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U.S. Manufacturers of Forged Steel Fluid End Blocks File New Antidumping and Countervailing Duty Petitions on Imports from Germany, India, Italy, and China

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December 20, 2019 – On December 19, 2019, the FEB Fair Trade Coalition, Ellwood Group (in Ellwood, Pennsylvania), and Finkl Steel (in Chicago, Illinois) filed antidumping and countervailing duty (“AD/CVD”) petitions with the U.S. Department of Commerce (“DOC”) and the U.S. International Trade Commission (“ITC”) on imports of forged steel fluid end blocks. These products are typically used in the manufacture or service of hydraulic pumps for drilling or shale fracturing in the oil and gas industry. The petitioners allege that imports from Germany, India, and Italy are being dumped, and that imports from those countries as well as China are being subsidized.

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 into allegations of foreign government subsidization of foreign producers. 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 imports of merchandise subject to the investigation.

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 may change in the final DOC determination, especially if foreign producers and their governments participate fully in the investigations.

Scope

For purposes of these petitions, the term "steel" denotes metal containing the following chemical elements, by weight: (i) iron greater than or equal to 60 percent; (ii) nickel less than or equal to 8.5 percent; (iii) copper less than or equal to 6 percent; (iv) chromium greater than or equal to 0.4 percent, but less than or equal to 20 percent; and (v) molybdenum greater than or equal to 0.15 percent, but less than or equal to 3 percent. Illustrative steel standards include, but are not limited to, American Iron and Steel Institute ("AISI") or Society of Automotive Engineers ("SAE") grades 4130, 4135, 4140, 4320, 4330, 4340, 8630, 15-5, 17-4, F6NM, F22, F60, and XM25, as well as modified varieties of these grades.

The products covered by these petitions are either (1) cut-to-length FEBs with a height (measured from its highest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), a width (measured from its widest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), and a length (measured from its longest point) of 11 inches (279.4 mm) to 75 inches (1,905.0 mm), or (2) strings of FEBs with a height (measured from its highest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), a width (measured from its widest point) of 8 inches (203.2 mm) to 40 inches (1,016.0 mm), and a length (measured from its longest point) up to 360 inches (9,144.0 mm).

The products included in the scope of these petitions have a tensile strength of at least 70 KSI (measured in accordance with ASTM A370) and a hardness of at least 140 HBW (measured in accordance with ASTM E10). FEBs may be unfinished or have undergone one or more of the following finishing operations: (1) milling one or more flat surfaces; (2) contour machining to custom shapes or dimensions; (3) drilling or boring holes; (4) heat treating; (5) painting, varnishing, or coating; (6) threading; and/ or (7) the attachment of flanges, valves, seals, or connectors.

The products included in the scope of these petitions may enter under Harmonized Tariff System of the United States ("HTSUS") subheadings 7218.91.0030, 7218.99.0030, 7224.90.0015, 7224.90.0045, 7326.19.0010, 7326.90.8688, or 8413.91.9055.

Foreign Producers and Exporters of Subject Merchandise

Attachment 1 provides a list of companies that are foreign producers of the subject merchandise as identified by the petitioners.

U.S. Importers of Subject Merchandise

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

Alleged Margins of Dumping

Petitioner alleges the following dumping margins:

Germany: 69.37%

India: 12.82%

Italy: 77.24%

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

No specific subsidy margins are included in the petitions.

Estimated Schedule of Investigation

12/19/2019 – Petition filed
2/2/2020– ITC preliminary injury determination
5/7/2020 – DOC preliminary determination, if not postponed
6/26/2020 – DOC preliminary determination, if fully postponed
11/15/2020 – DOC final determination, if both preliminary and final determinations are fully postponed
1/6/2021 – ITC final injury determination, if DOC’s determinations are fully postponed
1/20/2021 – Antidumping order published

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

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