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December 19, 2019

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the 2017-2018 Antidumping Duty Administrative Review: Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China

I. SUMMARY

The Department of Commerce (Commerce) is conducting the 2017-2018 administrative review of the antidumping duty (AD) order on certain hot-rolled carbon steel flat products (hot-rolled steel) from the People's Republic of China (China).¹ Commerce preliminarily determines that all companies subject to this administrative review are part of the China-wide entity because none filed a separate rate application (SRA) or separate rate certification (SRC).

Interested parties are invited to comment on these preliminary results. We intend to issue the final results no later than 120 days from the date of publication of this notice, unless extended, pursuant to section 751(a)(3)(A) of the Act.

II. BACKGROUND

On November 30, 2018, Nucor Corporation (Nucor) submitted a request for an administrative review of multiple companies.² On February 6, 2019, pursuant to the request from Nucor, Commerce published a notice of initiation of an administrative review of the AD order on hot-

¹ 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) (*Order*).

² See Nucor's Letter, "Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China: Request for Administrative Review," dated November 30, 2018. Because no party is challenging the prior collapsing determination, we continue to collapse Baosteel Group Corporation, Shanghai Baosteel International Economic & Trading Co., Ltd., and Baoshan Iron and Steel Co., Ltd. (collectively, Baosteel). See *Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China: Final No Shipments Determination of Antidumping Duty Administrative Review; 2012-2013*; 79 FR 67415 (November 13, 2014).

rolled steel from China covering the period of review (POR), November 1, 2017 to October 31, 2018.³ On April 25, 2019, Nucor submitted comments and information in response to the U.S. Customs and Border Protection (CBP) data released by Commerce for respondent selection purposes.⁴

III. 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 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

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 2159 (February 6, 2019).

⁴ See Nucor's Letter, "Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China: Comments on CBP Data and Respondent Selection," dated April 25, 2019 (CBP Data Comments).

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.

IV. DISCUSSION OF THE METHODOLOGY

Separate Rates

None of the companies subject to this review filed a SRA or SRC. Thus, Commerce preliminarily determines that these companies have not demonstrated their eligibility for separate rate status. As such, Commerce preliminarily determines that the companies subject to review are part of the China-wide entity.

Commerce no longer considers the non-market economy (NME) entity as an exporter conditionally subject to an AD administrative review.⁵ Accordingly, the NME entity will not be under review unless Commerce specifically receives a request for, or self-initiates, a review of the NME entity. In this administrative review, no party requested a review of the China-wide entity. Moreover, we have not self-initiated a review of the China-wide entity. Therefore, the rate applicable to the NME entity is not subject to change as a result of this review. Accordingly, the pre-existing China-wide rate of 90.83 percent will be applied to entries made by companies determined to be part of the China-wide entity.

CBP Entry Data

Nucor submitted comments and factual information in support of its contention that the CBP data released by Commerce for respondent selection purposes may be incomplete due to the failure of importers to report entries of subject merchandise as “Type 03” entries in order to avoid paying antidumping duties.⁶ Nucor centers its argument around the information contained in its CBP Data Comments, which it contends provides evidence from the U.S. International Trade Commission (ITC) DataWeb Import Statistics and PIERS Database purporting to show that entries of hot-rolled steel from China are being misclassified.

With respect to Nucor’s claim that companies under review could be evading the *Order* by misreporting entry types, this is a matter within the jurisdiction of CBP. Accordingly, any determination as to whether entries have been misclassified must be made by that agency. Commerce intends to provide CBP with Nucor’s allegations and relevant documentation from this record.⁷

⁵ See *Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963, 65970 (November 4, 2013).

⁶ See CBP Data Comments at 2.

⁷ *Id.* We note that this approach is consistent with other cases involving allegations of the misreporting of entries. See, e.g., *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Rescission of Countervailing Duty Administrative Review; 2017*, 84 FR 14650 (April 11, 2019).

V. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

Agree

Disagree

12/19/2019

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance