A-570-967, C-570-968
Scope Ruling: Micro Channel Heat Exchangers
Public Document
E&C AD/CVD OIII: AMM

November 3, 2014

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

THROUGH: Melissa G. Skinner
Director, Office III
Antidumping and Countervailing Duty Operations

Erin Begnal
Program Manager, Office III
Antidumping and Countervailing Duty Operations

FROM: Andrew Medley
International Trade Compliance Analyst, Office III
Antidumping and Countervailing Duty Operations

RE: Antidumping ("AD") and Countervailing Duty ("CVD") Orders on Aluminum Extrusions from the People's Republic of China ("PRC")

SUBJECT: Final Scope Ruling on Danfoss LLC's Micro Channel Heat Exchangers

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SUMMARY

Danfoss LLC ("Danfoss") filed a Scope Ruling Request seeking that the Department of Commerce ("Department") determine whether complete micro channel heat exchanger assemblies, which it imports, are outside the scope of the AD and CVD orders on aluminum extrusions from the PRC.[1] On the basis of our analysis of the scope request, we determine that complete micro channel heat exchanger assemblies, imported by Danfoss, are not covered by the scope of the *Orders*.

[1] *See* Danfoss' letter to the Department titled "Aluminum Extrusions from the People's Republic of China: Request for Scope Ruling on Certain Micro Channel Heat Exchangers," dated August 28, 2014 ("Scope Ruling Request"); *see also Aluminum Extrusions from the People's Republic of China: Antidumping Duty Order*, 76 FR 30650 (May 26, 2011) and *Aluminum Extrusions from the People's Republic of China: Countervailing Duty Order*, 76 FR 30653 (May 26, 2011) (collectively, the "*Orders*").

BACKGROUND

Danfoss filed its Scope Ruling Request on August 28, 2014.[2] The Department extended the deadline for a final scope ruling until November 27, 2014.[3] No other party submitted comments.

SCOPE OF THE ORDERS

The merchandise covered by these *Orders* is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion ("drawn aluminum") are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, *etc.*), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the

[2] *See* Scope Ruling Request.

[3] *See* Letter from the Department to All Interested Parties titled "Aluminum Extrusions from the People's Republic of China: Extension of Time for Scope Ruling," dated October 3, 2014.

definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the finished goods 'kit' defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, door thresholds, carpet trim, or heat sinks (that do not meet the finished heat sink exclusionary language below). Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "finished goods kit." A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled 'as is' into a finished product. An imported product will not be considered a 'finished goods kit' and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, *etc*. in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Also excluded from the scope of this order are finished heat sinks. Finished heat sinks are fabricated heat sinks made from aluminum extrusions the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States ("HTS"): 7610.10.00, 7610.90.00, 7615.10.30, 7615.10.71, 7615.10.91, 7615.19.10, 7615.19.30, 7615.19.50, 7615.19.70, 7615.19.90, 7615.20.00, 7616.99.10, 7616.99.50, 8479.89.98, 8479.90.94, 8513.90.20, 9403.10.00, 9403.20.00, 7604.21.00.00, 7604.29.10.00, 7604.29.30.10, 7604.29.30.50, 7604.29.50.30, 7604.29.50.60, 7608.20.00.30, 7608.20.00.90, 8302.10.30.00, 8302.10.60.30, 8302.10.60.60, 8302.10.60.90, 8302.20.00.00, 8302.30.30.10, 8302.30.30.60, 8302.41.30.00, 8302.41.60.15, 8302.41.60.45, 8302.41.60.50, 8302.41.60.80, 8302.42.30.10, 8302.42.30.15, 8302.42.30.65, 8302.49.60.35, 8302.49.60.45, 8302.49.60.55, 8302.49.60.85, 8302.50.00.00, 8302.60.90.00, 8305.10.00.50, 8306.30.00.00, 8414.59.60.90, 8415.90.80.45, 8418.99.80.05, 8418.99.80.50, 8418.99.80.60, 8419.90.10.00, 8422.90.06.40, 8473.30.20.00, 8473.30.51.00, 8479.90.85.00, 8486.90.00.00, 8487.90.00.80, 8503.00.95.20, 8508.70.00.00, 8516.90.50.00, 8516.90.80.50, 8517.70.00.00, 8529.90.73.00, 8529.90.97.60, 8538.10.00.00, 8543.90.88.80, 8708.29.50.60, 8708.80.65.90, 8803.30.00.60, 9013.90.50.00, 9013.90.90.00, 9401.90.50.81, 9403.90.10.40, 9403.90.10.50, 9403.90.10.85, 9403.90.25.40, 9403.90.25.80, 9403.90.40.05, 9403.90.40.10, 9403.90.40.60, 9403.90.50.05, 9403.90.50.10, 9403.90.50.80, 9403.90.60.05, 9403.90.60.10, 9403.90.60.80, 9403.90.70.05, 9403.90.70.10, 9403.90.70.80, 9403.90.80.10, 9403.90.80.15, 9403.90.80.20, 9403.90.80.41, 9403.90.80.51, 9403.90.80.61, 9506.11.40.80, 9506.51.40.00, 9506.51.60.00, 9506.59.40.40, 9506.70.20.90, 9506.91.00.10, 9506.91.00.20, 9506.91.00.30, 9506.99.05.10, 9506.99.05.20, 9506.99.05.30, 9506.99.15.00, 9506.99.20.00, 9506.99.25.80, 9506.99.28.00, 9506.99.55.00, 9506.99.60.80, 9507.30.20.00, 9507.30.40.00, 9507.30.60.00, 9507.90.60.00, and 9603.90.80.50.

