



A-469-815  
Administrative Review  
06/01/2018-05/31/2019  
**Public Document**  
E&C VI: MF/MCC

**DATE:** April 28, 2021

**MEMORANDUM TO:** Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

**FROM:** James Maeder  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

**SUBJECT:** Issues and Decisions Memorandum for the Final Results of the  
Antidumping Duty Administrative Review: Finished Carbon Steel  
Flanges from Spain; 2018-2019

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order<sup>1</sup> on finished carbon steel flanges (flanges) from Spain, in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). The period of review (POR) is June 1, 2018, through May 31, 2019. The administrative review covers eight companies, including the mandatory respondent, ULMA Forja, S.Coop (ULMA). We recommend making the changes described in the “Discussion of the Issues” section of this memorandum.

## II. BACKGROUND

On November 2, 2020, Commerce published in the *Federal Register* a notice of the preliminary results of the administrative review of the *Order* for the period June 1, 2019, through May 31, 2019.<sup>2</sup> At that time, we invited interested parties to comment on the *Preliminary Results*.<sup>3</sup> On December 2, 2020, Weldbend Corporation and Boltex Manufacturing Co., L.P. (collectively, the

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<sup>1</sup> See *Finished Carbon Steel Flanges from Spain: Antidumping Duty Order*, 82 FR 27229 (June 14, 2017) (*Order*).

<sup>2</sup> See *Finished Carbon Steel Flanges from Spain: Preliminary Results of Antidumping Duty Administrative Review*; 2018–2019, 85 FR 69314 (November 2, 2020) (*Preliminary Results*); see also Memorandum, “Finished Carbon Steel Flanges from Spain, 2018-2019: Preliminary Results *Federal Register* Notice and Amended Briefing Schedule,” dated November 6, 2020. On October 22, 2020, Commerce published in the *Federal Register* the preliminary results for this administrative review of the *Order* for this POR (85 FR 67335). On November 2, 2020, Commerce inadvertently again published in the *Federal Register* the *Preliminary Results*; this second notice was identical to that published on October 22, 2020. In fairness to all parties and to prevent confusion, this November 2, 2020, notice is the operative notice of the *Preliminary Results* for this administrative review.

<sup>3</sup> See *Preliminary Results*, 85 FR at 69314; see also 19 CFR 351.309.



petitioners), submitted their case brief.<sup>4</sup> On the same day, ULMA submitted its case brief.<sup>5</sup> On December 9, 2020, the petitioners submitted their rebuttal brief.<sup>6</sup> No other party submitted case or rebuttal briefs.

On February 11, 2021, we extended the deadline for these final results until April 30, 2020.<sup>7</sup>

### III. SCOPE OF THE *ORDER*

The scope of this *Order* covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or de-burring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this *Order*. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this *Order*.

While these finished carbon steel flanges are generally manufactured to specification ASME B16.5 or ASME B16.47 series A or series B, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.*, 150, 300, 400, 600, 900, 1500, 2500, *etc.*), type of face (*e.g.*, flat face, full face, raised face, *etc.*), configuration (*e.g.*, weld neck, slip on, socket weld, lap joint, threaded, *etc.*), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term “carbon steel” under this scope is steel 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) 0.87 percent of aluminum;
  - (ii) 0.0105 percent of boron;

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<sup>4</sup> See Petitioners’ Letter, “Finished Carbon Steel Flanges from Spain: Case Brief,” dated December 2, 2020 (Petitioners’ Case Brief).

<sup>5</sup> See ULMA’s Letter, “ULMA FORJA’s Case Brief: Finished Carbon Steel Flanges from Spain POR 2,” dated December 2, 2020 (ULMA’s Case Brief).

<sup>6</sup> See Petitioners’ Letter, “Finished Carbon Steel Flanges from Spain: Rebuttal Brief,” dated December 9, 2020 (Petitioners’ Rebuttal).

<sup>7</sup> See Memorandum, “Finished Carbon Steel Flanges from Spain: Extension of Time Limit for Final Results of Antidumping Duty Administrative Review, 2018-2019,” dated February 11, 2021.

