SUMMARY

Kam Kiu Aluminium Products Sdn. Bhd. and Taishan City Kam Kiu Aluminium Extrusion Co. Ltd. (collectively, “Kam Kiu”) filed a Scope Ruling Request seeking that the Department of Commerce (“Department”) determine whether subparts for elastomeric metal bushings for automotive vehicles, (“subparts” or “subparts for metal bushings”) produced and exported by Kam Kiu, are outside the scope of the AD and CVD orders on aluminum extrusions from the PRC. On the basis of our analysis of the scope request and comments received, we have determined that the metal bushing subparts at issue are within the scope of the Orders and do not fall under the “finished goods kit” exclusion.

BACKGROUND


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.

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2 See Scope Ruling Request.
3 Petitioners are the Aluminum Extrusions Fair Trade Committee.
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 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, 8418.99.80.05, 8418.99.80.50, 8418.99.80.60, 8419.90.10.00, 8422.90.06.40, 8479.90.85.00, 8486.90.00.00, 8487.90.00.80, 8503.00.95.20, 8516.90.50.00, 8516.90.80.50, 8708.80.65.90, 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, 9403.90.40.40, 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, 9403.90.80.30, 9403.90.80.41, 9403.90.80.51, 9403.90.80.61, 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.6

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.7 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.8 If the Department determines that

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6 See Orders.
7 See Walgreen Co. v. United States, 620 F.3d 1350, 1357 (Fed. Cir. 2010).
8 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 are not dispositive, the Department will
initiate a scope inquiry under 19 CFR 351.225(e) and analyze the 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 inquiry is made on a case-by-case basis after consideration of all evidence before the
Department.

DESCRIPTION OF MERCHANDISE SUBJECT TO THIS INQUIRY

Kam Kiu’s product is subparts for metal bushings used in automotive suspension systems. The
subparts for metal bushings are produced from aluminum billets, of aluminum alloy covered by
the scope, through an extrusion process. The subparts are tested to ensure compliance with
International Automotive Task Force (“IATF”) specifications. Kam Kiu’s subparts come in
various sizes and shapes, each designed for a particular automobile.

After importation, the subparts are grit-blasted to clean the surface and a paint primer is then
sprayed or rolled onto the parts, followed by a coat of adhesive paint to facilitate the bonding of
a rubber filler. The rubber filler is then added between the subparts. After completion of
these processes the subparts are ready to be assembled into complete bushings and inserted into
automotive suspension systems.

INTERESTED PARTY COMMENTS

Kam Kiu’s Scope Request

Kam Kiu argues that its subparts for metal bushings are not within the scope of the Orders. Kam
Kiu grounds its arguments on the premise that the subparts, although made from the extrusion
process, are finished and completely manufactured subcomponents of a larger whole, to which
the Orders do not apply pursuant to the subassemblies test. Kam Kiu further argues that the
subparts require only minimal steps after importation to be installed, none of which impact the
form or substance of the subparts. The subparts undergo all of the extrusion and rigorous
testing before importation, thus making them finished subcomponents. Kam Kiu cites to the

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9 See Scope Ruling Request at 4.
10 Id. at 5 and Exhibit 7.
11 Id. at 4-5.
12 Id. at 4.
13 Id.
14 Id.
15 Id. at 4, 11-12.
16 Id. at 5.
17 Id.
subassemblies test used by the Department in Side Mount Valve Controls\textsuperscript{18} and the \textit{Valeo Redetermination}\textsuperscript{19} as supporting the exclusion from the \textit{Orders} of subassemblies which meet the finished goods or finished goods kit requirements.\textsuperscript{20} Kam Kiu argues that its subparts for metal bushings are finished subcomponents and thus fall outside the scope of the \textit{Orders}.\textsuperscript{21}

Alternatively, Kam Kiu asserts that if the Department were to rely upon a \textit{Diversified Products} analysis, pursuant to 19 CFR 351.225(k)(2), it would find that its subparts for metal bushings fall outside the scope of the \textit{Orders}.\textsuperscript{22}

In its rebuttal comments, Kam Kiu further maintains that the subparts fall outside of the plain language of the \textit{Orders} and asserts that Petitioners’ characterization of the subparts is erroneous and misguided.\textsuperscript{23} Kam Kiu argues that the subparts are specific and distinct downstream products that are inherently part of a larger whole.\textsuperscript{24} Additionally, Kam Kiu re-states that the \textit{Diversified Products} analysis proves that the subparts are not sufficiently similar to aluminum extrusions covered by the \textit{Orders}.\textsuperscript{25}

\textbf{Petitioners’ Comments}

Petitioners contend that the subparts for metal bushings are the type of aluminum shapes and forms that are explicitly covered by the plain language of the \textit{Orders} and thus should not be excluded.\textsuperscript{26}

Petitioners state that components of final finished products that require assembly after importation are firmly within the \textit{Orders}, and that the language in the scope pertaining to “finished goods” is tantamount to immediately installable goods, and not those that are merely fully manufactured.\textsuperscript{27} The fact that the subparts need to be assembled with a rubber component after importation, which is delivered separately, obviates a finding that the goods are finished subassemblies.\textsuperscript{28} Petitioners further assert that, even had the rubber filler been added pre-assembly, the subparts would still fail to qualify for an exclusion from the \textit{Orders}, since a minor non-extruded subcomponent will not suffice to warrant an exclusion.\textsuperscript{29}

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\textsuperscript{19} \textit{See} 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, May 14, 2013 (“\textit{Valeo Redetermination}”).
\textsuperscript{20} \textit{See} Scope Ruling Request at 9-11.
\textsuperscript{21} \textit{Id.} at 11-12.
\textsuperscript{22} \textit{Id.} at 12-14.
\textsuperscript{23} \textit{See} Kam Kiu’s Rebuttal Comments at 3
\textsuperscript{24} \textit{Id.}
\textsuperscript{25} \textit{Id.} at 3-4
\textsuperscript{26} \textit{See} Petitioners’ Comments at 2.
\textsuperscript{27} \textit{Id.} at 6-7.
\textsuperscript{28} \textit{Id.} at 7.
\textsuperscript{29} \textit{Id.} at 5.
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RELEVANT SCOPE DETERMINATIONS

A. Geodesic Structures Scope Ruling

J.A. Hancock Co., Inc. (“J.A. Hancock”), an importer, requested a scope ruling on geodesic structures. J.A. Hancock’s geodesic structures consisted solely of extruded aluminum parts along with nuts, bolts, and washers. J.A. Hancock argued that its geodesic structures constituted finished goods kits because they contained all the components necessary to assemble a final finished good and required no further fabrication, but were assembled “as is” from the components provided in the kits.

In the Geodesic Structures scope ruling, the Department explained that the product at issue met the “initial requirements for inclusion into the finished goods kit exclusion.” 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 extrusion product.” 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.

B. Side Mount Valve Controls Scope Ruling

In its scope inquiry request, Innovative Controls Inc. (“Innovative Controls”) argued that certain side mount valve controls (“SMVCs”) that it imports are finished goods that are outside the scope of the Orders. Innovative Controls 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, Innovative Controls argued that the product in question met the exclusion criteria for “finished goods.” Petitioners argued that the SMVC itself is not a “final finished good” because it is a component of a larger firefighting apparatus, and in order for the SMVC to perform any function it must be ultimately attached to the firefighting apparatus.

In its scope ruling on Side Mount Valve Controls, the Department noted that, upon further reflection of the language in the scope of the Orders, an interpretation of “finished goods” or “finished goods kits” 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. Therefore, the Department determined that the scope, taken as a whole, indicates that

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30 See the Department’s memorandum entitled “Antidumping (“AD”) and Countervailing Duty (“CVD”) Orders on Aluminum Extrusions from the People’s Republic of China (“PRC”): Subparts for Metal Bushings from the PRC: Transmittal of Scope Determinations to the File,” dated concurrently with this memorandum.
32 Id. at 7.
33 Id.
34 Id.
35 See Side Mount Valve Controls.
“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.”

The Department then analyzed whether the SMVC at issue constituted a subassembly that enters the United States as a “finished goods kit” which was ready for installation and required no further finishing or fabrication. The Department determined 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 and require no further finishing or fabrication prior to being assembled. The Department further found that upon assembly, the SMVC is mounted on a fire truck where it is ready for use upon installation. Based on this information, the Department found that the SMVC at issue met the exclusion criteria for subassemblies that enter the United States as “finished goods kits.”

DEPARTMENT’S POSITION

The Department has examined the language of the Orders and the description of the products contained in this scope request, as well as previous rulings made by the Department. We find that the description of the product, the scope language and previous rulings made by the Department are dispositive concerning whether Kam Kiu’s metal bushing subparts are subject to the Orders, pursuant to 19 CFR 351.225(k)(1). Accordingly, for this determination, the Department finds it unnecessary to consider the additional factors specified in 19 CFR 351.225(k)(2).

The scope of the Orders covers “aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys” with Aluminum Association designations commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). The scope further defines subject merchandise as “a wide variety of shapes and forms, including… hollow profiles, other solid profiles, pipes, tubes, bars, and rods” as well as extrusions that are “mill finished” or “prepared for assembly” such as, “extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered…”. The scope also makes clear that “subject merchandise includes aluminum extrusions that are finished (coated, painted, etc.), fabricated, or any combination thereof.”

Record evidence demonstrates that the subparts for metal bushings at issue in this scope inquiry fit the definition for aluminum extrusions as defined in the scope. For instance, they are produced from aluminum billets of aluminum alloy covered by the scope through an extrusion process. The fact that Kam Kiu ultrasonically tests its aluminum billets before extruding and then tests the extruded subparts for compliance with IATF specifications before shipment is

36 Id. at 7.
37 Id.
38 Id.
39 Id.
40 Id.
41 See Orders.
42 Id.
irrelevant. The scope provides no general exclusion for products which have been tested or manufactured to IATF specifications. Thus, the subparts for metal bushings meet the description of merchandise subject to the Orders unless one of the enumerated exceptions applies.

Kam Kiu’s reliance on the Valeo Redetermination, Side Mount Valve Controls and the “subassemblies test” as proof that its subparts fall within a recognized exclusion for finished goods or subassemblies is misguided. Despite Kam Kiu’s attempts to characterize the subparts as finished goods, the subparts are not of the kind anticipated by Side Mount Valve Controls. In Side Mount Valve Controls, the Department determined that the SMVCs at issue were subassemblies that entered the United States as finished goods kits because they contain all of the parts necessary to assemble a complete SMVC, all the components and hardware of the SMVC are fully fabricated and require no further finishing or fabrication prior to being assembled, and upon assembly, the SMVC is mounted on a fire truck where it is ready for use upon installation. Similarly, in the Valeo Redetermination, the Department determined that Valeo’s T-Series and M-Series components were ready, at the time of importation, for installation and did not require any further finishing or fabrication or other hardware or parts and, thus, Valeo’s merchandise were subassemblies that were subject to the “finished goods” exclusion in the scope. In contrast, Kam Kiu’s subparts are incomplete and unfinished, resembling standard extrusions that require additional finishing before being installed. Specifically, Kam Kiu states in its scope inquiry request that, upon importation into the United States, the subparts require grit blasting, paint primer, an application of adhesive paint, and a rubber filler before the subparts are ready to be assembled into a complete metal bushing.

Further, in Geodesic Structures, the Department held that, whether or not a product can be otherwise considered a finished good or a finished goods kit, if it consists solely of subject extrusions or subject extrusions and fasteners, then it is within the Orders. Kam Kiu’s subparts consist solely of aluminum extrusions, making them analogous to Geodesic Structures, where the parts in the assembly kit were all aluminum extrusions and thus within the Orders. The Department further finds Side Mount Valve Controls to be distinguishable from both Geodesic Structures and Kam Kiu’s subparts, because the SMVC kits included some non-aluminum extruded components. Kam Kiu’s subparts for metal bushings are simply aluminum extrusions and are covered under the scope.

RECOMMENDATION

For the reasons discussed above, and in accordance with 19 CFR 351.225(d), and 351.225(k)(1), we recommend finding that Kam Kiu’s subparts for metal bushings, as described in its request, are subject to the scope of the Orders.

43 See Scope Ruling Request at 5.
44 See Side Mount Valve Controls at 7.
45 See Valeo Redetermination at 10.
46 See Scope Ruling Request at 5.
47 See Geodesic Structures at 7.
48 See Side Mount Valve Controls at 2, 6-7.
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(f)(4).

______ Agree ______ Disagree

__________________________________________
Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

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Date