that the CCR did not occur until several years after the triggering event.

[13] See PET Film from Korea I, 65 FR at 11983-94, unchanged in Polyethylene Terephthalate Film, Sheet and Strip From the Republic of Korea, Final Results of Changed Circumstances Antidumping Duty Administrative Review, 65 FR 34661 (May 31, 2000); and PET Film from Korea II, 76 FR at 27006.

[14] See Allied-Signal Aerospace Co. v. United States, 28 F.3d 1188, 1191 (CAFC 1994).

Department's Position:

The Department's authority to conduct a CCR is found in section 751(b)(1) of the Tariff Act of 1930, as amended (the Act). Under this provision, the Department will conduct a CCR whenever information is received, or a request is submitted, that shows changed circumstances sufficient to warrant initiation of a CCR. Further, 19 CFR 351.216 and 351.221(c)(3) establish general administrative procedures for CCRs. However, neither the Act nor the regulations establish a particular analytical framework for SII inquiries.[15]

Accordingly, because the SII analysis is not explicitly mandated by statute or regulation, the Department has developed a practice designed to facilitate the proper administration of the antidumping laws.[16] The basis of this practice is to determine if a company is eligible for the same AD treatment as its predecessor as a result of an event such as a corporate name change, change in ownership, acquisition, merger or other such event (i.e., it is the SII, or successor to its predecessor form). To determine successorship, we generally examine changes to the company with respect to several factors, including, but not limited to: management, production facilities, supplier relationships, and customer base.[17]

In this CCR, as in every CCR involving an issue of successorship, the central question before the Department is whether the "new" company operates in a manner such that it remains essentially the same business entity as the predecessor company with respect to the production and sale of subject merchandise, and thus whether it is entitled to the predecessor's cash deposit rate.[18] Where the predecessor company was revoked from an AD order (as in the instant CCR), the question before the Department is whether the "new" company should also be accorded revoked status.[19]

In answering this question, the Department reasonably began with SGBC as it existed at the time of revocation, because this company is the entity that was revoked from the AD Order. We then

[15] As the CIT noted in Marsan Gida Sanayi Ve Ticaret A.S. v. United States, Slip Op. 11-20 (CIT 2011) (Marsan Gida), "a CCR may address a broad range of matters and the only limitation in the statute is the requirement that there be 'changed circumstances **sufficient** to warrant a review.' See Mittal Canada, Inc. v. United States, 30 CIT 1565, 1572, 461 F. Supp. 2d 1325, 1332 n.7 (2006) (emphasis added). Thus…Commerce…has the discretion to construe the breadth of CCRs because statutory silence provides 'an express delegation of authority to the agency to elucidate a specific provision of the statute by regulation.' See Chevron, 467 U.S. at 843-44 (Chevron U.S.A., Inc. v. Natural Res. Def. Council, Inc., 467 U.S. 837, 104 S. Ct. 2778, 81 L. Ed. 2d 694 (1984))."

[16] See East Sea Seafoods, 703 F. Supp. 2d at 1352.

[17] See Preliminary Results, and accompanying Preliminary Decision Memorandum, at 3, citing Brake Rotors From the People's Republic of China: Final Results of Changed Circumstances Antidumping Duty Administrative Review, 70 FR 69941 (November 18, 2005), and Brass Sheet and Strip from Canada; Final Results of Antidumping Duty Administrative Review, 57 FR 20460 (May 13, 1992) (Brass Sheet from Canada).

[18] See Certain Welded Stainless Steel Pipe From Taiwan; Preliminary Results of Changed Circumstances Antidumping Duty Administrative Review, 63 FR 16982, 16984 (April 7, 1998), unchanged in Certain Welded Stainless Steel Pipe From Taiwan; Final Results of Changed Circumstances Antidumping Duty Administrative Review, 63 FR 34147 (June 23, 1998). See also Brass Sheet from Canada, 57 FR at 20460.

