



This document is scheduled to be published in the Federal Register on 10/14/2014 and available online at <http://federalregister.gov/a/2014-24375>, and on FDsys.gov

BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE
International Trade Administration

C-583-852

Non-Oriented Electrical Steel from Taiwan: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of non-oriented electrical steel from Taiwan. For information on the estimated subsidy rates, *see* the “Suspension of Liquidation” section of this notice.

DATES: Effective Date: (Insert Date of Publication in the *Federal Register*.)

FOR FURTHER INFORMATION CONTACT: Patricia Tran or Christopher Hargett, Office III, Enforcement and Compliance, U.S. Department of Commerce, Room CC116, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-1503 or 202-482-4161, respectively.

SUPPLEMENTARY INFORMATION:

Background

The petitioner in this investigation is AK Steel Corporation (Petitioner). This investigation covers 22 government programs. The mandatory respondents in this investigation are China Steel Corporation (CSC) and its cross-owned affiliates Dragon Steel Corporation (DSC), HiMag Magnetic Corporation (HIMAG) and China Steel Global Trading Corporation (CSGT) (collectively, CSC Companies) and Leicong Industrial Company, Ltd. (Leicong).

The events that occurred since the Department published the *Preliminary Determination* on March 25, 2014,¹ are discussed in the Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Issues and Decision Memorandum for the Final Affirmative Countervailing Duty Determination in the Countervailing Duty Investigation of Non-Oriented Electrical Steel from Taiwan” (Decision Memorandum), which is hereby adopted by this notice.²

Period of Investigation

The period of investigation for which we are measuring subsidies is January 1, 2012, through December 31, 2012.

Scope Comments

In the *AD Initiation Notice*,³ the Department invited interested parties to “to raise issues regarding product coverage.” On November 22, and 26, 2013, Petitioner requested that the Department clarify the scope by lowering the minimum silicon content from 1.25 percent to 1.00 percent, removing altogether the maximum silicon content, and including language regarding surface oxide coating.⁴ On January 28, 2014, POSCO/DWI,⁵ a respondent in the companion less

¹ See *Non-Oriented Electrical Steel from Taiwan: Preliminary Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Determination*, 79 FR 16290 (March 25, 2014) (*Preliminary Determination*).

² Public versions of all business proprietary documents and all public documents are on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building.

³ See *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) (*AD Initiation Notice*); concurrent antidumping duty (AD) investigation.

⁴ See Letter from Petitioner to the Department, “Petitions for the Imposition of Antidumping and Countervailing Duties against Non-Oriented Electrical Steel from China, Germany, Japan, Korea, Sweden, Taiwan/Petition Amendment to Clarify the Proposed Scope Definition,” dated November 22, 2013 (“Petitioner’s Proposed Scope Changes”); and Letter from Petitioner, “Non-Oriented Electrical Steel from China, Germany, Japan, Korea, Sweden, Taiwan: Petitioner’s Comments on the Scope of Investigations,” dated November 26, 2013.

⁵ On January 23, 2014, POSCO and Daewoo International Corporation (DWI) filed a joint response in the concurrent LTFV investigation of NOES from Korea. The Department preliminarily found these two companies to be a single entity in the AD investigation. See the memorandum from Senior Advisor, Gary Taverman, to Acting Assistant Secretary, Ronald K. Lorentzen entitled “Decision Memorandum for the Preliminary Affirmative Determination in the Less-Than-Fair-Value Investigation of Non-Oriented Electrical Steel from the Republic of Korea” dated May 15, 2014.

than fair value (LTFV) investigation of NOES from the Republic of Korea, filed scope comments with the Department in which it requested that the Department clarify whether laminations and cores, downstream products fabricated from NOES, and certain NOES specifications with silicon content less than the percentage identified in the scope of NOES investigations contained in the *AD Initiation Notice*, are covered by this and the companion investigations.⁶ On February 4, 2014, Petitioner responded to POSCO/DWI's comments, stating (1) that laminations and cores are out of the scope of the investigations to the extent that exclusion only covers products that are suitable for use (without further processing) as a drop-in part of a core; and (2) that the Department should promptly implement the changes to the scope of the investigations relating to silicon content described in Petitioner's Proposed Scope Changes, and clarify for POSCO/DWI the data that it should report to the Department.⁷

After analyzing the scope comments regarding silicon content and surface oxide coatings, the Department decided to lower the minimum silicon content identified in the scope from 1.25 percent to 1.00 percent and to include language regarding surface oxide coating in the scope. However, the Department decided not to eliminate the maximum silicon content in the scope. For a complete discussion of these decisions *see* the memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations from Robert Bolling, Program Manager for AD/CVD Operations, Office IV, regarding "Scope Modification Requests," dated April 10, 2014, and hereby incorporated by reference into this memorandum. The scope language below reflects these decisions.

⁶ *See* Letter from POSCO/DWI to the Department, "Scope Clarification Requests," dated January 28, 2014.

