



DEPARTMENT OF COMMERCE
International Trade Administration

C-583-852

Non-Oriented Electrical Steel from Taiwan: Preliminary Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Determination

AGENCY: Enforcement and Compliance, formerly Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of non-oriented electrical steel (NOES) from Taiwan. The period of investigation (POI) is January 1, 2012, through December 31, 2012. Interested parties are invited to comment on this preliminary determination.¹

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Patricia Tran and Christopher Hargett, Office III, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1503 and (202) 482-4161, respectively.

SUPPLEMENTARY INFORMATION:

Alignment of Final Countervailing Duty (CVD) Determination With Final Antidumping Duty (AD) Determination

On the same day that the Department initiated this countervailing duty (CVD) investigation, the Department also initiated antidumping duty (AD) investigations of NOES from Germany, Japan, the People's Republic of China (PRC), the Republic of Korea, Sweden, and

¹ The deadline for the preliminary determination of this investigation was March 17, 2014. Due to the closure of the Federal Government in Washington, DC on March 17, 2014, the Department reached this determination on the next business day (*i.e.*, March 18, 2014). See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

Taiwan.² The CVD investigation and the AD investigations cover the same merchandise. On March 11, 2014, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (Act), alignment of the final CVD determination with the final AD determination of NOES from Taiwan was requested by the petitioner.³ Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final CVD determination with the final AD determination. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than July 29, 2014, unless postponed.

Scope of the Investigation

The merchandise subject to this investigation consists of (NOES), which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. For a complete description of the scope of the investigation, *see* Appendix 1 to this notice.

Methodology

The Department is conducting this CVD investigation in accordance with section 701 of the Act. For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.⁴ The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is

² *See Non-Oriented Electrical Steel From the People's Republic of China, the Republic of Korea, and Taiwan: Initiation of Countervailing Duty Investigations*, 78 FR 68412 (November 14, 2013) and *Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan: Initiation of Antidumping Duty Investigations*, 78 FR 69041 (November 18, 2013).

³ *See* Letter from Petitioner regarding "Non-Oriented Electrical Steel from Taiwan: Request to Align," (March 11, 2014).

⁴ *See* Memorandum from Gary Taverman, Senior Advisor for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, regarding "Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation Non-Oriented Electrical Steel from Taiwan," dated concurrently with this notice (Preliminary Decision Memorandum).

available to registered users at <http://iaaccess.trade.gov>, and is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

For this preliminary determination, we have relied on facts available for Leicong Industrial Co., Ltd. (Leicong), a mandatory respondent, because the company did not act to the best of its ability and respond to the Department's requests for information. Further, we have drawn an adverse inference in selecting from among the facts otherwise available to calculate the *ad valorem* rate for Leicong.⁵ For further information, *see* "Use of Facts Otherwise Available and Adverse Inferences" in the Preliminary Decision Memorandum.

The Department's analysis of program usage by China Steel Corporation (CSC), a mandatory respondent, and its cross-owned affiliates HiMag Magnetic Corporation (HIMAG), and China Steel Global Trading Corporation (CSGT) (collectively, CSC Companies), is also contained in the Preliminary Decision Memorandum.

Preliminary Determination and Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated a CVD rate for each individually investigated producer/exporter of the subject merchandise. For companies not individually investigated, we calculated an all others rate as described in the Preliminary Decision Memorandum.

⁵ *See* sections 776(a) and (b) of the Act.

We preliminarily determine the countervailable subsidy rates to be:

Company	Subsidy Rate
China Steel Corporation (CSC), HiMag Magnetic Corporation (HIMAG), and China Steel Global Trading Corporation (CSGT) (collectively, CSC Companies)	0.15 percent (<i>de minimis</i>)
Leicong Industrial Co., Ltd. (Leicong)	12.82 percent
All Others	6.41 percent

With the exception of entries from the CSC Companies, in accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of NOES from Taiwan that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the *Federal Register*, and to require a cash deposit for such entries of the merchandise in the amounts indicated above. Because we preliminarily determine that the CVD rate in this investigation for the CSC Companies is *de minimis*, we will not direct CBP to suspend liquidation of the CSC Companies' entries of the subject merchandise from Taiwan.

In accordance with sections 703(d) and 705(c)(5)(A)(i) of the Act, for companies not investigated, we apply an "all-others" rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act. As indicated above, for this preliminary determination, we have calculated a *de minimis* countervailable subsidy rate for the CSC Companies and a countervailable subsidy rate for Leicong based entirely on adverse facts available (AFA) as provided under section 776(b) of the Act. Where the rates for the investigated companies are all zero or *de minimis* or based entirely on AFA, section 705(c)(5)(A)(ii) of the Act instructs the Department to establish an all-others rate using "any reasonable method." We preliminarily determine that a reasonable method for

establishing the all-other rate is to calculate a simple average of the *de minimis* net subsidy rate calculated for the CSC companies and the total AFA rate assigned to Leicong.

Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted by the respondents prior to making our final determination.

Disclosure and Public Comment

The Department intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of public announcement of this determination.⁶ Interested parties may submit case and rebuttals briefs, as well as request a hearing.⁷ For a schedule of the deadlines for filing case briefs, rebuttal briefs, and hearing request, *see* the Preliminary Determination Memorandum.

International Trade Commission Notification

In accordance with section 703(f) of the Act, we will notify the International Trade Commission (ITC) of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

⁶ *See* 19 CFR 351.224(b).

⁷ *See* 19 CFR 351.309, 19 CFR 351.310.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

March 18, 2014.
Date

Appendix 1

Scope of the Investigation

The merchandise subject to this investigation consists of non-oriented electrical steel (NOES), which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term “substantially equal” in the prior sentence means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B_{800} value). NOES contains by weight at least 1.25 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum.

NOES is subject to this investigation whether it is fully processed (fully annealed to develop final magnetic properties) or semi-processed (finished to final thickness and physical form but not fully annealed to develop final magnetic properties); whether or not it is coated (*e.g.*, with enamel, varnish, natural oxide surface, chemically treated or phosphate surface, or other non-metallic materials). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of this investigation is not limited to merchandise meeting the specifications noted above.

NOES is sometimes referred to as cold-rolled non-oriented electrical steel (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO). These terms are interchangeable.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

Appendix 2

List of Topics Discussed in the Preliminary Decision Memorandum

1. Scope Comments
2. Scope of the Investigation
3. Injury Test
4. Subsidies Valuation
5. Use of Facts Otherwise Available and Adverse Inferences
6. Analysis of Programs
7. Calculation of the All Others Rate
8. Disclosure and Public Comment
9. Verification

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