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Sunset Review
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DATE: September 27, 2011

MEMORANDUM TO: Ronald K. Lorentzen
Deputy Assistant Secretary
for Import Administration

FROM: Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of the Expedited Third Sunset Reviews of the Antidumping Duty Orders on Certain Helical Spring Lock Washers from Taiwan and the People's Republic of China

SUMMARY

We have analyzed the substantive responses of the domestic interested party in the third sunset reviews of the antidumping duty (“AD”) orders covering certain helical spring lock washers (“lock washers”) from Taiwan and the People’s Republic of China (“PRC”).¹ We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum. Below is a complete list of the issues in this sunset review for which we received substantive responses:

1. Likelihood of a continuation or recurrence of dumping
2. Magnitude of the margin likely to prevail

HISTORY OF THE ORDERS

PRC

On September 20, 1993, the Department of Commerce (“Department”) published its affirmative determination of sales at LTFV with respect to lock washers from the PRC. *See Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers From the People’s Republic of China*, 58 FR 48833 (September 20, 1993) (“*Final Determination*”). On

¹ The domestic interested party in this sunset review is Shakeproof Assembly Components Division of Illinois Tool Works (“Shakeproof”), the petitioner in the less than fair value (“LTFV”) investigations of lock washers from Taiwan and the PRC. No response was received from respondent interested parties.



October 19, 1993, the Department published the AD order on lock washers from the PRC. *See Antidumping Duty Order: Certain Helical Spring Lock Washers From the People's Republic of China*, 58 FR 53914 (October 19, 1993). On November 23, 1993, the Department published an amended order, which included an amendment to the LTFV determination in order to correct ministerial errors made in the margin calculations in the *Final Determination*. *See Amended Final Determination and Amended Antidumping Duty Order: Certain Helical Spring Lock Washers From the People's Republic of China*, 58 FR 61859 (November 23, 1993). The Department established a weighted-average margin of 69.88 percent for Hangzhou Spring Washer Plant (“HSWP”) and HSWP via seven foreign trading companies,² and 128.63 percent for the PRC-wide entity. Following the investigation and prior to the first sunset review initiation, the Department conducted four administrative reviews.³ In the 1993-1994 administrative review, the Department published one company-specific weighted-average dumping margin of 26.08 percent for Zhejiang Wanxin Group Co., Ltd. (“ZWG”), also known as HSWP. In the 1994-1995 administrative review, the Department calculated a rate of 38.27 percent for ZWG. The Department calculated a margin of 14.15 percent for ZWG in the 1995-1996 administrative review and a margin of 3.85 percent for ZWG in the 1996-1997 administrative review.

On November 2, 1999, the Department initiated the first sunset review of the AD order on lock washers from the PRC pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). *See Notice of Initiation of Five-Year (“Sunset”) Reviews*, 64 FR 59160 (November 2, 1999) (“*First Sunset Review Initiation Notice*”). As a result of the first sunset review, pursuant to section 751(c) and 752 of the Act, the Department determined that revocation of the AD order on lock washers from the PRC would likely lead to continuation or recurrence of dumping. *See Helical Spring Lock Washers From the People's Republic of China and Taiwan; Final Results of Expedited Sunset Reviews*, 65 FR 35605 (June 5, 2000) (“*First Sunset Review Final Results*”). On January 31, 2001, the International Trade Commission (“ITC”), pursuant to section 751(c) of the Act, published its determination that revocation of the AD order on lock washers from the PRC would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See Helical Spring Lock Washers From China and Taiwan*, 66 FR 8424 (January 31, 2001); *see also Helical Spring Lock Washers from China and Taiwan* (Invs. Nos. 731-TA-624-625 (Review) and USITC Publication 3384, January 2001) (collectively, “*First ITC Sunset Final*”). Accordingly, the Department published a notice of the continuation of the AD order on lock washers from the PRC, pursuant to 19 CFR 351.218(f)(4). *See Continuation of Antidumping Duty Orders on Helical Spring Lock Washers From China and Taiwan*, 66 FR 11255 (February 23, 2001) (“*First Continuation Notice*”).

² The foreign trading companies are IFI Morgan Limited, Carway Development Limited, Fastwell Industry Co., Ltd., Linkwell Industry Co., Ltd., Midway Fasteners, Ltd., Sunfast International Corp., and Winner Standard Parts Co., Ltd.