⁷ *See* Letter from Petitioner to the Department, "Re: Non-Oriented Electrical Steel from China, Germany, Japan, Korea, Sweden and Taiwan/Petitioner's Response to POSCO's Scope Clarification Requests," dated February 4, 2014.

With respect to the issue involving laminations and cores, POSCO/DWI described laminations as products that are cut from NOES into their finished shape by a punch and die or, when in smaller quantities, by laser or wire erosion.⁸ The laminations are subsequently assembled together to form laminated transformer cores or electric motor stator and rotor parts.⁹ POSCO/DWI commented that it understands that laminations and cores manufactured from NOES are products not subject to these investigations because NOES is manufactured in sheet or strip form, either in coils or in straight lengths, and any subsequent processing is not simply an extension of the NOES production process, but, instead, processing performed by the end user or by a fabricator that sells to the end user.¹⁰ POSCO/DWI commented that NOES is consumed exclusively in the production of laminated cores for transformers as well as stators and rotors for motors, and generators.¹¹ Depending on the design requirements of an end user, the standard lamination products are cut “E,” “I,” or “U,” or varying combinations thereof, while highly complex lamination products are customized with numerous sides, curved edges, or numerous punched holes.¹² POSCO/DWI commented that the process of converting NOES coil or strip into laminations or cores constitutes a substantial transformation into products with end uses and customer expectations different from those for NOES.¹³

In its reply to POSCO/DWI’s scope clarification request, Petitioner stated that it agrees with POSCO/DWI that laminations and cores are outside the intended scope of the NOES

⁸ See Letter from POSCO/DWI to the Department, “Scope Clarification Requests,” dated January 28, 2014, at 3.

⁹ *Id.*, at 3-4.

¹⁰ POSCO refers to the production process for NOES described in the petitions and in the International Trade Commission’s preliminary determination that POSCO understands to mean that the NOES production process ends with slitting. *Id.*, at 4.

¹¹ See Letter from POSCO/DWI to the Department, “Scope Clarification Requests,” dated January 28, 2014, at 3-4.

¹² *Id.*, at 4-5.

¹³ *Id.*, at 5.

investigations.¹⁴ Petitioner commented that to the extent the term “laminations” is used as a substitute for the term laminated “cores,” Petitioner likewise agrees that laminations that are ready for assembly into cores are excluded from the intended scope of the NOES investigations.¹⁵ Petitioner noted that it does not agree with POSCO/DWI that the production process for NOES necessarily ends with slitting; because the scope definition covers NOES “whether or not in coils,” simply cutting to length or cutting blanks from a coil (whether slit or not) does not take such products out of the scope.¹⁶ Petitioner stated that it agrees nevertheless with POSCO/DWI that laminations cut from NOES to their finished shape and are otherwise suitable for use, without further processing, as a drop-in part of the core, are outside the intended scope of the NOES investigations.¹⁷

On the basis of Petitioner’s statements that it is not seeking relief from laminations and cores made from NOES, we modified the scope to reflect this exclusion.¹⁸

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. The term “substantially equal” 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

¹⁴ See Letter from Petitioner to the Department, “Non-Oriented Electrical Steel from China, Germany, Japan, Korea, Sweden and Taiwan/Petitioner’s Response to POSCO’s Scope Clarification Requests,” dated February 4, 2014, at 2.

¹⁵ See *id.* Referring to POSCO/DWI’s Scope Comments, Petitioner interprets POSCO/DWI’s statement, that POSCO/DWI uses the terms laminations and cores interchangeably in the normal course of business, to mean that laminations are a substitute for cores.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ See Letter from Petitioner to the Department, “Non-Oriented Electrical Steel from The People’s Republic of China, Germany, Japan, The Republic of Korea, Sweden, and Taiwan: Scope Clarification Language,” dated May 12, 2014.

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.*, B₈₀₀ value). NOES contains by weight more than 1.00 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 has a surface oxide coating, to which an insulation coating may be applied.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the 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.¹⁹

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs submitted by parties in this investigation are addressed in the Issues and Decision Memorandum, dated concurrently with this notice. A list of subsidy programs and the issues that parties raised, and to which we responded in the Decision Memorandum, is attached to this notice as Appendix I.

The Issues and Decision and Scope Memoranda are public documents and are on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is 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, complete versions of the

¹⁹ For a full description of the scope of this investigation, *see* the memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Issues and Decision Memorandum for the Final Affirmative Countervailing Duty Determination in the Countervailing Duty Investigation of Non-Oriented Electrical Steel from Taiwan" (Issues and Decision Memorandum), dated concurrently with this notice.

Issues and Decision and Scope Memoranda can be accessed directly at

<http://enforcement.trade.gov/frn/index.html>. The signed and the electronic versions of these memoranda are identical in content.

Use of Facts Otherwise Available, Including Adverse Inferences

For purposes of this final determination, we continue to apply adverse facts available (AFA) to Leicong in accordance with sections 776(a) and (b) of the Tariff Act of 1930, as amended (the Act). A full discussion of our decision to rely on AFA is presented in the Issues and Decision Memorandum under the section “Use of Facts Otherwise Available and Adverse Inferences.”

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a rate for each respondent. Section 705(c)(5)(A)(i) of the Act states that for companies not individually investigated, we will determine 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. If the rates established for all exporters and producers individually investigated are zero, *de minimis*, or determined entirely under facts available, the Department may use any reasonable method to establish an all-others rate.²⁰ Leicong’s rate was determined entirely under facts available with an adverse inference. The CSC Companies’ rate is *de minimis*. Thus, in accordance with section 705(c)(5)(A)(ii) of the Act, we are applying as the all others rate the average of the rate calculated for Leicong and the rate calculated for the CSC Companies.

We determine the total estimated net countervailable subsidy rates to be:

²⁰ See section 705(c)(5)(A)(ii) of the Act.

Producer/Exporter	Subsidy Rate
China Steel Corporation (CSC) and its cross-owned affiliates Dragon Steel Corporation (DSC), HiMag Magnetic Corporation (HIMAG) and China Steel Global Trading Corporation (CSGT)(collectively, CSC Companies.)	0.48 percent (<i>de minimis</i>)
Leicong Industrial Company, Ltd (Leicong)	17.12 percent
All Others	8.80 percent

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from Taiwan²¹ which were entered or withdrawn from warehouse, for consumption on or after March 25, 2014, the date of the publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for countervailing duty (CVD) purposes for subject merchandise entered, or withdrawn from warehouse, on or after July 23, 2014, but to continue the suspension of liquidation of all entries²² from March 25, 2014, through July 22, 2014.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of merchandise in the amounts indicated above, other than those produced and exported by the CSC Companies because the CSC Companies' rate is *de minimis*. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

²¹ Other than entries produced and/or exported by the CSC Companies for which we calculated a *de minimis* rate in the *Preliminary Determination*.

²² *Id.*

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related 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 (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

October 6, 2014
Date

APPENDIX I

List of Subsidy Programs and Issues in the Decision Memorandum

A. Programs Determined To Be Countervailable

1. Tariff Exemption for Imported Equipment
2. Income Tax Credit for Upgraded Equipment
3. Shareholder's Investment Tax Credit for Participation in Infrastructure Projects
4. Shareholder's Investment Tax Credit for Investment in Newly Emerging, Important and Strategic Industries
5. Conventional Industry Technology Development
6. Self-Evaluation Service
7. Building and Land Value Tax Deduction for Supplying to Major Infrastructure Projects
8. Major Infrastructure Projects — Land Lease Program

B. Program Determined To Be Not Countervailable

1. Income Tax Credit for Research and Development Expenses
2. Partial Payment for Electricity Bill of Strong-Motion Observation Station

C. Programs Determined To Not Confer a Benefit During the POI

1. Industrial Technology Development Program
2. Strengthen the Ability of Emerging Development Program
3. Subsidy for Certain Photovoltaic Power Stations
4. Payment for Trade Remedy Proceedings
5. Five-Year Income Tax Exemption Incentive for New Investments
6. Verification of Greenhouse Gas Emission Inventory

D. Programs Determined To Be Not Used

1. Income Tax Credits for Investment in Designated Regions
2. Income Tax Credits for Participating in Infrastructure Projects
3. Grants for Developing an International Image and Brand
4. Subsidies for Companies that Invest in Industrial Parks

E. Programs for Which More Information is Necessary

1. Sustainable Employment Program

F. Comments from Interested Parties

- Comment 1: Whether the CSC Companies Were Disproportionate Users of Certain Programs
- Comment 2: Whether the Industrial Technology Development Program and the Ability of Emerging Development Program are Separate Programs
- Comment 3: Whether Certain Programs Are *De Facto* Specific by Virtue of Limited Use
- Comment 4: Whether Benefits Under the Grants for Photovoltaic Power Stations (SCPPS) Program Are Tied to Non-Subject Subject Merchandise
- Comment 5: Whether the Department Should Apply Total AFA to Leicong
- Comment 6: Whether the Department Should not Include Certain Programs in Leicong's Total AFA Rate
- Comment 7: Whether Subsidies Under the Companies that Invest in Industrial Parks and Major Infrastructure Projects – Land Lease Programs Are Separate Programs
- Comment 8: Whether the Department Should Use Benefit and Sales Data from the TA to Calculate a Rate for Leicong with Regard to the Conventional Industry Technology Development Program and the Self Evaluation Service Program
- Comment 9: Whether the Verification of Greenhouse Gas Emission Inventory Program is Countervailable with Regard Leicong
- Comment 10: Corroboration of the AFA Rate Applied to Leicong
- Comment 11: Calculation of the All-Others Rate

[FR Doc. 2014-24375 Filed 10/10/2014 at 8:45 am; Publication Date: 10/14/2014]