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# Hughes Hubbard & Reed

## New Antidumping and Countervailing Duty Petitions on Forged Steel Fittings from India and South Korea

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**October 24, 2019** – On October 23, 2019, Bonney Forge Corporation and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union filed petitions with the U.S. Department of Commerce (“DOC”) and the U.S. International Trade Commission (“ITC”), seeking antidumping (“AD”) duties on imports of forged steel fittings from India and South Korea and countervailing (“CVD”) duties for South Korea. There are currently AD orders on imports of forged steel fittings from China, Italy, and Taiwan and a CVD order against China, following similar cases that were brought in 2017.

Under U.S. law, a domestic industry can petition the government to initiate an AD investigation into the pricing of an imported product to determine whether it is sold in the United States at less than fair value (i.e., “dumped”). A domestic industry can also petition for the initiation of a CVD investigation of alleged subsidization of foreign producers by a foreign government. Additional duties can be imposed if DOC determines that imported goods are “dumped” and/or subsidized and if the ITC also determines that the domestic industry is materially injured or threatened with such injury by reason of subject imports.

If the ITC and DOC make preliminary affirmative determinations, U.S. importers will be required to post cash deposits in the amount of the AD and/or CVD duties for all entries on or after the date DOC’s preliminary determination is published in the Federal Register. The preliminary AD/CVD rates can change in the final DOC determination, especially if foreign producers and their governments participate fully in the investigations.

### Scope

The petitions cover 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, unions, and outlets. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections. The scope includes integrally reinforced forged branch outlet fittings, regardless of whether they have one or more ends that is a socket welding, threaded, butt welding end, or other end connections.

While these fittings are generally manufactured to specifications ASME B16.11, MSS SP-79, MSS SP-83, MSS SP-97, 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 it does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from castings. Pursuant to the applicable standards, fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of forged steel 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 class rating (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, nipples, and all fittings that have a maximum pressure rating of 300 pounds per square inch/PSI or less.

Also excluded from the scope are fittings certified or made to the following standards, so long as the fittings are not also manufactured to the specifications of ASME B16.11, MSS SP-79, MSS SP-83, MSS SP-97, ASTM A105, ASTM A350 and ASTM A182:

- American Petroleum Institute (API) 5CT, API 5L, or API 11B;
- American Society of Mechanical Engineers (ASME) B16.9;
- Manufacturers Standardization Society (MSS) SP-75;
- Society of Automotive Engineering (SAE) J476, SAE J514, SAE J516, SAE J517, SAE J518, SAE J1026, SAE J1231, SAE J1453, SAE J1926, J2044 or SAE AS 35411;
- 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
- Military Specification (MIL) MIL-C-4109F and MIL-F-3541; and
- International Organization for Standardization (ISO) ISO6150-B.

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

Subject carbon and alloy forged steel fittings are normally entered under HTSUS 7307.92.3010, 7307.92.3030, 7307.92.9000, 7307.93.3010, 7307.93.3040, 7307.93.6000, 7307.93.9010, 7307.93.9040, 7307.93.9060, 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They also may be entered under HTSUS 7326.19.0010.

### **Foreign Producers and Exporters of Subject Merchandise**

Attachment 1 provides the list of foreign producers as identified by the Petitioners.

### **U.S. Importers of Subject Merchandise**

Attachment 2 provides the list of U.S. importers of the subject merchandise as identified by the Petitioners.

### **Alleged Margins of Dumping/Subsidization**

Petitioner alleges dumping margins of 114.47% for India and 43.03%-198.67% for South Korea.

DOC generally assigns duties at these alleged dumping rates to exporters that fail to cooperate with the investigation.

No specific alleged subsidy margins are included in the petition, as is typical.

### **Potential Trade Impact**

According to official U.S. import statistics, approximately \$167 million of the subject merchandise was imported from India and South Korea in 2018.

### **Estimated Schedule of Investigations**

10/23/2019 – Petition filed

12/7/2019– ITC preliminary injury determination

12/27/2019 – DOC preliminary CVD determination, if not postponed

3/1/2020 – DOC preliminary CVD determination, if fully postponed

3/11/2020 – DOC preliminary AD determination, if not postponed

4/30/2020 – DOC preliminary AD determination, if fully postponed

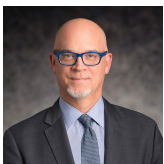
9/19/2020 – DOC final AD and CVD determinations, if both preliminary and final determinations are fully postponed

11/10/2020 – ITC final injury determination, if DOC's determinations are fully postponed

11/24/2020 – AD/CVD orders published

If you have any questions about the petitions, please contact the experienced attorneys in HHR's international trade group.

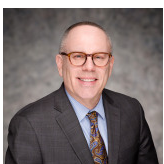
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