- (iii) 10.10 percent of chromium;
- (iv) 1.55 percent of columbium;
- (v) 3.10 percent of copper;
- (vi) 0.38 percent of lead;
- (vii) 3.04 percent of manganese;
- (viii) 2.05 percent of molybdenum;
- (ix) 20.15 percent of nickel;
- (x) 1.55 percent of niobium;
- (xi) 0.20 percent of nitrogen;
- (xii) 0.21 percent of phosphorus;
- (xiii) 3.10 percent of silicon;
- (xiv) 0.21 percent of sulfur;
- (xv) 1.05 percent of titanium;
- (xvi) 4.06 percent of tungsten;
- (xvii) 0.53 percent of vanadium; or
- (xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

## IV. DISCUSSION OF THE ISSUES

### **Comment 1: Freight Revenue Capping**

#### *ULMA's Case Brief:*

- Commerce incorrectly capped only ULMA's freight revenue charged on an invoice-specific basis while disregarding the freight revenue received on the majority of sales where this revenue was received in the comparison market.
- Commerce should cap international freight (field INTNFRT) and inland freight from port to warehouse (field INLFPWT), in addition to inland freight from warehouse to customer (field INLFWCT) in the comparison market.<sup>8</sup>

#### *Petitioners' Rebuttal Brief:*

- Commerce's practice is to cap freight revenues received by the relevant freight expenses incurred, but Commerce must have some basis for determining which freight expenses are relevant. ULMA provides no evidence that its international freight and demurrage costs correspond to the freight revenues from its Canadian customers.<sup>9</sup>
- ULMA reports that, while it charges certain customers for freight via on-invoice charges (as reported in the CM freight revenue field (FRTREVT)), only those charges incurred for freight to the customer inside Canada—*i.e.*, those reported under inland freight from warehouse to customer (field INLFWCT)—are separately billed on the invoice.<sup>10</sup>
- Given the record evidence, Commerce properly capped ULMA's freight revenues with the corresponding on-invoice inland freight expenses reported under the warehouse to customer field (INLFWCT).<sup>11</sup>

#### **Commerce's Position:**

It is Commerce's practice to cap freight revenue added to the U.S. price at the amount of the movement expense incurred.<sup>12</sup> The parties do not dispute that ULMA realized freight revenue. Nor do they dispute whether freight revenue must be capped. The disagreement arises out of the mechanism for capping. ULMA maintains that the freight revenue should be capped by a more expansive set of fields which, together, comprise its total freight expenses. The petitioners advocate a more restricted cap, contending that only inland freight from warehouse to customer that is reflected by separate billing on the invoice establishes a basis for demonstrating that particular freight revenue corresponds to specific movement expenses and that, therefore,

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<sup>8</sup> See ULMA's Case Brief at 2.

<sup>9</sup> See Petitioners' Rebuttal at 1.

<sup>10</sup> *Id.* at 4.

<sup>11</sup> *Id.* at 1.

<sup>12</sup> See, e.g., *Certain Steel Nails from the Sultanate of Oman: Final Results of Antidumping Duty Administrative Review; 2014-2016*, 83 FR 4030 (January 29, 2018), and accompanying Issues and Decision Memorandum at Comment 8; see also *Certain Hot-Rolled Steel Flat Products from Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 53406 (August 12, 2016), and accompanying Issues and Decision Memorandum at Comment 2.

Commerce properly capped freight revenue only with inland freight from warehouse to customer.

We disagree. As stated above, it is our practice to cap freight revenue at the amount of the movement expense incurred – not only some of the expenses incurred, but all of the expenses incurred. Accordingly, if a company incurs both inland and ocean freight expenses, all such expenses should be captured in calculating the freight revenue cap. ULMA’s argument that the mechanism for the freight revenue cap ought to include the expenses reported in the international freight and inland freight from port to warehouse is correct.

