



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Forged Steel Fittings from China

- On March 8, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determination of the countervailing duty (CVD) investigation of imports of forged steel fittings from China.
- 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.
- Commerce has calculated a preliminary subsidy rate of 13.79 percent for mandatory respondent Both-Well (Taizhou) Steel Fittings Co., Ltd. Commerce preliminarily determined a rate of 13.79 percent for all other Chinese producers and exporters.
- As a result of the affirmative preliminary determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- The petitioners are Bonney Forge Corporation (Mount Union, PA), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (Pittsburgh, PA).
- The merchandise covered by this investigation is carbon and alloy forged steel fittings, whether unfinished (commonly known as blanks or rough forgings) or finished. Such fittings are made in a variety of shapes including, but not limited to, elbows, tees, crosses, laterals, couplings, reducers, caps, plugs, bushings and unions. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections.

While these fittings are generally manufactured to specifications ASME B16.11, MSS SP-79, and MSS SP-83, ASTM A105, ASTM A350 and ASTM A182, the scope is not limited to fittings made to these specifications.

The term forged is an industry term used to describe a class of products included in applicable standards, and does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from casting. Pursuant to the applicable specifications, subject fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of fittings are included in the scope regardless of nominal pipe size (which may or may not be expressed in inches of nominal pipe size), pressure rating (usually, but not necessarily expressed in pounds of pressure, *e.g.*, 2,000 or 2M; 3,000 or 3M; 6,000 or 6M; 9,000 or 9M), wall thickness, and whether or not heat treated.

Excluded from this scope are all fittings entirely made of stainless steel. Also excluded are flanges, butt weld fittings, and nipples.

Also excluded are fittings certified to the following standards and specifications, so long as the fittings are not also manufactured to the specifications of ASME B16.11, MSS SP-79, and MSS SP-83, ASTM A105, ASTM A350 and ASTM A182:

- American Petroleum Institute (API) 5CT, API 5L, or API 11B
- Society of Automotive Engineering (SAE) J476, SAE J514, SAE J516, SAE J517, SAE J518, SAE J1026, SAE J1231, SAE J1453, SAE J1926 or J2044
- Underwriter's Laboratories (UL) certified electrical conduit fittings
- ASTM A153, A536, A576, or A865
- Casing Conductor Connectors 16-42 inches in diameter made to proprietary specifications

To be excluded from the scope, products must have the appropriate standard markings and/or be accompanied by documentation showing product compliance to the applicable standard, *e.g.*, "API 5CT" mark and/or a mill certification report.

Subject carbon and alloy forged steel fittings are normally entered under Harmonized Tariff Schedule of the United States (HTSUS) 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They also may be entered under HTSUS 7307.92.3010, 7307.92.3030, 7307.92.9000, and 7326.19.0010. The HTSUS subheadings and specifications are provided for convenience and customs purposes; the written description of the scope is dispositive.

- In 2016, imports of forged steel fittings from China were valued at an estimated \$78.4 million.
- 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 number C-5057-068.

NEXT STEPS

- Commerce is scheduled to announce its final determination on July 24, 2018, 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 forged steel fittings from China 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 | EXPORTER/PRODUCER | SUBSIDY RATE |
|----------------|---|---------------------|
| China | Both-Well (Taizhou) Steel Fittings Co., Ltd. | 13.79% |
| | All Others | 13.79% |

CASE CALENDAR:

| EVENT | CVD INVESTIGATION |
|--------------------------------------|----------------------------------|
| Petition Filed | October 5, 2017 |
| DOC Initiation Date | October 25, 2017 |
| ITC Preliminary Determination | November 28, 2017 |
| DOC Preliminary Determination | March 7, 2018[^] |
| DOC Final Determination* | July 23, 2018 |
| ITC Final Determination** | September 6, 2018 |
| Issuance of Order*** | September 13, 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.

[^] As explained in the Memorandum for the Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018, Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20 through January 22, 2018. Therefore, the preliminary determination date for this investigation has been tolled by three days and all other deadlines have been adjusted accordingly.

IMPORT STATISTICS:

| CHINA | 2014 | 2015 | 2016 |
|----------------------|-------------|-------------|-------------|
| Volume (metric tons) | 28,337 | 24,000 | 17,631 |
| Value (USD) | 129,229,072 | 104,602,968 | 78,409,503 |