³ *See Helical Spring Lock Washers From the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 61 FR 41994 (August 13, 1996); *Certain Helical Spring Lock Washers From The People's Republic of China; Final Results of Antidumping Administrative Review*, 61 FR 66255 (December 17, 1996); *Certain Helical Spring Lock Washers From the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 61794 (November 19, 1997); and *Certain Helical Spring Lock Washers from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 64 FR 13401 (March 18, 1999).

Following the first sunset review initiation and prior to the second sunset review, the Department completed six administrative reviews.⁴ In the 1997-1998 administrative review, the Department published a weighted-average dumping margin of zero percent for ZWG. In the 1998-1999 administrative review, the Department published a weighted-average dumping margin of 2.76 percent for ZWG (predecessor to Hangzhou Spring Washer Co., Ltd. (“Hangzhou”). In the 1999-2000 administrative review, the Department published a weighted-average dumping margin of 0.01 percent for Hangzhou (also known as (“a/k/a”) ZWG). In the 2000-2001 administrative review, the Department published a weighted-average dumping margin of 0.13 (*de minimis*) percent for Hangzhou (a/k/a ZWG). In the 2001-2002 administrative review, the Department published a weighted-average dumping margin of 28.59 percent for Hangzhou. In the 2002-2003 administrative review, Hangzhou received a margin of 19.48 percent as a result of litigation.

On January 3, 2006, the Department initiated the second sunset review of the AD order on lock washers from the PRC pursuant to section 751(c) of the Act. *See Initiation of Five-Year (“Sunset”) Reviews*, 71 FR 91 (January 3, 2006) (“*Second Sunset Review Initiation Notice*”). As a result of the second sunset review, pursuant to sections 751(c) and 752 of the Act, the Department determined that revocation of the AD order on lock washers from the PRC would likely lead to continuation or recurrence of dumping. *See Certain Helical Spring Lock Washers from the People's Republic of China and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 71 FR 27227 (May 10, 2006) (“*Second Sunset Review Final Results*”). On June 20, 2006, the ITC published its determination that, pursuant to section 751(c) of the Act, revocation of the AD order on lock washers from the PRC would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See Helical Spring Lock Washers From China and Taiwan*, 71 FR 35449 (June 20, 2006); *see also Helical Spring Lock Washers From China and Taiwan Investigation Nos. 701-TA-624 and 625 (Second Review) and USITC Publication 3858*, June 2006 (collectively, “*Second ITC Sunset Final*”). Accordingly, the Department published a notice of the continuation of the AD order on lock washers from the PRC, pursuant to 19 CFR 351.218(f)(4). *See Continuation of Antidumping Duty Orders: Certain Helical Spring Lock Washers from the People's Republic of China and Taiwan*, 71 FR 37904 (July 3, 2006) (“*Second Continuation Notice*”).

Following the second sunset review initiation and prior to the third sunset review, the

⁴ *See Certain Helical Spring Lock Washers From the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 65 FR 31143 (May 16, 2000); *Certain Helical Spring Lock Washers From the People's Republic of China; Final Results of Antidumping Duty Review*, 66 FR 1078 (January 5, 2001); *Certain Helical Spring Lock Washers From the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 67 FR 8520 (February 25, 2002); *Certain Helical Spring Lock Washers From the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 67 FR 69717 (November 19, 2002); *Certain Helical Spring Lock Washers from the People's Republic of China; Final Results of Antidumping Duty Administrative Review and Determination Not to Revoke the Antidumping Duty Order, in Part*, 69 FR 12119 (March 15, 2004); and *Certain Helical Spring Lock Washers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 70 FR 28274 (May 17, 2005); as amended, *Notice of Amended Final Results in Accordance With Court Decision: Helical Spring Lock Washers from the People's Republic of China*, 72 FR 68562 (December 5, 2007).

Department conducted two administrative reviews and rescinded two others.⁵ In the 2005-2006 administrative review, the Department published a weighted-average dumping margin of zero percent for Hangzhou (a/k/a ZWG). In the 2007-2008 administrative review, the Department published a weighted-average dumping margin of 6.96 percent for Hangzhou (a/k/a ZWG).

The order remains in effect for all known producers/exporters of the subject merchandise from the PRC. To date, the Department has not issued any duty absorption findings in this case.

Taiwan

On May 11, 1993, the Department published its affirmative determination of sales at LTFV with respect to lock washers from Taiwan. *See Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers From Taiwan*, 58 FR 27709 (May 11, 1993). The AD order on lock washers from Taiwan was published on June 28, 1993. *See Antidumping Duty Order: Certain Helical Spring Lock Washers From Taiwan*, 58 FR 34567 (June 28, 1993). The Department calculated three company-specific weighted-average dumping margins of 31.93 percent for Spring Lake Enterprises Co., Ltd., Ceimiko Industrial Co. Ltd., and Par Excellence Industrial Co., Ltd., as well as an “All Others” rate of 31.93 percent.

On November 2, 1999, the Department initiated the first sunset review of the AD order on lock washers from Taiwan pursuant to section 751(c) of the Act. *See First Sunset Review Initiation Notice*. As a result of the first sunset review, pursuant to sections 751(c) and 752 of the Act, the Department determined the revocation of the AD order on lock washers from Taiwan would likely lead to continuation or recurrence of dumping. *See First Sunset Review Final Results*. On January 31, 2001, the ITC, pursuant to section 751(c) of the Act, determined that revocation of the AD order on lock washers from Taiwan would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See First ITC Sunset Final*. Accordingly, the Department published a notice of the continuation of the AD order on lock washers from Taiwan, pursuant to 19 CFR 351.218(f)(4) of the Department’s regulations. *See First Continuation Notice*.

On January 3, 2006, the Department initiated the second sunset review of the AD order on lock washers from Taiwan pursuant to section 751(c) of the Act. *See Second Sunset Review Initiation Notice*. As a result of the second sunset review, pursuant to sections 751(c) and 752 of the Act, the Department determined that revocation of the AD order on lock washers from Taiwan would likely lead to continuation or recurrence of dumping. *See Second Sunset Review Final Results*. On June 20, 2006, the ITC published its determination that, pursuant to section 751(c) of the Act, revocation of the AD order on lock washers from Taiwan would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See Second ITC Sunset Final*. On July 3, 2006, the Department published a notice of the

⁵ *See Helical Spring Lock Washers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 73 FR 4175 (January 24, 2008); *Certain Helical Spring Lock Washers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 75 FR 29720 (May 27, 2010); *Helical Spring Lock Washers from the People's Republic of China: Notice of Rescission of Antidumping Duty Administrative Review*, 73 FR 33991 (June 16, 2008); and *Certain Helical Spring Lock Washers From the People's Republic of China: Rescission of Antidumping Duty Administrative Review*, 75 FR 16753 (April 2, 2010).

continuation of the AD order on lock washers from Taiwan, pursuant to 19 CFR 351.218(f)(4). *See Second Continuation Notice.*

The Department has not conducted any administrative reviews of this order to date. The order remains in effect for all known producers/exporters of the subject merchandise from Taiwan. To date, the Department has not issued any duty absorption findings in this case.

BACKGROUND

On June 1, 2011, the Department initiated sunset reviews of the AD orders on lock washers from Taiwan and the PRC pursuant to section 751(c) of the Act. *See Initiation of Five-Year (“Sunset”) Review*, 76 FR 31588 (June 1, 2011). On June 13, 2011, the Department received a notice of intent to participate in both reviews from one domestic interested party: Shakeproof, within the deadline specified in 19 CFR 351.218(d)(1)(i). Shakeproof claimed interested party status under section 771(9)(C) of the Act, as a producer of the domestic like product. On June 30, 2011 the Department received adequate substantive responses from Shakeproof within the deadline specified in 19 CFR 351.218(d)(3)(i). The Department did not receive substantive responses from any respondent interested party to these proceedings. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department has conducted expedited sunset reviews of these orders.

DISCUSSION OF THE ISSUES

In accordance with section 751(c)(1) of the Act, the Department conducted sunset reviews to determine whether revocation of the AD orders would likely lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making these determinations, the Department shall consider both the weighted-average dumping margins determined in the investigations and subsequent reviews, and the volume of imports of the subject merchandise for the period before, and the period after, the issuance of the AD orders. In addition, section 752(c)(3) of the Act states that the Department shall provide to the ITC the magnitude of the margins of dumping likely to prevail if the orders were revoked. Below we address the comments made by Shakeproof in these proceedings.

1. Likelihood of Continuation or Recurrence of Dumping

Shakeproof asserts that revocation of either AD order would likely lead to continuation or recurrence of dumping. Shakeproof notes that section 752(c)(1) of the Act instructs the Department to consider the dumping margins in the investigation and reviews. Shakeproof asserts that the Department has found that declining import volumes accompanied by continued dumping margins may provide a strong indication that, absent an order, dumping would be likely to continue or recur.⁶ Shakeproof notes that the *Policy Bulletin* states that the existence of dumping margins after the order is highly probative of the likelihood of continuation or

⁶ *See Policies Regarding the Conduct of Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871, 18872 (April 16, 1998) (“*Policy Bulletin*”) (quoting the Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. 1, at 889 (1994) (“*SAA*”).

recurrence of dumping.⁷ According to Shakeproof, the existence of *de minimis* margins in some reviews should not affect the Department's conclusion that dumping is likely to continue if the orders were revoked.⁸

In this case, Shakeproof asserts, PRC imports occur at significant volumes but have exhibited an inability to be sold at non-dumped levels. Shakeproof maintains that all PRC companies, except one, have a margin of 128.63 percent since the investigation, and the only exception (HSWP/ZWG/Hangzhou) was unable to sell in the United States without resuming dumping (6.96 percent margin in the most recent review, after having previously received a *de minimis* margin). Shakeproof concludes that since the PRC respondents have elected to continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the discipline of the order were removed.⁹

For Taiwan, Shakeproof notes that although import volumes rose during the current period of review, they have remained relatively low since the order was imposed. In addition, Shakeproof notes, all producers carry a 31.93 percent dumping margin, and no Taiwanese respondents have ever been reviewed since the investigation. Shakeproof concludes that it is clear that Taiwanese producers have concluded that they are unable to compete in the U.S. market at any significant level without selling at considerably LTFV.

Department's Position:

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act, specifically the SAA, the House Report, H. Rep. No. 103-826, pt. 1 (1994), and the Senate Report, S. Rep. No. 103-412 (1994), the Department normally determines that revocation of an AD order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly.¹⁰ In addition, pursuant to section 752(c)(1)(B) of the Act, the Department considers the quantity of imports of the subject merchandise for the period before and after the issuance of the order.

For lock washers from the PRC, the Department conducted 12 reviews in which it individually reviewed one entity, HSWP/ZWG/Hangzhou. Although the Department calculated zero or *de minimis* rates in four of those reviews, finding a zero or *de minimis* margin does not require the Department to determine that sales at LTFV are unlikely to recur upon revocation of an AD order. See Section 752(c)(4)(A) of the Act. In fact, in the last completed administrative review, HSWP/ZWG/Hangzhou received an affirmative dumping margin, indicating that it was unable to sustain its *de minimis* margins. Moreover, the PRC-wide rate, the rate in effect for all other exporters of lock washers from the PRC, is 128.63 percent. Thus, the rates for all PRC

⁷ See *Policy Bulletin* 63 FR at 18872, quoting SAA at 890 and the House Report, H. Rep. No. 103-826, pt. 1 ("House Report") at 63-64 (1994).

⁸ See *Policy Bulletin* 63 FR at 18873 (citing section 752(c)(4)(A) of the Act).

⁹ Citing SAA at 890.

¹⁰ See SAA at 889-90, the House Report at 63-64, and the Senate Report, S. Rep. No. 103-412 (1994) at 52.

producer/exporters are above *de minimis*.

For lock washers from Taiwan, three companies, Spring Lake Enterprises Co., Ltd., Ceimiko Industrial Co. Ltd., and Par Excellence Industrial Co., Ltd., were examined in the investigation and ultimately received dumping margins of 31.93 percent. The Department also determined an “All Others” rate of 31.93 percent. The investigation margins, in addition to being the margins based on a time period for which orders were not yet in place, are the only margins we can examine because no reviews were conducted. We infer from the fact that the respondents have not requested an administrative review that dumping continues, because if dumping had ceased, it is likely they would have requested an administrative review.

The Department also analyzed and considered the volume of imports of subject merchandise under each order, for the period before issuance of the orders through 2010. *See* Memorandum to The File from Joshua Morris, International Trade Analyst, regarding Import Volumes and Values for the Final Results of the Expedited Third Sunset Reviews of the Antidumping Duty Orders, dated concurrently with this memorandum (“Import Volumes and Values Memo”). This data shows that import volumes from the PRC declined significantly after issuance of the order. In three of the last five years, PRC shipments returned to near pre-order levels. *See* Import Volumes Memo at Attachment 1. Nonetheless, the existence of above-*de minimis* margins demonstrates that if the order were revoked, it is likely that PRC producer/exporters of lock washers would continue dumping at significant levels.¹¹

For Taiwan, import volumes declined significantly after the issuance of the order, and have not returned to pre-order levels. *See* Import Volumes and Values Memo at Attachment 1.

Given that dumping continues at levels above *de minimis*, and because the import volumes declined significantly after the issuance of the order, we determine that dumping is likely to continue or recur if these orders were revoked. Therefore, on the basis of information provided by Shakeproof and information on the record, we continue to find that revocation of the AD orders on lock washers from Taiwan and the PRC would likely lead to continuation or recurrence of dumping.

2. Magnitude of the Margins Likely to Prevail

Shakeproof asserts that in determining the magnitude of the margins that are likely to prevail if the orders were revoked, the SAA and *Policy Bulletin* state that the Department is normally to select the margins from the investigation.¹² Thus, the reported magnitude of the margin of dumping in most cases is the company-specific margin from the original investigation, as that margin best reflects the behavior of the respondent free of the constraints of an AD order. Accordingly, Shakeproof concludes that, in this case, the Department should rely upon the margins from the original investigations.

¹¹ *See Granular Polytetrafluoroethylene Resin From Italy: Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 76 FR 12939 (March 1, 2011), and accompanying Issues and Decision Memorandum at Comment 1.

¹² *See* SAA at 890 and *Policy Bulletin* 63 FR at 18873.

Department's Position:

Section 752(c)(3) of the Act provides that the Department will report to the ITC the magnitude of the margin of dumping that is likely to prevail if the order were revoked. The Department normally will select a margin from the final determination of the investigation because that is the only calculated rate that reflects the behavior of exporters without the discipline of an order. *See* SAA at 890 and the House Report at 64.

In the final determination of the investigation from the PRC, the Department found dumping margins of 69.88 percent for HSWP (subsequently known as ZWG and Hangzhou) and 128.63 percent for the PRC-wide entity. In the final determination of the investigation from Taiwan, the Department found dumping margins of 31.93 percent for Spring Lake Enterprises Co., Ltd., 31.93 percent for Ceimiko Industrial Co., Ltd., 31.93 for Par Excellence Industrial Co., Ltd., and 31.93 percent for "all others."

In the final results of subsequent administrative reviews of the PRC order, margins continued to above-*de minimis*, with the exception of the calculated rate for HSWP/ZWG/Hangzhou in the 1997-1998, 1999-2000, 2001-2002, and 2005-2006 administrative reviews. In the first and second sunset reviews, the Department determined that the margins calculated in the original investigations were reflective of the behavior of the PRC and Taiwanese producers and exporters of lock washers without the discipline of the order. For this third sunset review of lock washers from the PRC, the Department does not find any indication that the margins calculated in subsequent reviews are more probative of behavior without the discipline of the order. Regarding Taiwan, there have been no administrative reviews. Thus, the dumping margin from the final determination in the investigation is the only rate that can be reported to the ITC. Consequently, as in the first and second sunset reviews, the Department finds that the margins from the original investigations are the appropriate margins to report to the ITC with respect to the orders on lock washers from the PRC and Taiwan because they are the only calculated rates that reflect the behavior of producers and exporters without the discipline of the orders. Therefore, consistent with section 752(c) of the Act, the Department will report to the ITC company-specific and "All Others" or PRC-wide rates from the investigations as indicated in the "Final Results of Reviews" section of this memorandum.

FINAL RESULTS OF REVIEWS

We determine that revocation of the orders on lock washers from Taiwan and the PRC would likely lead to a continuation or recurrence of dumping at the following weighted-average percentage margins:

Taiwan

Manufacturers/producers/exporters	Margin
Spring Lake Enterprises Co., Ltd.	31.93%
Ceimiko Industrial Co., Ltd.....	31.93%
Par Excellence Industrial Co., Ltd.....	31.93%
All-Others	31.93%

PRC

Exporters	Margin
Hangzhou Spring Washer Co., Ltd. a/k/a Zhejiang Wanxin Group Co., Ltd. Co., Ltd. a/k/a Hangzhou Spring Washer Plant (“HSWP”)	69.88%
HSWP via IFI Morgan Limited	69.88%
HSWP via Carway Development Ltd.	69.88%
HSWP via Midway Fasteners Ltd.	69.88%
HSWP via Linkwell Industry Co., Ltd.	69.88%
HSWP via Fastwell Industry Co., Ltd.	69.88%
HSWP via Sunfast International Corp.	69.88%
HSWP via Winner Standard Parts Co., Ltd.	69.88%
PRC-wide.....	128.63%

RECOMMENDATION

Based on our analysis of the substantive response received, we recommend adopting the above positions. If this recommendation is accepted, we will publish the final results of these sunset reviews in the *Federal Register*, and notify the ITC of our determination.

AGREE _____

DISAGREE _____

Ronald K. Lorentzen
Deputy Assistant Secretary
for Import Administration

Date