[19] See Orange Juice from Brazil I at Comment 3.

determined whether this entity was essentially the same entity which became part of the SKF Group in 2012. Although this analysis required, in effect, two SII determinations, such an approach is neither inappropriate nor without precedent.[20] Given the almost 20 years between revocation and merger, it was not a foregone conclusion that SGBC functioned as the same entity in 1994 and 2012 (despite SGBC/SKF's implied argument that the Department should assume it did). Thus, we collected data related to significant events during the intervening period, and we analyzed whether any of these events altered the essential nature of SGBC. After conducting this analysis, we found no reason to conclude that 2012 SGBC/SKF's operations were materially dissimilar to those of 1994 SGBC, despite various changes to the company in 2005 and other, gradual changes occurring in the normal course of business.[21]

We disagree with Stemco that it is appropriate to automatically disregard potentially significant corporate changes which occurred prior to 2012 and simply compare the 1994 version of SGBC to its post-merger incarnation. Such an approach ignores that small changes can occur in the ordinary course of business over almost two decades and instead would, in effect, ascribe all of the changes in the four SII factors to the post-merger entity,[22] even though some were made many years prior to the merger event. Thus, Stemco's proposed static analysis could improperly elevate minor changes over time to the status of significant events, simply by failing to take into consideration when those changes occurred.

With respect to Stemco's argument that the Department should not separately analyze the information on the record surrounding the 2005 shift in SGBC's ownership, we disagree. The Department is required to consider all information on the record relevant to the determination,[23] and in this case we find the 2005 ownership shift to be relevant. Although a bifurcation of the period under examination is not common in the Department's successorship analyses, this unique factual background is also not common. Here, we find that bifurcating our analysis is necessary given the length of time involved and the fact that a significant change occurred during the time between revocation and the event upon which the CCR initiation was predicated. We note that a successorship determination is necessarily a case-by-case determination, where we analyze the totality of the evidence on the record.[24] The courts have upheld this practice,[25] while recognizing

[20] See, e.g., Pressure Sensitive Plastic Tape from Italy: Preliminary Results of Antidumping Duty Changed Circumstances Review, 75 FR 8925 (February 26, 2010), unchanged in Pressure Sensitive Plastic Tape From Italy: Final Results of Antidumping Duty Changed Circumstances Review, 75 FR 27706 (May 18, 2010).

[21] We disagree with Stemco that we failed to explain why it is appropriate to use 2005 as a point to divide the Department's analysis. We stated in the Preliminary Results that "SGBC/SKF's submissions show that the company experienced significant events twice since the time of SGBC's revocation from the AD order – once in 2005 and again in 2012. Therefore, we analyzed SGBC's operations from the time of its revocation to 2005 and also from 2005 to the period following SGBC's affiliation with the SKF Group." See Preliminary Results, and accompanying Preliminary Decision Memorandum, at 3. This memorandum goes on to describe the significant changes which occurred in 2005, which included (among other things) a shift in majority ownership to GBC and the corresponding assumption of control by this company via a restructuring of SGBC's Board of Directors. Id., at 4.

[22] For example, Stemco argues that the Department should find it significant that SGBC's Board of Directors differed in 1994 and 2012, despite the fact that most of these changes were unconnected to the merger.

[23] See Diamond Sawblades from the PRC at Comment II.

[24] See Brass Sheet from Canada, 57 FR at 20460 ("Therefore, in attempting to fashion guiding principles for deciding what deposit rate to assign a company, the Department has concluded it must examine the totality of circumstances").

that the statute "reveals tremendous deference to the expertise" of the Department in administering AD laws.[26]

We find that SGBC/SKF's concern with this methodology is misplaced. As noted above, section 751(b)(1) of the Act provides for the conduct of a CCR only where information is received that shows "changed circumstances sufficient to warrant" initiation. The Department does not consider minor changes to a company's normal business operations (e.g., routine changes in management personnel, supplier relationships, etc.) to provide sufficient reason to conduct a CCR, and SGBC/SKF has cited no instance where the Department has initiated a CCR based solely on these types of changes. Thus, SGBC/SKF is unjustified in its assertion that the Department's methodology serves to discourage companies revoked from an AD order from implementing any changes to their operations for fear of triggering a CCR.

We also disagree with both parties that our methodology is inconsistent with the Department's practice. As noted, the Department's practice is to consider the totality of the circumstances on the record when evaluating an SII claim. We determined that it was appropriate to conduct a bifurcated analysis in this case, and this determination is consistent with Departmental precedent. For example, in Orange Juice from Brazil I, the Department conducted a SII analysis involving a company revoked from a previous AD order on Brazilian orange juice; in that case, the Department explicitly stated that the question before it was whether the "new" company, Coinbra-Frutesp, was the SII to the predecessor company "as it existed at the time of revocation."[27] Similarly, the Department conducted a second SII analysis involving the same companies six years later and it also began its analysis at the point of the last successorship determination.[28, 29] That the Department effectively combined two SII inquiries into a single

[25] See East Sea Seafoods, 703 F. Supp. 2d at 1352.

[26] Id., quoting Fujitsu Gen. v. United States, 88 F.3d 1034 (CAFC 1996).

[27] See Orange Juice from Brazil I, at Comment 3. Although this decision also refers to the predecessor "as it existed prior to the merger," this distinction does not have the importance which SGBC/SKF purports, given that only two years separated the revocation from the merger and the decision does not identify all the data collected by the Department and used in its analysis.

[28] Specifically, the Department stated the following:

> Based on our analysis of Louis Dreyfus' May 24, 2011, and September 13, 2011, submissions, we preliminarily find that Coinbra Frutesp Ag's organizational structure, management, production facilities, supplier relationships, and customers have remained largely unchanged from the time of the OJ order. Further, we preliminarily find that Louis Dreyfus operates as the same business entity as Coinbra Frutesp Ag with respect to the production and sale of OJ. Thus, we preliminarily find that Louis Dreyfus is the successor-in-interest to Coinbra Frutesp and, as a consequence, the Department finds Louis Dreyfus' U.S. sales of FCOJ would be subject merchandise in this proceeding.

See Certain Orange Juice From Brazil: Preliminary Results of Antidumping Duty Administrative Review and Preliminary No Shipment Determination, 77 FR 21724, 21726 (April 11, 2012) (emphasis added), unchanged in Certain Orange Juice From Brazil: Final Results of Antidumping Duty Administrative Review and Final No Shipment Determination, 77 FR 63291 (October 16, 2012) (Orange Juice from Brazil II). Notably, the SII analysis in Orange Juice from Brazil I related to Coinbra-Frutesp occurred in the context of an investigation covering companies that were excluded or revoked from a pre-existing AD order on Brazilian orange juice. Thus, the "OJ order" referenced in the quoted language above is the AD order stemming from this second investigation.

[29] We disagree that the Department's SII determination in TRBs from the PRC is applicable here, given that the time elapsed between revocation and ownership change in that proceeding was less than six months.

CCR in this case, rather than conducting multiple CCRs, neither undermines the general reasonableness of segmenting our analysis into two time periods nor exposes an inconsistency in the Department's practice.

With respect to SGBC/SKF's argument that Ball Bearings from France[30] supports its position that the Department limits its analysis to the periods surrounding a change in ownership, we acknowledge that this decision discusses the Department's analysis in terms of pre- and post-acquisition periods. However, given the precedent noted above, we disagree that Ball Bearings from France represents a definitive statement of the Department's SII practice.[31]

We acknowledge SGBC/SKF's argument that CCRs involving name changes are no different than CCRs involving acquisitions. However, CCRs involving simple name changes are often straightforward and the pre- and post-name change entities function in a manner which is virtually identical.[32] Thus, in those cases, and unlike here, the Department may have had no reason to consider a broader time period. Ultimately, in both types of CCRs, the Department examines all of the evidence on the record of the proceeding and makes a determination based on the totality of the circumstances surrounding it.[33]

Finally, we agree that the Department's analysis here is similar to that in PET Film from Korea I and PET Film from Korea II, the two additional CCRs cited by SGBC/SKF in support of the Department's analysis. In those CCRs, the Department focused its SII analysis on the time period between the event triggering the CCR and the last time that the Department had examined that company, just as it has done here.[34]

Comment 2: *Whether the Department Should Distinguish Between Incremental Versus Rapid Changes*

Stemco notes that section 751(b)(1) of the Act governs CCRs. According to Stemco, this provision simply provides for examination of the total magnitude of corporate changes affecting the company under review during the conduct of a CCR, and thus it was inappropriate for the Department to minimize the significance of "incremental changes" to SGBC/SKF, as it did in the Preliminary Results.

