



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Finished Carbon Steel Flanges from India

- On November 22, 2016, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of finished carbon steel flanges from India.
- The CVD law provides U.S. business and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated preliminary subsidy rates of 2.76 percent and 3.66 percent for mandatory respondents Norma (India) Ltd. and its three cross-owned affiliates, and RN Gupta & Company Limited, respectively. Commerce established a preliminary subsidy rate of 3.21 percent for all other producers/exporters in India.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- The petitioners are Boltex Manufacturing Co., L.P. (TX) and Weldbend Corporation (IL).
- The scope of this investigation 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 deburring 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 investigation. 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 investigation.

While these finished carbon steel flanges are generally manufactured to specification ASME 816.5 or ASME 816.47 series A or series 8, 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;
 - (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.

- In 2015, imports of finished carbon steel flanges from India were valued at an estimated \$90.6 million.

NEXT STEPS

- Commerce is scheduled to announce its final determination on or about April 11, 2017, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of finished carbon steel flanges from India materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce’s or the ITC’s final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTERS/PRODUCERS	SUBSIDY RATES
India	Norma (India) Ltd., USK Exports Private Limited, Uma Shanker Khandelwal & Co., Bansidhar Chiranjilal	2.76%
	RN Gupta & Company Limited	3.66%
	All others	3.21%

CASE CALENDAR:

EVENT	DATE
Petition Filed	June 30, 2016
DOC Initiation Date	July 20, 2016
ITC Preliminary Determination	August 12, 2016 [†]
DOC Preliminary Determination	November 21, 2016
DOC Final Determination	April 11, 2017 [†]
ITC Final Determination**	May 26, 2017
Issuance of Order***	June 2, 2017

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

[†]Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

**This will take place only in the event of an affirmative final determination from Commerce.

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IMPORT STATISTICS:

INDIA	2013	2014	2015
Volume (metric tons)	60,900	55,500	67,400
Value (USD)	95,872,000	77,275,000	90,638,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7307.91.5010 and 7307.91.5050).

Imports of finished carbon steel flanges may also enter under HTSUS 7307.91.5030 and 7307.91.5070. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.