ULMA’s Section B Response states, in relevant part:

Canadian shipments do not incur any separate duty or brokerage and handling charges, but do occasionally incur demurrage and/or freight to the customer. Accordingly, ULMA has reported the freight from the factory to the port of importation in field INTNFRT; in field INLFPWT any demurrage charges incurred separately from the international freight charges; and in field INLFWCT any freight charges to the customer inside Canada when those charges are separately billed as the actual freight charges incurred for each invoice over the theoretical net weight of the invoice. We provide at Exhibit B-13 documentation for one shipment for field INTNFRT, demonstrating how freight is billed and tracked in ULMA’s records, and tied these documents to the amount reported for {a particular invoice}.<sup>13</sup> All such transportation expenses are billed by the freight forwarder {name omitted}<sup>14</sup> to ULMA in Euros.<sup>15</sup>

\* \* \*

While ULMA does not utilize any warehouses in Canada, occasionally ULMA separately incurs additional demurrage charges. Because these expenses are separately tracked and billed in ULMA’s system, we have reported these charges in field INLFPWT. These expenses are incurred with unaffiliated carriers and reported in the same manner as INTNFRT. Exhibit B-15 provides sample documentation and a calculation of this expense for {another particular invoice}.<sup>16</sup>

\* \* \*

As explained above, ULMA sometimes separately incurs additional freight charges to the customer. Because these expenses are separately tracked and billed in ULMA’s system, we have reported these charges in field INLFWCT. These expenses are incurred with unaffiliated carriers and reported in the same manner as INTNFRT. Exhibit B-15 provides sample documentation and a calculation of this expense for {another particular invoice}.<sup>17</sup>

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<sup>13</sup> This invoice number is business proprietary.

<sup>14</sup> This name is business proprietary and not germane to the issue under consideration.

<sup>15</sup> See ULMA’s Letter, “ULMA FORJA S. COOP’s Response to Section B Questionnaire -- Finished Carbon Steel Flanges from Spain, POR 2,” dated January 13, 2020 (Section B Response) at 46 and Exhibit 13.

<sup>16</sup> *Id.* at 47 and Exhibit 15. This invoice number is business proprietary.

<sup>17</sup> *Id.* at 47-48 and Exhibit 15. This invoice number is business proprietary.

We have reviewed the sample invoices that ULMA provided. In each instance, the referenced revenue is evident; moreover, each is specifically marked by ULMA for our attention. Consequently, we find no validity in the petitioners' contentions that only those for inland freight from warehouse to customer are on-invoice charges.

Additionally, freight revenue reported from invoices documenting sales from Spain to Canada – the validity of the invoices having never been questioned by the petitioners – reflects movement expenses in sales from Spain to Canada. We further determine that we have a basis for establishing the relevant revenue caps in the comparison market; that basis is ULMA's reported movement expenses in the international freight and inland freight from port to warehouse fields (*i.e.*, INTNFRT and INLFPWT), in the same manner as was used for the inland freight from warehouse to customer field (*i.e.*, INLFWCT) in the *Preliminary Results*. As a result, we find that capping the freight revenue with an amount that includes the expenses reported in the international freight and inland freight from port to warehouse fields leads to a more accurate calculation of ULMA's weighted average dumping margin. Accordingly, we have revised the calculation of the cap for these final results. For a full explanation of these programming changes, *see* the Final Analysis Memorandum.<sup>18</sup>

## **Comment 2: Marine Insurance**

### *ULMA's Case Brief:*

- Commerce failed to account for the fact that marine insurance expenses (MARNINT and MARNINU) were reported in mixed currencies. Because these variables were reported in relation to ULMA's invoices, and ULMA's invoices are reported in both markets in mixed currencies, the variables MARNINT and MARNINU are also in mixed currencies.<sup>19</sup>

### *Petitioners' Rebuttal Brief:*

- The database summaries provided at Exhibits B-2 and C-2 of ULMA's Section B and C responses clearly indicate MARNINT and MARNINU – as reported in the sales databases – are reported in euros, so Commerce properly accounted for marine insurance costs in its preliminary margin calculations.<sup>20</sup>

## **Commerce's Position:**

There are three sources of information we have examined to determine whether marine insurance in both markets is expressed in euros alone or in both euros and U.S. dollars as ULMA contends: (1) the narrative response and attendant supporting exhibits; (2) the databases themselves;<sup>21</sup> and

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<sup>18</sup> See Memorandum, "Finished Carbon Steel Flanges from Spain: Analysis of Data Submitted by ULMA Forja S.Coop for Final Results of Antidumping Duty Administrative Review; 2018-2019," dated concurrently with this memorandum (Final Analysis Memorandum).