[30] See Ball Bearings from France at Comment 12; see also Ball Bearings from France II.

[31] Based on the discussion in Ball Bearings from France, it is unclear 1) whether the Department actually limited its analysis to POR information; and 2) whether the facts were similar to those at issue here in terms of intervening corporate changes. In light of this and our practice in other cases, we do not view the Department' s determination in that case as a definitive statement of the Department's practice with respect to SII CCRs.

[32] See, e.g., Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Initiation and Preliminary Results of Changed Circumstances Review, 79 FR 1824 (January 10, 2014), unchanged in Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of Changed Circumstances Review, 79 FR 11411 (February 28, 2014); and Ball Bearings from France II Prelim, 74 FR at 27281, unchanged in Ball Bearings from France II.

[33] See PET Film from Korea I, 65 FR at 11983-94; and PET Film from Korea II, 76 FR at 2706.

[34] See PET Film from Korea I, 65 FR at 11983-94; and PET Film from Korea II, 76 FR at 2706.

Stemco notes that the Department's stated objective is to analyze whether "the new company's resulting operation is not materially dissimilar to that of its predecessor."[35, 36] Stemco contends that the speed at which a company becomes materially dissimilar to its predecessor is not relevant and, thus, the Department should not distinguish between incremental and rapid changes in its analysis. Stemco claims that, were it to focus on the speed of such changes, the Department could reach opposite and arbitrary conclusions as to whether a respondent and its alleged predecessor are materially dissimilar, merely depending on how rapidly those changes occurred.

Stemco maintains that the Department has recently rejected arguments that it should do more in an SII CCR than simply determine whether a company is materially dissimilar to its predecessor.[37] According to Stemco, the Department failed to follow this precedent when it not only determined that SGBC/SKF is not materially dissimilar to SGBC, but it also accepted SGBC/SKF's argument that the changes the company experienced were less significant because they were "incremental." Stemco concedes that incremental corporate changes, standing alone, might be insufficient to support a finding that a company is not a successor; however, it argues that, if those changes are accompanied by changes which trigger a CCR, then the Department must compare the "new" company to its predecessor at the point it was last reviewed, and whether the changes during this time period were incremental is irrelevant for purposes of determining material dissimilarity. Thus, Stemco contends that the Department should align its analysis in this case with its practice and find that SGBC/SKF as it existed in 2012 is materially dissimilar to SGBC as it existed in 1994.

SGBC/SKF maintains that the Department has the discretion to determine which changes are material and which are not, and consistent with this discretion, it has found that changes in the ordinary course of business are not material.[38] According to SGBC/SKF, focusing on small

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[35] See Preliminary Results and accompanying Preliminary Decision Memorandum at 3; see also Certain Pasta From Italy: Notice of Final Results of Antidumping Duty Changed Circumstances Review, 79 FR 56339 (September 19, 2014) (Pasta From Italy) and accompanying Issues and Decision Memorandum at Comment 1; and Certain New Pneumatic Off-the Road Tires from the People's Republic of China: Preliminary Results of Changed Circumstances Review, 75 FR 32376, 32377 (June 8, 2010), unchanged in Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Final Results of Changed Circumstances Review, 75 FR 46914 (August 4, 2010).

[36] Stemco notes that the CIT approved this practice in Marsan Gida, Slip Op. 11-20, at 11, stating "Commerce interpreted a CCR addressing successorship as a review in which it only analyzes whether an alleged successor company is essentially the same entity as (i.e., virtually unchanged from) an alleged predecessor company such that it succeeds to it for purposes of an existing AD or CVD order."

[37] See Pasta From Italy at Comment 1.

[38] See, e.g., Orange Juice from Brazil II; Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Preliminary Results of Antidumping Administrative and Changed-Circumstances Reviews, 76 FR 22372 (April 21, 2011), unchanged in Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Administrative and Changed Circumstances Reviews, 76 FR 52937 (August 24, 2011); Certain Polyester Staple Fiber From the Republic of Korea: Preliminary Results of Changed Circumstances Review, 79 FR 62595 (October 20, 2014), unchanged in Certain Polyester Staple Fiber From the Republic of Korea: Final Results of Changed Circumstances Review, 79 FR 76301 (December 22, 2014); and Preliminary Results of Antidumping Duty Changed Circumstances Review: Carbon and Certain Alloy Steel Wire Rod from Canada, 71 FR 75229 (December 14, 2006), unchanged in Notice of Final Results of Antidumping Duty

changes which occur over long periods of time would itself lead to arbitrary results because such changes: 1) occur with every company; and 2) are unrelated to the events which trigger CCRs.

SGBC/SKF argues that, applying this framework, the Department correctly found that SGBC's incremental changes occurred in the normal course of business, and thus they have no bearing on the SII analysis. SGBC/SKF argues that the Department should continue to find Stemco's arguments unpersuasive for the final results.

Department's Position:

We disagree with Stemco. Rapid changes may support a finding that a new company is no longer the same as its alleged predecessor, while incremental changes generally do not.

As noted in our position to Comment 1, above, the Department's SII analysis is not limited to a simplistic comparison of a company at the point it was last reviewed and at the point it experiences an event triggering a CCR. While such an approach may indeed be non-distortive in cases where the two points are relatively close in time, it becomes misleading where the intervening period spans almost two decades (as in the instant case). In those cases, over-simplifying our analysis would serve only to magnify minor changes that occurred in the ordinary course of business (i.e., changes which did not result from the "triggering event").

Although Stemco's argument is couched as a request for the Department not to distinguish between "incremental" and "rapid" changes in its SII analysis, this is fundamentally not what Stemco is arguing. Instead, Stemco's argument is that the Department should ascribe any changes that a predecessor company has undergone in an intervening period between last review and triggering event to the successor company. We disagree that such an approach is appropriate. For example, under Stemco's analytical framework, the Department would equate the retirement of a board member which occurred in the ordinary course of a company's business (an "incremental" action that would not necessarily impact successorship) with an acquisition and replacement of a board member resulting from a merger (a "rapid" action that may impact successorship). However, the two actions are clearly not equal in terms of the Department's SII analysis, and the Department does not treat them as such.

Finally, we disagree with Stemco that the Department's decision in the Preliminary Results is inconsistent with the Department's decision in Pasta from Italy. In Pasta from Italy, the Department found that CCRs are conducted solely to determine whether a company is materially dissimilar to its predecessor, and thus we declined to analyze whether changes in a company's operations impacted its "likely dumping behavior."[39] Regarding Stemco's claim that any examination of the nature of changes to SGBC is beyond the Department's stated scope of a CCR, we disagree. Rather, as noted above, the nature of SGBC's changes prior to its affiliation with the SKF Group is an integral part of the SII analysis as to whether SGBC is materially dissimilar to SGBC/SKF. Therefore, our analysis at all times has been focused on material dissimilarity, and we disagree that we have addressed these changes for a separate purpose.

Changed Circumstances Review: Carbon and Certain Alloy Steel Wire Rod from Canada, 72 FR 15102 (March 30, 2007).

[39] See Pasta from Italy, and accompanying Issues and Decision Memorandum, at Comment 1.

Comment 3: *Changes to the Four Factors Considered in SII Determinations*

In performing an SII analysis, the Department considers several factors, including: 1) management; 2) production facilities; 3) supplier relationships; and 4) customer base. Stemco argues that SGBC has experienced significant changes in each of these factors since 1994, and, thus, SGBC/SKF is materially different from SGBC. Therefore, Stemco argues that the Department should find SGBC/SKF not to be the SII to SGBC for purposes of the final results.

With respect to management, Stemco notes that: 1) SGBC's Board of Directors changed from nine members in 1994 (only three of which were appointed by SGBC's parent (i.e., GBC)), to a five-member Board now (the majority of which is appointed by GBC); and 2) the President of SKF China, Mr. Erik Nelander, was appointed to SGBC/SKF's Board of Directors after SKF acquired GBC. Stemco finds the placement of Mr. Nelander on the Board particularly significant because it demonstrates SKF's ability and inclination to place its own personnel within SGBC/SKF. Stemco contends that it is of no moment that Mr. Nelander served on the Board for only two months; rather, his service signals SKF's interest in placing personnel on the Board after the completion of this CCR.

Stemco also implies that SKF controls SGBC/SKF via actions taken by GBC. Stemco notes that SKF employees hold a majority of the positions on GBC's Board of Directors, and three are officers of GBC. Stemco also notes that GBC is actively involved in SGBC's production decisions, conducting, among other things, monthly sales and operations planning meetings. Finally, Stemco states that GBC nominates SGBC/SKF's General Manager, and SGBC's Vice General Manager is a GBC employee. According to Stemco, GBC's control over SGBC is fundamentally different now, given that GBC is the majority owner and is itself owned and controlled by SKF.

With respect to production facilities, Stemco states that SGBC's operations in 1994 were limited to one fully-integrated facility, where it ground rollers on site; at that time, SGBC also shipped TRBs to New York for packaging and assembly. Stemco notes that SGBC/SKF now has two production facilities, neither of which is fully-integrated; instead, SGBC/SKF relies on tollers to grind its rollers, and it performs packaging and assembly in the PRC. Stemco asserts that SGBC's addition of a second production facility allowed it to expand its production by 130 percent and increase its product line to three types of cups and four types of cones (versus two types of each in 1994).

Finally, with respect to supplier and customer relationships, Stemco asserts that in 1994, SGBC purchased inputs from market economy suppliers, whereas it now no longer does. Stemco acknowledges that SGBC sold all of its TRBs in the United States through GBC in 1994, and SGBC/SKF continues to do the same; however, Stemco asserts that SGBC/SKF's current customer base not only is larger now, but only a few customers from 1994 remain. Stemco further asserts that SKF now ultimately controls the sale of SGBC/SKF's TRBs in the United States.

SGBC/SKF maintains that the Department has thoroughly investigated all of the above facts and has properly found that SGBC/SKF is the SII to SGBC. According to SGBC/SKF, many of these facts (e.g., GBC, as SGBC/SKF's majority owner, has a right to appoint the majority of SGBC/SKF's Board) have no bearing on the CCR at all because they simply reflect the fact that changes in ownership occurred. SGBC/SKF contends that changes in ownership are not part of the successorship analysis, but rather are events that trigger it, and it points out that Stemco has provided no precedent to the contrary.

SGBC/SKF argues that other changes cited by Stemco relate to the fact that certain SKF employees have positions at GBC. SGBC/SKF argues that changes at companies up the chain of ownership similarly have no bearing on a successorship analysis, and Stemco again has provided no precedent showing that they do. In any event, SGBC/SKF notes that SKF employees with positions at GBC do not exercise control over GBC's day-to-day operations or production and pricing decisions.

SGBC/SKF also disagrees that Mr. Nelander's tenure on SGBC/SKF's Board of Directors was significant, given that his appointment lasted only two months and during this time he participated in no meetings or other Board actions. SGBC/SKF contends that it is irrelevant that SKF has the ability to place personnel within a company that it owns, and Stemco has pointed to no precedent suggesting that the Department's successorship analysis should focus on what a company might do after the CCR. SGBC/SKF maintains that, instead, the Department's focus is on changes that a company has actually made.

With respect to the changes to its suppliers and production process, SGBC/SKF contends that: 1) Stemco ignored the fact that its purchases from market economy suppliers were limited to a single POR, and thus the current practice of SGBC/SKF is the same as SGBC's practice during the majority of the revocation period; and 2) both grinding and packing are insignificant in terms of the overall production process, with the former representing only one step for a small component and the latter not part of producing the TRB itself. Further, SGBC/SKF states that it currently performs the same production steps now as it did in 1994, and it continues to rely on outside entities for tolling services (as it also did in 1994).

In light of the above facts, SGBC/SKF maintains that the only change of note since the time of revocation is the addition of a new production facility. However, SGBC/SKF maintains that this change alone is not sufficient for the Department to find SGBC/SKF to be a new company, given that the Department has conducted CCRs with the same fact pattern and not found new facilities and/or large increases in production capacity to be material. As support for this assertion, SGBC/SKF cites PET Film from India, Softwood Lumber from Canada 2004, and Softwood

Lumber from Canada 2006.[40] Therefore, SGBC/SKF asserts that the Department should continue to find that it is the SII to SGBC.

Department's Position:

In making a successor-in-interest determination, the Department generally examines several factors including, but not limited to, changes in: 1) management; 2) production facilities; 3) supplier relationships; and 4) customer base.[41] While no one of these factors is dispositive, the Department will generally consider the new company to be the successor to the previous company if its resulting operation is not materially dissimilar to that of its predecessor.[42]

As an initial matter, we note that many of the differences between SGBC and SGBC/SKF identified by Stemco are attributable to the fact that Stemco compared SGBC's operations in 1994 and 2012, without properly accounting for the changes which occurred in the intervening period. However, for the reasons noted above, we find this static comparison to be misleading, and therefore have declined to follow it here. Thus, for reasons expressed in our Preliminary Results, we find Stemco's arguments with respect to the changes to the number of SGBC's Board members, the number of production facilities operated by SGBC, and its supplier and customer relationships to be unpersuasive.[43] Specifically, we find that changes to SGBC's operations from revocation through 2005 and until SGBC's affiliation with SKF, did not rise to such significance that it would make SGBC not the SII to its operations as they existed at the time of revocation.

In its case brief, Stemco raised many of the same arguments addressed in the Preliminary Results. We have considered these arguments and find nothing new in them. Thus, we continue to find, as we did in the Preliminary Results, that the operations of SGBC/SKF are not materially dissimilar to those of SGBC. Specifically, our Preliminary Results[44] states:

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[40] See e.g., Notice of Preliminary Results of Antidumping Duty Changed Circumstances Review: Polyethylene Terephthalate Film, Sheet and Strip from India, 70 FR 20863 (April 22, 2005), unchanged in Notice of Final Results of Antidumping Duty Changed Circumstances Review: Polyethylene Terephthalate Film, Sheet and Strip from India, 70 FR 29278 (May 20, 2005) (PET Film from India); Notice of Preliminary Results of Antidumping Duty Changed Circumstances Review: Softwood Lumber from Canada, 69 FR 55406 (September 14, 2004), unchanged in Notice of Final Results of Antidumping Duty Administrative Review and Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products from Canada, 69 FR 75921 (December 20, 2004) (Softwood Lumber from Canada 2004); and Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products from Canada, 71 FR 13811 (March 17, 2006) (Softwood Lumber from Canada 2006).

[41] See Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review: Polychloroprene Rubber From Japan, 67 FR 58 (January 2, 2002), and Brass Sheet from Canada.

[42] See Industrial Phosphoric Acid from Israel: Final Results of Changed Circumstances Review, 59 FR 6944 (February 14, 1994).

[43] For a discussion of the Department's analysis with respect to these changes, see the Preliminary Results, and accompanying Preliminary Decision Memorandum, at 10-12.

[44] See Preliminary Results, and accompanying Preliminary Decision Memorandum (Public Version), at 11-12 (footnotes omitted).

{T}he Department's practice is to analyze the information provided by SGBC/SKF with regard to its management, production facilities, customer base, and suppliers for the time periods from revocation to 2005, and from 2005 to 2012.

With respect to SGBC's management, both the number of directors on SGBC's board and the ownership stake held by each partner changed over the years between SGBC's revocation and 2005. While in 2005 the ownership structure of SGBC changed so that GBC became the majority stakeholder, we note that the groups of companies owning SGBC did not change, nor did the role of the Board of Directors. While certain managers changed around 2005 and 2006, there is no evidence on the record that indicates this was due to the change in ownership structure.

In the period after affiliation with the SKF Group, there were: 1) no immediate changes to the ownership structure of SGBC; and 2) no changes to the number of SGBC's Board members. We disagree with Stemco's contention that the inclusion of the president of SKF China on the SGBC Board for two months is significant. There is no evidence that this individual attended any Board meetings or performed any actions while serving on the Board. Moreover, regarding Stemco's concern about SKF's potential to manipulate price or production, this is generally a factor reviewed in the context of a collapsing analysis. Nonetheless, the Department finds the president of SKF China's temporary service on SGBC/SKF's Board to be insignificant.

Regarding SGBC's production facilities, SGBC began producing at its Ningbo plant in 2005. The addition of this facility increased SGBC's production lines from [ ] to [ ] and increased the types of cups and cones produced by the company. Further, as a result of the affiliation, there were no additional changes to SGBC's production.

Regarding SGBC's customer base, more than half of SGBC's sales in 2012 were to customers of the company at the time of revocation. In addition, SGBC/SKF continued to sell to the United States through GBC, as it did at the time of revocation. There were no major changes to SGBC's customer base in 2005, nor were there major changes to the customer base after affiliation with the SKF Group.

Finally, regarding SGBC's suppliers, the company increased the number of suppliers it used between the time of revocation and 2005. SGBC ceased using market economy suppliers for steel bar over this period and increased the number of tollers. However, the changes with respect to the tollers happened gradually over time and did not seem to happen as a part of, or in response to, an ownership change. Furthermore, the changes in SGBC's suppliers after affiliation were few and occurred in the normal course of business.

In cases where we have found companies not to be the successor-in-interest, the changes in those companies' management, production facilities, suppliers, and customer base were of such significance that their operations differed from their prior operations. For example, in the 2008-2009 administrative review of TRBs from the PRC, the Department found a newly-acquired company not to be the successor-in-interest to the old company

> where the new owners replaced the company's Board of Directors and General Manager and significantly expanded the company's production facilities. In Polychloroprene Rubber from Japan, the Department found that a company whose ownership changed was not the successor to its prior form because the new owners established a new subsidiary in the United States to sell the subject merchandise, thereby changing its selling practices. It also replaced all of the senior managers at the company, and it altered the structure of the Board of Directors. While SGBC's operations have changed somewhat since revocation through 2005 and until SGBC's affiliation to the SKF Group, we preliminarily find that the changes did not rise to such significance that it would make SGBC not the successor-in-interest to its operations as it existed at the time of revocation.

We disagree with Stemco that the facts outlined above support a finding that SGBC/SKF is materially dissimilar to SGBC, and we find Stemco's argument with respect to the potential for change unpersuasive in this CCR because it would require the Department to speculate as to the likelihood of changes which have not yet occurred (and which may never occur). Further, with respect to the change in SGBC's production process over the past two decades, there is no evidence on the record that these changes were the result of a change in ownership. Even assuming, arguendo, that the acquisition of an additional production facility were linked to GBC's increased ownership percentage in 2005, the Department does not consider this to be dispositive because SGBC continued to operate fundamentally as the same business entity.

The only new argument made by Stemco for these final results is that SKF exerts influence over SGBC via GBC. However, we disagree that this purported ability to control GBC is relevant to the analysis. Stemco's arguments regarding SKF's control over GBC, as well as its arguments regarding GBC's ability to control SGBC's production decisions, again relate solely to the possibility of future changes. The record does not reflect that SKF did in fact impact SGBC/SKF's production decisions through its influence over GBC, and any material changes to SGBC/SKF's production were captured in the Department's four-factor SII analysis.

Therefore, for the reasons explained above, the Department finds that the totality of circumstances in this review demonstrates that SGBC and SGBC/SKF's operations remain essentially unchanged, and, thus, we continue to find that SGBC/SKF is the SII to SGBC.

Recommendation:

Based on our analysis of the comments received, we recommend adopting the above positions. If this recommendation is accepted, we will publish the final results of this changed circumstances review in the Federal Register.

Agree ✓ Disagree ______

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

1 APRIL 2015
(Date)