The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTS chapters. In addition, fin evaporator coils may be classifiable under HTS numbers: 8418.99.8050 and 8418.99.8060. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope of these *Orders* is dispositive.[4]

LEGAL FRAMEWORK

When a request for a scope ruling is filed, the Department examines the scope language of the order at issue and the description of the product contained in the scope ruling request.[5] Pursuant to the Department's regulations, the Department may also examine other information, including the description of the merchandise contained in the petition, the records from the investigations, and prior scope determinations made for the same product.[6] If the Department determines that

[4] *See Orders*.

[5] *See Walgreen Co. v. United States*, 620 F.3d 1350, 1357 (Fed. Cir. 2010). *See also* 19 CFR 351.225(k)(1).

[6] *See* 19 CFR 351.225(k)(1).

these sources are sufficient to decide the matter, it will issue a final scope ruling as to whether the merchandise is covered by an order.

Conversely, where the descriptions of the merchandise in the sources described in 19 CFR 351.225(k)(1) are not dispositive, the Department will consider the five additional factors set forth at 19 CFR 351.225(k)(2). These factors are: (i) the physical characteristics of the merchandise; (ii) the expectations of the ultimate purchasers; (iii) the ultimate use of the product; (iv) the channels of trade in which the product is sold; and (v) the manner in which the product is advertised and displayed. The determination as to which analytical framework is most appropriate in any given scope proceeding is made on a case-by-case basis after consideration of all evidence before the Department.

DESCRIPTION OF MERCHANDISE SUBJECT TO THIS SCOPE REQUEST

Micro channel heat exchangers are used to transfer heat in air conditioning and refrigeration systems; they transfer heat more efficiently and use less refrigerant than traditional heat exchangers.[7] Danfoss imports micro channel heat exchanger assemblies in four basic configurations: (1) flat coil, (2) bent coil, (3) A-shaped coil, and (4) folded two-row coil.[8] Additionally, Danfoss imports micro channel heat exchangers which have been produced to customer specification and may have a slightly different configuration.[9] All micro channel heat exchangers imported by Danfoss consist of the same basic parts: connection, header or baffle, tube with micro channels, and the fins.[10] Specifically, Danfoss describes the following six parts found in its micro channel heat exchanger assemblies:[11]

1) Header and baffle – non-extruded series 3 aluminum
2) Tube – extruded series 3 aluminum
3) Fins – non-extruded series 3 aluminum
4) End cap – non-extruded series 3 aluminum
5) Side plate – sometimes made of extruded aluminum, sometimes from non-extruded aluminum
6) Connections and brackets – copper pipe attached to non-extruded aluminum pipe, cup, or transfer block which is brazed or welded to the header; additionally, a polymer wrap is applied to the copper-aluminum connection

Danfoss explained that all of their micro channel heat exchangers are brazed prior to importation (*i.e.*, during the production process).[12] Furthermore, Danfoss explained that all micro channel heat exchangers that it imports are, at the time of importation, fully and permanently assembled and complete and require no further finishing or fabrication prior to being incorporated into the air conditioner or refrigeration system of the end customer.[13] Danfoss further explained that the

[7] *See* Scope Ruling Request at 2-3.
[8] *Id*. at 4.
[9] *Id*. at 5.
[10] *Id*. at 6.
[11] *Id*. at 7-8.
[12] *Id*. at 8-9 and Exhibit 4.
[13] *Id*. at 9.

micro channel heat exchanger assemblies are mounted by brazing the connection joint of the assembly to the connection joint of the air conditioner or refrigeration system.[14]

Lastly, Danfoss explained that it imports micro channel heat exchangers as complete, finished units that are either shipped directly to unaffiliated U.S. customers or held in inventory in the United States (by Danfoss) before being shipped to unaffiliated U.S. customers.[15] Moreover, Danfoss stated that its micro channel heat exchangers are not imported or sold as kits and require no changes once imported, but are shipped directly to the customer as imported.[16]

PRIOR SCOPE RULINGS CITED BY INTERESTED PARTIES OR OTHERWISE RELEVANT TO THIS PROCEEDING[17]

A. Geodesic Domes Scope Ruling[18]

J.A. Hancock Co., Inc. ("J.A. Hancock"), an importer of geodesic structure kits (a set of aluminum poles and assembly hardware that can be assembled into landscaping structures or climbing structures for children), argued that its kits contained all parts necessary to fully assemble a final geodesic structure. J.A. Hancock further noted that the components in its kits required no further fabrication or additional parts. The Department found that the geodesic structure kits met the initial requirements for exclusion as a "finished goods kit," as they are a packaged combination of parts containing all necessary components to fully assemble a final finished good.[19] However, the Department noted that the scope of the Orders states that an "imported product will not be considered a 'finished goods kit'…merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusions product."[20] However, the Department noted an exception to the "finished goods kits" exclusion, which states that a product will not be considered a "finished goods kit" simply by including fasteners in the packaging. As J.A. Hancock's kits only consist of extruded aluminum poles and fasteners, the Department found that the exception to the "finished goods kit" exclusion applies. Therefore, the Department found J.A. Hancock's kits to not be excluded finished goods kits, and hence covered by the scope of the *Orders*.

[14] *Id*.
[15] *Id*. at 9.
[16] *Id*. at 9-10.
[17] *See* the Department's memorandum titled "AD/CVD Orders on Aluminum Extrusions from the PRC: Transmittal of Scope Determinations to the File," dated concurrently with this memorandum.
[18] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on J.A. Hancock, Inc.'s Geodesic Structures," (July 17, 2012) ("Geodesic Domes").
[19] *Id*. at 7.
[20] *Id*.

B. Side Mount Valve Controls Scope Ruling[21]

At issue in the ruling were certain side-mount valve controls ("SMVCs") that are used in pumping apparatuses that attached to fire engines. The requestor argued that an SMVC, as imported, contains all the components necessary to complete the product and that all SMVC components and hardware are fully fabricated and require no further finishing or fabrication prior to being assembled. On this basis, the requestor argued that the product in question met the exclusion criteria for "finished goods."[22]

In the ruling, the Department explained that, upon further reflection of the language in the scope of the *Orders*, it was revising the manner in which it determines whether a given product is a "finished good" or "finished goods kit." The Department explained that it had identified a concern with its prior analysis, namely that it may lead to unreasonable results. The Department explained that an interpretation of "finished goods kit" which requires all parts to assemble the ultimate downstream product may lead to absurd results, particularly where the ultimate downstream product is, for example, a fire truck. The Department explained that such an interpretation may expand the scope of the *Orders*, which are intended to cover aluminum extrusions.[23]

The Department determined that the scope, taken as a whole, indicates that "subassemblies" (*i.e.*, "partially assembled merchandise") may be excluded from the scope provided that they enter the United States as "finished goods" or "finished goods kits" and that the "subassemblies" require no further "finishing" or "fabrication." Therefore, the Department analyzed whether the SMVC at issue constituted a subassembly that enters the United States as a "finished goods kit." In order for such a kit to be excluded from the scope of the *Orders*, the Department found that the SMVC had to be ready for installation and require no further finishing or fabrication.[24]

The Department concluded that the product at issue contained all of the parts necessary to assemble a complete SMVC and that all the components and hardware of the SMVC were fully fabricated, required no further finishing or fabrication prior to being assembled, and was ready for use upon installation. Based on this information, the Department found that the SMVCs at issue met the exclusion criteria for subassemblies that enter the United States as "finished goods kits."[25]

[21] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Initiation and Preliminary Scope Ruling on Side Mount Valve Controls," dated September 24, 2012 ("Preliminary SMVCs Ruling"), unchanged in Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on Side Mount Valve Controls," dated October 26, 2012 ("Final SMVCs Ruling") (collectively, "Side Mount Valve Controls").

[22] *See* Preliminary SMVCs Ruling at 2.

[23] *Id.* at 7.

[24] *Id.*

[25] *Id.* at 7-8.

C. Components for Auto Cooling and Heating Systems[26] and *Valeo Remand Redetermination*[27]

In the Valeo Scope Ruling, the Department determined that Valeo's T-Series and M-Series parts for heating/cooling systems were covered by the scope of the *Orders* because the products were aluminum extrusions that had undergone further fabrication and such products are specifically covered by the *Orders*. Subsequently, Valeo, Inc. filed a complaint with the CIT alleging that the Department did not address or apply the "subassemblies test" that was established in Side Mount Valve Controls to the merchandise at issue in Valeo's initial scope request.[28] In response, the Department requested and was granted a voluntary remand to consider whether components for cooling and heating systems are covered by the *Orders* based upon the Department's new subassembly test.[29] In the *Valeo Remand Redetermination*, the Department revised its earlier decision and found the parts outside the scope of the *Orders*. In reaching its decision, the Department noted that the subassemblies test is consistent with the scope of the *Orders* because subassemblies that enter the United States as "finished goods" or "finished goods kits" and are later integrated into a larger structure or system are analogous to products that are explicitly excluded from the scope, such as "windows with glass, or doors with glass or vinyl," each of which includes all of the parts necessary to assemble a complete window or door, but is necessarily integrated into a larger structure.[30]

D. Assembled Motor Case Housing Stators[31]

At issue in the ruling were certain assembled motor cases and certain assembled motor cases in stators. The assembled motor cases consisted of two extruded aluminum cylinders in which an inner motor case is inserted into an outer motor case. The stator, one of two major components of an electric motor (the other being the rotor), consisted of an extruded aluminum frame around which copper wire is wound using an automatic winding machine. The stator was then pressed into the inner motor case, which was in turn surrounded by the outer motor case.[32] The Department found that the assembled motor cases consisted entirely of extruded aluminum materials, and thus, per the Department's findings in the Geodesic Domes Scope Ruling, found the motor cases to be inside the scope of the Orders.[33] Regarding the assembled motor cases in stators, the Department found that "due to the inclusion of the stator (which contains insulated copper wire) the assembled motor cases housing stators do not consist entirely of extruded

[26] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on Valeo's Automotive Heating and Cooling Systems," dated October 31, 2012 ("Valeo Scope Ruling").

[27] *See Valeo, Inc. v. United States*, Court No. 12-381, dated February 13, 2013 ("*Valeo*") and the Final Results of Redetermination Pursuant to Court Remand, Aluminum Extrusions from the People's Republic of China, *Valeo, Inc., Valeo Engine Cooling Inc., and Valeo Climate Control Corp. v. United States*, Court No. 12-00381, dated May 13, 2013 ("*Valeo Remand Redetermination*"). The *Valeo Remand Redetermination* was affirmed by the CIT. *See Valeo, Inc. et al v. United States*, Court No. 12-00381.

[28] *See Valeo Remand Redetermination* at 1-2.

[29] *Id.* at 2.

[30] *Id.* at 8-9.

[31] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on Motor Cases, Assembled and Housing Stators," dated November 19, 2012 ("Housing Stators").

[32] *Id.* at 3.

[33] *Id.* at 12.

aluminum."[34] As a result, the Department found the assembled motor cases housing stators constituted subassembly finished goods and thus, as in the Side Mount Valve Controls scope ruling, were outside the scope of the Orders.[35]

INTERESTED PARTY COMMENTS

Danfoss' Scope Request

Based on a 19 CFR 351.225(k)(1) analysis, Danfoss argues that the micro channel heat exchanger assemblies it imports should be excluded from the scope.[36] Danfoss asserts that its micro channel heat exchangers meet both prongs of the Department's test to be excluded as finished subassemblies.[37] Specifically, Danfoss notes that its micro channel heat exchangers consist of both extruded and non-extruded parts and are fully and permanently assembled and completed at the time of entry and are ready for installation into the downstream product without further finishing or fabrication.[38] Danfoss cites to the Department's rulings on Side Mount Valve Controls, Housing Stators, *Valeo Redetermination*, Anodes,[39] and Fan Blade Assemblies[40] as prior cases in which the Department has determined that complete subassemblies consisting of both extruded-aluminum and other components, which are ready for installation into a downstream product with no further finishing or fabrication, may be excluded from the *Orders*.[41]

DEPARTMENT'S POSITION

We examined the description of the product in this scope request, the scope language of the *Orders*, and the Department's prior relevant scope rulings summarized above. Pursuant to 19 CFR 351.225(k)(1), we find that the scope and the Department's prior rulings are dispositive as to whether the product at issue is subject to the *Orders*. Accordingly, for this determination, the Department finds it unnecessary to consider the additional factors specified in 19 CFR 351.225(k)(2). For the reasons set forth below, we find that the micro channel heat exchangers at issue meet the exclusion criteria for "finished goods."

The scope of the *Orders* excludes "finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry." In order to avoid "absurd" results stemming from a rigid definition of finished goods kits and finished merchandise, the Department revised its analysis of the finished goods and finished goods kits exclusion (in Side Mount Valve Controls and further supported in the later *Valeo Remand Redetermination* and Housing Stators determinations) to include subassemblies of ultimate

[34] *Id*. at 13-14.
[35] *Id*. at 14.
[36] *See* Scope Ruling Request at 11 and 23-25.
[37] *Id*. at 23.
[38] *Id*. at 23-24.
[39] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on Aluminum Anodes for Water Heaters," dated October 17, 2012 ("Anodes").
[40] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on Fan Blade Assemblies," dated July 25, 2014 ("Fan Blade Assemblies").
[41] *See* Scope Ruling Request at 16-25.

downstream products or systems provided that they enter the United States, as relevant in this case, fully and permanently assembled and completed at the time of entry and ready for installation in the downstream product with no further finishing or fabrication.[42]

The description of the micro channel heat exchangers in question indicates that they are comprised of aluminum extrusions and non-extruded and non-aluminum components (*i.e.*, a non-extruded aluminum header, non-extruded aluminum fins, a non-extruded aluminum end cap, copper pipe, and a piece of non-extruded aluminum connected to the copper pipe).[43] Therefore, we find that the micro channel heat exchangers meet our first test for determining whether a good constitutes a finished good or finished goods kit, as established in the Geodesic Domes Scope Ruling.[44]

Furthermore, the micro channel heat exchangers enter as fully-assembled finished goods that are permanently assembled and completed at the time of entry, and are ready to be installed into a downstream product, an air conditioning or refrigeration system, with no further finishing or fabrication subsequent to importation.[45] As such, Danfoss' micro channel heat exchangers are fully assembled subassemblies ready for immediate installation and use in a larger system, thus analogous to the merchandise considered in the prior Side Mount Valve Controls, *Valeo Remand Redetermination*, and Housing Stators rulings, and eligible for the finished goods exclusion based on the same principles enumerated in these prior rulings.[46]

RECOMMENDATION

For the reasons discussed above, and in accordance with 19 CFR 351.225(d) and 351.225(k)(1), we recommend finding that Danfoss' micro channel heat exchanger assemblies, as described in its request, are not subject to the scope of the *Orders*.

[42] *See* Preliminary SMVCs Ruling at 6-8; *Valeo Remand Redetermination* at 9-10; and Housing Stators at 13-14.

[43] Scope Ruling Request at 7-8.

[44] *See* Geodesic Domes scope ruling at 7, where the Department found that since the products at issue consisted solely of extruded aluminum and fasteners, the exception to the exclusion provision applied. Accordingly, the Department found that the products at issue did not meet the exclusion criteria for a finished goods kit.

[45] *See* Scope Ruling Request at 4 and 9-10.

[46] *See* Preliminary SMVCs Ruling at 6-8; *Valeo Remand Redetermination* at 9-10; and Housing Stators at 13-14. The Department found that the subassemblies examined in these rulings satisfied the finished good or finished goods kit exceptions and, therefore, found that they were not covered by the *Orders*.

If the recommendation in this memorandum is accepted, we will serve a copy of this determination to all interested parties on the scope service list via first-class mail, as directed by 19 CFR 351.225(d).

✓ Agree _____ Disagree

Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

11/3/14
Date