



A-570-910
Administrative Review
7/1/2017 – 6/30/2018
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May 13, 2019

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results of the
Antidumping Duty Administrative Review of Circular Welded
Carbon Quality Steel Pipe from the People's Republic of China

I. SUMMARY

In response to requests from interested parties, the Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on circular welded carbon quality steel pipe (CWP) from the People's Republic of China (China) covering the period of review (POR) July 1, 2017, through June 30, 2018. Commerce initiated this review with respect to 128 companies,¹ but is now rescinding the review of six of these companies based on timely withdrawals of all requests to review those companies. With regard to the remaining 122 companies, Commerce preliminarily finds that none have demonstrated eligibility for separate rate status, and, thus, all are part of the China-wide entity.

If these preliminary results of review are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results of review. We intend to issue the final results of this review no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.213(h).

II. BACKGROUND

On July 3, 2018, Commerce published a notice of opportunity to request an administrative review of the AD order on CWP from China.² On July 31, 2018, Zekelman Industries

¹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 45596 (September 10, 2018) (*Initiation Notice*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 83 FR 31121 (July 3, 2018).



(Zekelman), a domestic interested party, requested an administrative review of subject merchandise exported by 20 companies during the POR, and Independence Tube Corporation and Southland Tube Incorporated, which are Nucor companies (collectively, the petitioners), requested an administrative review of subject merchandise exported by 122 companies (including 14 companies for which Zekelman requested a review). On September 10, 2018, Commerce initiated the requested review.³

On September 13, 2018, Commerce placed on the record CBP data which it requested (CBP Query Data) for any entries of subject merchandise during the POR from companies for which the instant review was initiated.⁴ On September 20, 2018, the petitioners commented on the CBP Query Data.⁵

On October 17, 2018, Zekelman timely withdrew its request to review 20 companies for which Commerce initiated the review.⁶ The petitioners did not withdraw their request to review any of the 122 companies.

On October 19, 2018, Commerce issued its AD questionnaire to Beijing Bell Plumbing Manufacturing Ltd. (Beijing Bell),⁷ as Beijing Bell was the only company to appear in the CBP Query Data.⁸ Beijing Bell did not respond to Commerce's AD questionnaire.

Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019.⁹ If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. The revised deadline for the preliminary results of this review is now May 13, 2019.

III. SCOPE OF THE ORDER

The merchandise subject to the order is certain welded carbon quality steel pipes and tubes, of circular cross-section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (*e.g.*, black, galvanized, or painted), end finish (*e.g.*, plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (*e.g.*, ASTM, proprietary, or other),

³ See *Initiation Notice*, 83 FR at 45596.

⁴ See Memorandum from Commerce, regarding "Antidumping Duty Administrative Review of Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Automated Commercial System Shipment Query," dated September 13, 2018 (CBP Query Data).

⁵ See Letter from Petitioners, "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Comments on CBP Data and Respondent Selection," dated September 20, 2018 (Petitioner's CBP Comments).

⁶ See Letter from Zekelman, "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Withdrawal of Request for Administrative Review," dated October 17, 2018.

⁷ See Letter from Commerce, "Questionnaire," dated October 19, 2018 (AD questionnaire).

⁸ See CBP Query Data.

⁹ See Memorandum to the Record from Gary Taverman, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

Specifically, the term “carbon quality” includes products in which (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;
- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;
- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium;
- (xiii) 0.15 percent of vanadium; or
- (xiv) 0.15 percent of zirconium.

Standard pipe is made primarily to American Society for Testing and Materials (ASTM) specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute (API) API-5L specification, is also covered by the scope of the order when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish. (The term “painted” does not include coatings to inhibit rust in transit, such as varnish, but includes coatings such as polyester.) The scope of the order does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) finished scaffolding; (e) tube and pipe hollows for redrawing; (f) oil country tubular goods produced to API specifications; and (g) line pipe produced to only API specifications.

The pipe products that are the subject of the order are currently classifiable in HTSUS statistical reporting numbers 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, 7306.30.50.90, 7306.50.10.00, 7306.50.50.50, 7306.50.50.70, 7306.19.10.10, 7306.19.10.50, 7306.19.51.10, and 7306.19.51.50. However, the product description, and not the Harmonized Tariff Schedule of the United States (HTSUS) classification, is dispositive of whether merchandise imported into the United States falls within the scope of the order.

IV. PARTIAL RESCISSION

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if a party that requested the review withdraws its request within 90 days of the date of publication of the notice of initiation of the requested review. Zekelman, which requested a review of 20 of the 128 companies for which the review was initiated, withdrew its request for an administrative review of these companies within 90 days of the date of publication of *Initiation Notice*.¹⁰ However, of these 20 companies, 14 were companies for which a review was also requested by the petitioners. Accordingly, Commerce is rescinding this review, in part, with respect to six of the 128 companies under review, in accordance with 19 CFR 351.213(d)(1). Those companies are: Beijing Jia Mei Ao Trade Co., Ltd.; Beijing Jinghau Global Trading Co.; Benxi Northern Steel Pipes Co., Ltd.; ETCO (China) International Trading Co., Ltd.; Huludao City Steel Pipe Industrial; and Tianjin Shuangjie Steel Pipe Co., Ltd.

V. DISCUSSION OF THE METHODOLOGY

A. *Non-Market Economy Country Status*

Commerce considers the China to be a non-market economy (NME) country.¹¹ In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Further, no party submitted a request to reconsider China's NME status as part of this review. Therefore, we continue to treat China as an NME country for purposes of this preliminary determination.

B. *Separate Rates*

In proceedings involving NME countries, Commerce begins with a rebuttable presumption that all companies within the NME country are subject to government control and, thus, should be assigned a single weighted-average dumping margin. It is Commerce's policy to assign all exporters of merchandise subject to an administrative review involving an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. In the *Initiation Notice*, we informed parties that all firms for which the review was initiated that wished to qualify for separate rate status must complete, as appropriate, either a separate rate application or certification.¹² We also informed parties that exporters and producers who submit a separate-rate status application or certification and subsequently are selected as mandatory respondents, would no longer be eligible for separate rate status unless they responded to all parts of the questionnaire as mandatory respondents.¹³

¹⁰ See Letter from Zekelman, "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Withdrawal of Request for Administrative Review," dated October 17, 2018.

¹¹ See *Antidumping Duty Investigation of Certain Aluminum Foil from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value and Postponement of Final Determination*, 82 FR 50858, 50861 (November 2, 2017) (citing Memorandum, "China's Status as a Non-Market Economy," dated October 26, 2017) (China NME Status Memo), unchanged in *Certain Aluminum Foil from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 9282 (March 5, 2018).

¹² See *Initiation Notice*, 83 FR at 45596.

¹³ *Id.*

None of the companies under review filed a separate rate application or certification. Furthermore, the mandatory respondent, Beijing Bell, did not respond to the AD questionnaire. Thus, we preliminarily determine that none of the companies under review are eligible for a separate rate and, therefore, they are part of the China-wide entity.¹⁴ Because no party requested a review of the China-wide entity, the entity is not under review and the entity's rate is not subject to change.¹⁵ Therefore, if our determination is unchanged in the final results of review, POR entries from the companies under review will be liquidated at the rate previously established for the China-wide entity, which is 88.55 percent.¹⁶

C. Allegation of Duty Evasion

The petitioners placed documentation on the record showing statistical data from Commerce and the U.S. International Trade Commission (ITC) demonstrating that imports of CWP from China have increased since 2014, despite antidumping duties.¹⁷ The petitioners also provided secondary data detailing what they believe to be imports of CWP from China.¹⁸ They further claim these data indicate that various Chinese companies under review exported CWP to the United States.

In response to the petitioners' claim that companies under review could be evading the AD order by misreporting entry types, Commerce notes that this is a matter within the jurisdiction of CBP, and, hence, any determination as to whether entries have been misclassified must be made by that agency. In light of that, Commerce has provided CBP with the petitioners' allegations and relevant documentation from this record.¹⁹

¹⁴ See the accompanying *Federal Register* notice for a list of the 122 companies failing to qualify for separate rate status.

¹⁵ See *Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963 (November 4, 2013).

¹⁶ See *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Notice of Court Decision Not in Harmony with Final Determination and Amended Final Determination Under Section 129 of the Uruguay Round Agreements Act*, 80 FR 70758 (November 16, 2015).

¹⁷ See Petitioner's CBP Comments at Exhibit 1.

¹⁸ *Id.* at Exhibit 2 and Exhibit 3.

¹⁹ See Letter from Commerce, "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Allegations of Duty Evasion," dated April 17, 2019.

VI. RECOMMENDATION

We recommend applying the above methodology for the preliminary results of review.



Agree



Disagree

X



Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance