



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

A-570-865

POR: 11/01/2012-10/31/2013

Public Document

E&C/V: SDH

July 23, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for Preliminary Results of 2012-2013
Antidumping Duty Administrative Review: Certain Hot-Rolled
Carbon Steel Flat Products from the People's Republic of China

SUMMARY

The Department of Commerce (“the Department”) is conducting an administrative review of the antidumping duty order on certain hot-rolled carbon steel flat products (“hot-rolled steel”) from the People’s Republic of China (“PRC”). The review covers one exporter, Baosteel.¹ The period of review (“POR”) is November 1, 2012, through October 31, 2013. We preliminarily determine that Baosteel did not have any reviewable transactions during the POR.

BACKGROUND

On November 29, 2001, the Department published in the *Federal Register* an antidumping duty order on hot-rolled steel from the PRC.² On November 27, 2013, and December 2, 2013, Nucor Corporation and United States Steel Corporation, respectively, submitted requests for an administrative review of Baosteel.³ On December 30, 2013, the Department published a notice of initiation of an administrative review on hot-rolled steel from the PRC covering the period November 1, 2012, through October 31, 2013.⁴ On January 24, 2014, the Department issued an

¹ Baosteel Group Corporation, Shanghai Baosteel International Economic & Trading Co., Ltd., and Baoshan Iron and Steel Co., Ltd. (collectively, “Baosteel”)

² See *Notice of Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products from the People’s Republic of China*, 66 FR 59561 (November 29, 2001).

³ See *Certain Hot-Rolled Carbon Steel Flat Products from the People’s Republic of China: Request for Administrative Review*, dated November 27, 2013, and *Hot-Rolled Carbon Steel Flat Products from the People’s Republic of China: Request for Administrative Review*, dated December 2, 2013.

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 79392 (December 30, 2013).



antidumping duty questionnaire to Baosteel because it was the only company for which a review had been requested.⁵

On January 27, 2014, Baosteel filed a no sales certification stating that it had no sales of subject merchandise in the United States during the POR.⁶ On January 29, 2014, the Department issued a supplemental questionnaire to Baosteel with respect to its no sales certification.⁷ On February 14, 2014, in response to the Department's supplemental questionnaire, Baosteel reiterated that it did not have sales of subject merchandise in the United States during the POR, and Baosteel requested that the Department release entry documentation from U.S. Customs and Border Protection ("CBP").⁸

On February 19, 2014, the Department stated that Baosteel's questionnaire deadlines were temporarily suspended until the Department resolved Baosteel's no sales certification.⁹ On March 19, 2014, the Department placed the CBP entry documentation on the record and invited parties to comment.¹⁰ On April 2, 2014, Baosteel stated that the CBP entry documents confirm that Baosteel was not an exporter of subject merchandise during the POR, and therefore the review should be rescinded.¹¹ On June 2, 2014, the Department placed additional information on the record with respect to the parties identified in the CBP entry documents.¹² The Department did not receive comments from any other interested parties.

SCOPE OF THE ORDER

The products covered by the order are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed

⁵ See Letter to Baosteel regarding Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China, dated January 24, 2013.

⁶ See Letter from Baosteel regarding Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China: Certification of No Sales, dated January 27, 2014.

⁷ See Letter to Baosteel regarding 2012-2013 Administrative Review of the Antidumping Duty Order on Certain Hot Rolled Carbon Steel Flat Products from the People's Republic of China: No Shipment Supplemental Questionnaire, January 29, 2014.

⁸ See Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China Comments on Customs Border Protection Information, dated, February 14, 2014.

⁹ See Memorandum to the File from Steven Hampton, International Trade Compliance Analyst, AD/CVD Operations, Office V, Enforcement and Compliance regarding 2012-2013 Administrative Review of Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic China, dated February 19, 2014.

¹⁰ See Memorandum to the File through Scot T. Fullerton, Program Manager, Office V; Enforcement and Compliance, from Steven Hampton, International Trade Compliance Analyst, Office V, Enforcement and Compliance, regarding 2012-2013 Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China: Release of CBP Entry Documents, dated March 19, 2014 ("CBP Entry Documents").

¹¹ See Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China Comments on Release of Customs Border Protection Entry Documents, dated April 2, 2014.

¹² See Memorandum to the File from Steven Hampton, International Trade Compliance Analyst, AD/CVD Operations, Office V, Enforcement and Compliance regarding 2012-2013 Administrative Review of Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China, dated June 2, 2014.

box pass, of a width exceeding 150 mm, but not exceeding 1,250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of the order.

Specifically included within the scope of the order are vacuum degassed, fully stabilized (commonly referred to as interstitial-free ("IF")) steels, high strength low alloy ("HSLA") steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of the order, regardless of definitions in the Harmonized Tariff Schedule of the United States ("HTSUS"), are products in which: i) iron predominates, by weight, over each of the other contained elements; ii) the carbon content is two percent or less, by weight; and, iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of the order unless otherwise excluded. The following products, for example, are outside or specifically excluded from the scope of the order:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, American Society for Testing and Materials ("ASTM") specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers ("SAE")/American Iron & Steel Institute ("AISI") grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.

- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to the order is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90.

Certain hot-rolled carbon steel flat products covered by the order, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to the order is dispositive.

DISCUSSION OF THE METHODOLOGY

Preliminary Determination of No Shipments

As noted above, Baosteel filed a no shipment certification. The CBP entry documents show that several parties other than Baosteel were involved in sales of subject merchandise to the United States during the POR (*i.e.*, Baosteel was not the PRC exporter or affiliated with the U.S. importer of subject merchandise).¹³ In addition, in response to the Department's request for comments on the CBP entry documents, Baosteel provided a list of companies in the PRC that

¹³ See CBP Entry Documents.

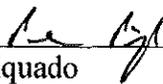
purchased subject merchandise from Baosteel during the POR.¹⁴ The parties mentioned in the CBP entry documents do not appear on Baosteel's list of customers.¹⁵ Therefore, we find no evidence indicating that Baosteel had knowledge that these sales were destined for the United States. Furthermore, we find there is no evidence demonstrating an ownership or affiliation link between Baosteel and the parties mentioned in the CBP entry documents.

Thus, we preliminarily find that the sales in question do not qualify as entries that are subject to review. Therefore, based on Baosteel's no sales certification and its comments on the CBP entry documents and our analysis of the CBP entry documents, the Department preliminarily determines that Baosteel did not have any reviewable transactions during the POR. Consistent with the Department's refinement to its assessment practice in non-market economy cases, the Department finds that it is appropriate not to rescind the review in these circumstances, as requested by Baosteel, but rather, to complete the review with respect to Baosteel and issue appropriate instructions to CBP based on the final results of the review.¹⁶

Recommendation

We recommend applying the above methodology for these preliminary results.

Agree Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

23 July 2014

Date

¹⁴ See Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China Comments on Release of Customs Border Protection Entry Documents, dated April 2, 2014 at Exhibit 1.

¹⁵ *Id.*

¹⁶ See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694, 65694-95 (October 24, 2011).