<sup>19</sup> See ULMA's Case Brief at 3.

<sup>20</sup> See Petitioners' Rebuttal Brief at 2.

<sup>21</sup> See the Final Analysis Memorandum, where these databases are listed.

(3) the database summaries. ULMA's section B<sup>22</sup> and C<sup>23</sup> sales database summaries do in fact indicate that both fields MARNINT and MARNINU are reported in euros. However, the narrative descriptions of MARNINT<sup>24</sup> and MARNINU<sup>25</sup> in the same submission clearly state that the reporting of these fields is based upon the invoices to which they pertain. Further, ULMA stated that its invoices in both markets are expressed in mixed currencies (*i.e.*, either in euros or in U.S. dollars).<sup>26</sup> The section B and C databases themselves reflect this, which has not been disputed by the petitioners. After reviewing the information on the record, we find that ULMA's narrative descriptions of the currencies reported in fields MARNINT and MARNINU are supported by the record evidence, especially including the section B and C databases themselves, and that the currency shown for these fields in the database summaries appears to be in error. For these final results, we are basing our calculations on the most accurate data available on the record of this administrative review, which show that the MARNINT and MARNINU fields are, in fact, reported in mixed currencies. Consequently, we have made the programming changes suggested by ULMA. For a full explanation of these programming changes, *see* the Final Analysis Memorandum.

### **Comment 3: Certain Offset to G&A Expenses**

#### *Petitioners' Case Brief:*

- Commerce stated in the *Preliminary Results* that it disallowed a certain item<sup>27</sup> as an offset and made an adjustment,<sup>28</sup> but the programming language contained in the Preliminary Analysis Memorandum<sup>29</sup> reflects no such adjustment was made;<sup>30</sup> therefore, Commerce should make this adjustment for the final results.

*No other party commented on this issue.*

#### **Commerce's Position:**

We have reviewed the *Preliminary Results* and the programming language contained in the Preliminary Analysis Memorandum. We agree with the petitioners' contention that we inadvertently omitted this adjustment in our calculation, which we stated we would make in the *Preliminary Results*. We have made the corresponding correction to the programming language for these final results. For a full explanation of this programming change, *see* the Final Analysis Memorandum.

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<sup>22</sup> See Section B Response at Exhibit 2.

<sup>23</sup> See ULMA's Letter, "ULMA FORJA S. COOP's Response to Section C Questionnaire -- Finished Carbon Steel Flanges from Spain, POR 2," dated January 13, 2020 (Section C Response) at Exhibit 2.

<sup>24</sup> See Section B Response at 46-47.

<sup>25</sup> See Section C Response at 47.

<sup>26</sup> See, *e.g.*, Section B Response at 35-36; *see also, e.g.*, Section C Response at 34.

<sup>27</sup> This item is business proprietary and is identified in the Final Analysis Memorandum.

<sup>28</sup> See Petitioners' Case Brief at 2.

<sup>29</sup> See Memorandum, "Analysis of Data Submitted by ULMA Forja S.Coop. for Preliminary Results of Antidumping Duty Administrative Review; 2018-2019," dated October 19, 2020 (Preliminary Analysis Memorandum).

<sup>30</sup> See Petitioners' Case Brief at 2.

## V. RECOMMENDATION

We recommend making the changes in the calculation of the weighted-average dumping margin cited above, for these final results.



\_\_\_\_\_  
Agree



\_\_\_\_\_  
Disagree

4/28/2021

X 

Signed by: CHRISTIAN MARSH

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Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance