

September 29, 2005

MEMORANDUM TO: Joseph A. Spetrini
Acting Assistant Secretary
for Import Administration

FROM: Barbara E. Tillman
Acting Deputy Assistant Secretary
for Import Administration

SUBJECT: Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Antidumping Duty Order on Tapered Roller Bearings (“TRBs”) from the People’s Republic of China (“China”)

Summary

We have analyzed the substantive response of the domestic interested parties in the second sunset review of the antidumping duty order covering TRBs from China. We recommend that you approve the positions we developed in the Discussion of the Issues section of this memorandum. Below is the complete list of the issues in this sunset review for which the Department of Commerce (“the Department”) received a substantive response:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the margin likely to prevail

History of the Order

The Department issued an antidumping duty order on imports of TRBs from China with a margin of 0.97 percent for Premier Bearing & Equipment, Ltd. (“Premier”); 4.69 percent for China National Machinery & Equipment Import & Export Corporation (“CMEC”); and a country-wide rate of 2.96 percent. *See Antidumping Duty Order: Tapered Roller Bearings from the People’s Republic of China*, 52 FR 22667 (June 15, 1987) amended by *Tapered Roller Bearings From the People’s Republic of China; Amendment to Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order in Accordance With Decision Upon Remand*, 55 FR 6669 (February 26, 1990).

The Department conducted several administrative reviews before the period of this sunset review. The Court of International Trade (“CIT”) remanded a certain number of the Department’s determinations. *See* attached margin history following this memorandum. A summary of citation of those reviews is as follows:

Review	Period of review ("POR")	Citation
(1)	February 6, 1987 - May 31, 1988	56 FR 66 (January 2, 1991)
(2)	June 1, 1988 - May 31, 1989	56 FR 66 (January 2, 1991)
(3)	May 2, 1989 - May 31, 1990 June 1, 1989 - May 31, 1990	61 FR 29345 (June 10, 1996) and 61 FR 29345 (June 10, 1996)
(4)	June 1, 1990 - May 31, 1991	66 FR 20425 (April 23, 2001)
(5)	June 1, 1991 - May 31, 1992	66 FR 20425 (April 23, 2001)
(6)	June 1, 1992 - May 31, 1993	66 FR 20425 (April 23, 2001)
(7)	June 1, 1993 - May 31, 1994	69 FR 10423 (March 5, 2004)
(8)	June 1, 1994 - May 31, 1995	68 FR 60196 (December 3, 2001)
(9)	June 1, 1995 - May 31, 1996	67 FR 46176 (July 12, 2002)
(10)	June 1, 1996 - May 31, 1997	63 FR 63842 (December 28, 1998)
(11)	June 1, 1997 - May 31, 1998	69 FR 2331 (January 15, 2004)
(12)	June 1, 1998 - May 31, 1999	70 FR 19421 (April 13, 2005)

The Department also conducted several administrative reviews during the period of this five-year sunset review:

Review	Period of review ("POR")	Citation
(1)	June 1, 1999 - May 31, 2000	66 FR 57420 (November 15, 2001)
(2)	June 1, 2000 - May 31, 2001	67 FR 72147 (December 4, 2002)
(3)	June 1, 2001 - May 31, 2002	68 FR 75489 (December 31, 2003)
(4)	June 1, 2002 - May 31, 2003	69 FR 42041 (July 13, 2004)

The Department published its notice of initiation of the first sunset review on April 1, 1999, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). *See Initiation of Five-Year Reviews*, 64 FR 15727 (April 1, 1999). As a result of this review, the Department found that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping with the following rates. *See Notice of Final Results of Full Sunset Review: Tapered Roller Bearings from the People’s Republic of China*, 65 FR 11550 (March 3, 2000) (“First Sunset Review”).

Zhejiang Changshan Changhe Bearing Co. ("ZCCBC")	0.00
China National Machinery Import & Export Corp. ("CMC")	0.03
Zhejiang Wanxiang Group	0.03
Zhejiang Machinery Import & Export Corp. ("ZMC")	0.11
Luoyang Bearing Corporation (“Luoyang”)	3.20

Premier Bearing & Equipment, Ltd.	5.43
Liaoning Mec Group, Ltd. (“Liaoning”)	9.72
China National Machinery and Equipment Import & Export Corp.	29.40
All Others	29.40

On June 22, 2000, the International Trade Commission (“ITC”) determined, pursuant to section 751(c) of the Act, that revocation of this antidumping duty order would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See Certain Bearings from China, France, Germany, Hungary, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom*, 65 FR 39925 and USITC Pub. 3309, Inv. No. 701-TA-344 (Review) (June 2000). On July 11, 2000, the Department published the notice of continuation of this antidumping duty order. *See Continuation of Antidumping Duty Order: Tapered Roller Bearings from the People’s Republic of China*, 65 FR 42665 (July 11, 2000).

The Department has excluded Shanghai United (1993-94 administrative review), Wafangdian Bearing Factory (1998-99 administrative review), and Tianshui Hailin (2000-2001 administrative review) from this order due to the cessation of their dumping. *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Amended Final Results of the Administrative Review*, 69 FR 10423 (March 5, 2004); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Amended Final Results Pursuant to Final Court Decision*, 70 FR 19421 (April 13, 2005); and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Amended Final Results of 2000-2001 Administrative Review*, 67 FR 72147 (December 4, 2002). All other Chinese manufacturers and exporters are within the order.

The Department has not conducted any changed circumstances reviews or scope rulings.

Background

On June 1, 2005, the Department published the notice of initiation of the sunset review of the antidumping duty order on TRBs from China pursuant to section 751(c) of the Act. *See Initiation of Five-Year (“Sunset”) Reviews*, 70 FR 31423 (June 1, 2005). The Department received a joint Notice of Intent to Participate from RBC Bearings (“RBC”) and The Timken Company (“Timken”) (collectively “domestic interested parties”), within the deadline specified in section 351.218(d)(1)(i) of the Department’s regulations. The domestic interested parties claimed interested party status under section 771(9)(C) of the Act, as domestic producers of TRBs. The Department also received a complete substantive response from domestic interested parties within the 30-day deadline specified in section 351.218(d)(3)(i) of the Department’s regulations. The Department received no response from any respondent interested party. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the

Department's regulations, the Department conducted an expedited (120-day) sunset review of this order.

Discussion of the Issues

In accordance with section 751(c)(1) of the Act, the Department conducted this sunset review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making this determination, the Department shall consider both the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping duty order. In addition, section 752(c)(3) of the Act provides that the Department shall provide to the ITC the magnitude of the margin of dumping likely to prevail if the order were revoked. Below we address the comments of the domestic interested parties.

1. Likelihood of Continuation or Recurrence of Dumping

Interested Party Comments

The domestic interested parties contend that revocation of this order would have the effect of continuation of sales at less than fair value by margins equivalent to or higher than those found in the original investigation. *See* Sunset Review (2nd Review) pursuant to Section 751(c) of the Tariff Act of 1930 of the antidumping duty order on Tapered Roller Bearings from China (Case No. A-570-601) - Substantive Response to the Notice of Initiation ("Response") (July 1, 2005) at 5. The domestic interested parties state that the Department has consistently found dumping in each of the administrative reviews. *Id.* at 7. In addition, the domestic interested parties insist that the import trends of TRBs also support a finding that dumping will continue at the same or greater levels if this order is revoked. *Id.* at 8-9. The domestic interested parties compare import volumes from China and Japan, a country no longer subject to an order, to argue that the antidumping duty order has had an effect on Chinese producers. *Id.* The domestic interested parties state that Chinese imports have increased at a much slower rate than Japanese TRB imports. *Id.* Lastly, the domestic interested parties aver that no other good cause exists for the Department to consider other factors. However, they request that if the Department does consider other factors, it keep in mind that during the first sunset review the ITC found substantial excess capacity to produce TRBs in China. *Id.* at 9-10. The domestic interested parties argue that evidence of excess TRB capacity, combined with the ability to adjust export shipments to the United States in response to an antidumping investigation, support the inference that dumping would likely continue if this order were revoked. *Id.* at 10.

Department's Position

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("SAA"), H.R.

Doc. No. 103-316, vol. 1 (1994), the House Report, H. Rep. No. 103-826, pt. 1 (1994) (“House Report”), and the Senate Report, S. Rep. No. 103-412 (1994) (“Senate Report”), the Department normally determines that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where: (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly. *See* SAA at 890. With respect to this order, the Department has published final results of four administrative reviews during the period of this sunset review and has determined a China-wide rate above *de minimis* during the first sunset review and subsequent administrative reviews. *See* First Sunset Review and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Final Results of 1999-2000 Administrative Review, Partial Rescission of Review, and Determination Not to Revoke Order in Part*, 66 FR 57420 (November 15, 2001); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Amended Final Results of 2000-2001 Administrative Review*, 67 FR 72147 (December 4, 2002); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Amended Final Results of 2001-2002 Administrative Review*, 68 FR 75489 (December 31, 2003); and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Final Results of 2002-2003 Administrative Review and Partial Rescission of Review*, 69 FR 42041 (July 13, 2004).

Pursuant to section 752(c)(1)(B) of the Act, the Department considered the volume of imports of the subject merchandise for the period before and after the issuance of the antidumping duty order. Using statistics provided by the ITC Dataweb, the Department finds that imports of TRBs from China have significantly increased since the issuance of the continuation of the order. *See* attached import statistics. For example, imports from China increased from 114.4 million kilograms in 2000, then slightly decreased to 112 million kilograms, and significantly increased annually to 287.4 million kilograms in 2004. *Id.* The Department finds that the existence of dumping margins and the significant increase of imports after the order are highly probative of the likelihood of continuation or recurrence of dumping.

If companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the order were removed. *See* SAA at 890. In this case, the Department found dumping above *de minimis* levels in the subsequent administrative reviews of Chinese manufacturers and exporters after the continuation of the order was published. Therefore, given the existence of dumping margins above *de minimis* levels accompanied by increased imports, the Department determines that dumping would likely continue or recur if the order were revoked.

2. Magnitude of the Margin Likely to Prevail

Interested Party Comments

In its substantive response, the domestic interested parties request that the Department determine the China-wide rate of 60.95 percent as the margin likely to prevail if the order were revoked. *See* Response at 11. The domestic interested parties state that the country-wide margin has increased to 60.95 percent, as found in the last administrative review. *Id.* at 3. Therefore, the domestic interested parties request that the Department report to the ITC a dumping margin of 60.95 percent for all Chinese manufacturers and exporters.

Department's Position

The Department will normally provide to the ITC the company-specific margin from the investigation for each company. For companies not investigated specifically, or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the “China-wide” rate from the investigation. The Department’s preference for selecting a margin from the investigation is based on the fact that it is the only calculated rate that reflects the behavior of exporters without the discipline of an order or suspension agreement in place. *See* SAA at 890. Under certain circumstances, however, the Department may select a more recently calculated margin to report to the ITC. The SAA refers to the use of a more recently calculated rate in cases where dumping has increased or decreased and import volumes have remained steady or increased. *See* SAA at 889-90. For example, the Department may, in response to an argument from an interested party, provide to the ITC a more recently calculated margin for a particular company where for that company, dumping margins increased, even if the increase was a result of the application of best information available or facts available. For these reasons, the Department may determine that it is appropriate to select, as the magnitude of the margin likely to prevail, the margin corresponding to the increase or decrease in dumping.

The Department will consider all information reasonably at its disposal to determine whether a margin is appropriate. The Department normally will provide margins based on the rates from the investigation. In the first sunset review of this order, the Department selected as the magnitude of the margin likely to prevail, the margin of dumping corresponding to the period in which a company increased or decreased dumping while that company was increasing or maintaining market share. *See* First Sunset Review. Because the Department does not have company-specific data on imports or market share on the record of this sunset review, the Department did not select margins more recent than those in the first sunset review as the margins likely to prevail in the absence of an order. The margins are based on the margins used in the first sunset review.

China-wide Rate: In this case, the domestic interested parties request that the Department report to the ITC the China-wide margin of 60.95 percent for all companies, as found in the most recent administrative review. *See Tapered Roller Bearings and Parts Thereof, Finished and*

Unfinished, from the People's Republic of China: Final Results of 2002-2003 Administrative Review and Partial Rescission of Review, 69 FR 42041 (July 13, 2004). The Department did not list the China-wide rate in the final results of the 2002-2003 administrative review; however, the cash deposits requirements section states that the China-wide rate was 60.95 percent. *Id.* The Department determined the 60.95 percent rate after a calculation for Premier in the final results of the redetermination on remand from the Court of International Trade for the 1993-94 administrative review. *See Peer Bearing Co. v. United States*, Slip Op. 02-53 (CIT 2002); as upheld by the Court of Appeals of the Federal Circuit in 78 Fed. Appx. 718 (Fed. Cir. 2003); *see also Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Amended Final Results of the Administrative Review*, 67 FR 79902 (December 31, 2002) and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Amended Final Results of the Administrative Review*, 69 FR 10423 (March 5, 2004). The Department may select a more recent margin where appropriate. Because the Department does not have company-specific data on imports or market share on the record of this sunset review, the Department did not select more recent margins as the margins likely to prevail in the absence of an order. Thus, the Department finds that it is appropriate in this five-year review to report to the ITC the China-wide rate of 29.40 percent, as listed in the results found in the first sunset review, for the China-wide rate for this second sunset review. This is the rate that is most probative of the behavior of exporters without the discipline of an order.

Yantai Timken Company, Ltd. and Peer Bearing Company-Changshan: Yantai Timken and Peer Bearing-Changsan are new shippers during the period of this sunset review. The Department normally will provide a margin based on the all others rate from the investigation for companies that did not begin shipping until after the order was issued. *See First Sunset Review*. Applying this practice to this second sunset review, the Department is applying the China-wide rate to new shippers. Thus, the Department determines that it is appropriate to report to the ITC a margin of 29.40 percent for these companies because they are new shippers since the continuation of the order. This is the rate that is most probative of the behavior of exporters without the discipline of an order.

Final Results of Review

We determine that revocation of the antidumping duty order on TRBs from China would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margin (percent)
Zhejiang Changshan Changhe Bearing Co. ("ZCCBC")	0.00
China National Machinery Import & Export Corp. ("CMC")	0.03
Zhejiang Wanxiang Group	0.03

Zhejiang Machinery Import & Export Corp. (“ZMC”)	0.11
Luoyang Bearing Corporation (“Luoyang”)	3.20
Premier Bearing & Equipment, Ltd. (“Premier”)	5.43
Liaoning Mec Group, Ltd. (Liaoning”)	9.72
China National Machinery and Equipment Import & Export Corp.	29.40
China-wide Rate	29.40

Recommendation

Based on our analysis of the substantive responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of this sunset review in the *Federal Register*.

AGREE _____

DISAGREE _____

 Joseph A. Spetrini
 Acting Assistant Secretary
 for Import Administration

 (Date)

**Margin Rate History of Tapered Roller Bearings
since the Publication of the First Sunset Review**

	Order 55 FR 6669 2/26/90	POR 1998- 99 70 FR 19421 4/13/05	Sunset Review 65 FR 11550 3/3/00	POR 1999- 2000 66 FR 57420 11/15/01	POR 2000-01 67 FR 72147 12/4/00	POR 2001-02 68 FR 75489 12/31/03	POR 2002-03 69 FR 42041 7/13/04
Zhejiang Machinery I/E Corp.		0.00	0.11	0.03	0.53		
Luoyang Bearing Corp.		3.85	3.20	0.49	0.06		
China Natl. Mach. I/E Corp. - CMC	4.96	0.78	0.03	4.64	0.71		
Premier Bearing & Equipment, Ltd.	0.97	7.36	5.43	33.18			
Wafangdian Bearing Factory		REVOKED	29.40	REVOKED	REVOKED	REVOKED	REVOKED
Zhejiang Changshan Changhe Bearing Co.			0.00				
Zhejiang Wanxiang Gp.			0.03	0.00	0.00		
Liaoning			9.72				
China Natl. Mach. & Eqmt I/E Corp. - CMEC			29.40				

	Order 55 FR 6669 2/26/90	POR 1998- 99 70 FR 19421 4/13/05	Sunset Review 65 FR 11550 3/3/00	POR 1999- 2000 66 FR 57420 11/15/01	POR 2000-01 67 FR 72147 12/4/00	POR 2001-02 68 FR 75489 12/31/03	POR 2002-03 69 FR 42041 7/13/04
Guizhou Machinery			21.79				
Jilin			29.40				
Guizhou Automotive			29.40				
Tianshui Hailin			29.40	0.00	REVOKED	REVOKED	REVOKED
Xiangyang			29.40				
Xibei			29.40				
Weihai Machinery Holding Gp. Co.		0.00		0.00			
Yantai Timken Co., Ltd.						0.00	
Peer Bearing Co. - Changshan						0.00	
Shanghai United Bearing							0.00
China-wide	2.96	33.18	29.40	33.18	33.18	33.18	60.95