



## FACT SHEET

### **Commerce Preliminarily Finds Countervailable Subsidization of Imports of Stainless Steel Flanges from China and India**

- On January 17, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determinations of the countervailing duty (CVD) investigations of imports of stainless steel flanges from China and India.
- The CVD law provides U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by unfair 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 a foreign government 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.
- In the China investigation, Commerce has calculated a preliminary subsidy rate of 174.73 percent for mandatory respondents Both Well (Jiangyan) Steel Fittings Co., Ltd., Hydro Fluid Controls Ltd., Jiangyin Shengda Brite Line Kasugai Flange Co., Ltd., and Qingdao I-Flow Co., Ltd. based on adverse facts available due to their failure to fully cooperate in the investigation. Commerce preliminarily determined a rate of 174.73 percent for all other Chinese producers and exporters.
- In the India investigation, Commerce has calculated a preliminary subsidy rate of 239.61 percent for mandatory respondent Bebitz Flanges Works, based on adverse facts available due to the company's failure to fully cooperate in the investigation., and a preliminary subsidy rate of 5.00 percent for mandatory respondent Echjay Forgings Private Limited. Commerce preliminarily determined a rate of 5.00 percent for all other Indian producers and exporters.
- As a result of the affirmative preliminary determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- The petitioners are the Coalition of American Flange Producers and its individual members: Core Pipe Products, Inc. (Carol Stream, IL) and Maass Flange Corporation (Houston, TX).
- The products covered by these investigations are certain forged stainless steel flanges, whether unfinished, semi-finished, or finished (certain forged stainless steel flanges). Certain forged stainless steel flanges are generally manufactured to, but not limited to, the material specification of ASTM/ASME A/SA182 or comparable domestic or foreign specifications. Certain forged stainless steel flanges are made in various grades such as, but not limited to, 304, 304L, 316, and 316L (or combinations thereof). The term "stainless steel" used in this scope refers to an alloy steel containing, by actual weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements.

- Unfinished stainless steel flanges possess the approximate shape of finished stainless steel flanges and have not yet been machined to final specification after the initial forging or like operations. These machining processes may include, but are not limited to, boring, facing, spot facing, drilling, tapering, threading, beveling, heating, or compressing. Semi-finished stainless steel flanges are unfinished stainless steel flanges that have undergone some machining processes.
- The scope includes six general types of flanges. They are: (1) weld neck, generally used in butt-weld line connection; (2) threaded, generally used for threaded line connections; (3) slip-on, generally used to slide over pipe; (4) lap joint, generally used with stub-ends/butt-weld line connections; (5) socket weld, generally used to fit pipe into a machine recession; and (6) blind, generally used to seal off a line. The sizes and descriptions of the flanges within the scope include all pressure classes of ASME B16.5 and range from one-half inch to twenty-four inches nominal pipe size. Specifically excluded from the scope of these investigations are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A351.
- The country of origin for certain forged stainless steel flanges, whether unfinished, semi-finished, or finished is the country where the flange was forged. Subject merchandise includes stainless steel flanges as defined above that have been further processed in a third country. The processing includes, but is not limited to, boring, facing, spot facing, drilling, tapering, threading, beveling, heating, or compressing, and/or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the stainless steel flanges.
- Merchandise subject to the investigations is typically imported under headings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). While HTSUS subheadings and ASTM specifications are provided for convenience and customs purposes, the written description of the scope is dispositive.
- In 2016, imports of stainless steel flanges from China and India were valued at an estimated \$16.3 million and \$32.1 million, respectively.
- The Preliminary Decision Memorandum is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. Please refer to case numbers C-570-065 for China and C-533-878 for India.

## **NEXT STEPS**

- Commerce is scheduled to announce its final determinations on April 3, 2018, and May 29, 2018, for China and India, respectively, unless the statutory deadlines are extended.
- If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of stainless steel flanges from China and/or India materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If either Commerce's or the ITC's final determinations are negative, no CVD orders will be issued. The ITC is scheduled to make its final injury determinations approximately 45 days after Commerce issues its final determinations, if affirmative.

**PRELIMINARY SUBSIDY RATES:**

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATE</b>
<b>China</b>	Both Well (Jiangyan) Steel Fittings Co., Ltd.	<b>174.73%</b>
	Hydro Fluid Controls Ltd.	<b>174.73%</b>
	Jiangyin Shengda Brite Line Kasugai Flange Co., Ltd.	<b>174.73%</b>
	Qingdao I-Flow Co., Ltd.	<b>174.73%</b>
	All Others	<b>174.73%</b>

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATE</b>
<b>India</b>	Bebitz Flanges Works	<b>239.61%</b>
	Echjay Forgings Private Limited	<b>5.00%</b>
	All Others	<b>5.00%</b>

## CASE CALENDAR:

EVENT	CVD INVESTIGATIONS
Petitions Filed	August 16, 2017
DOC Initiation Date	September 5, 2017
ITC Preliminary Determinations	September 30, 2017
DOC Preliminary Determinations	January 16, 2018
DOC Final Determinations*	April 2, 2018 and May 28, 2018†
ITC Final Determinations**	May 17, 2018 and July 12, 2018
Issuance of Orders***	May 24, 2018 and July 19, 2018

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 (the Act). These deadlines may be extended under certain circumstances.

\*This deadline may be extended under the governing statute.

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

\*\*\*This will take place only in the event of a final affirmative determination from Commerce and the ITC.

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

## IMPORT STATISTICS:

CHINA	2014	2015	2016
Volume (metric tons)	3,596	3,260	2,454
Value (USD)	25,077,836	20,849,577	16,270,879
INDIA	2014	2015	2016
Volume (metric tons)	11,845	10,584	8,031
Value (USD)	64,831,014	54,813,020	32,091,472

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 7307.21.1000 and 7307.21.5000)