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DEPARTMENT OF COMMERCE

International Trade Administration

C-570-997, C-583-852

Non-Oriented Electrical Steel from the People's Republic of China and Taiwan: Countervailing Duty Orders

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

SUMMARY: Based on affirmative final determinations by the Department of Commerce (the Department) and the International Trade Commission (ITC), the Department is issuing countervailing duty (CVD) orders on non-oriented electrical steel (NOES) from the People's Republic of China (PRC) and Taiwan.

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

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SUPPLEMENTARY INFORMATION:

Background

On October 14, 2014, the Department published the final determinations in the CVD investigations of NOES from Korea, PRC, and Taiwan.¹ On November 25, 2014, the ITC notified the Department of its final determination pursuant to sections 705(b)(1)(A)(i) and section 705(d) of the Tariff Act of 1930, as amended (the Act), that an industry in the United States is materially injured by reason of subsidized imports of subject merchandise from the PRC and Taiwan.² The ITC also determined that critical circumstances did not exist for the PRC.³

Scope of the Orders

The merchandise subject to these orders 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 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 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

¹ See *Non-Oriented Electrical Steel From the Republic of Korea: Final Negative Countervailing Duty Determination and Final Negative Critical Circumstances Determination*, 79 FR 61605 (October 14, 2014) (*Korea Final Determination*); *Non-Oriented Electrical Steel From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 79 FR 61607 (October 14, 2014) (*PRC Final Determination*); *Non-Oriented Electrical Steel From Taiwan: Final Affirmative Countervailing Duty Determination*, 79 FR 61602 (October 14, 2014) (*Taiwan Final Determination*)

² See *Non-Oriented Electrical Steel from China, Germany, Japan, Korea, Sweden, and Taiwan*, Investigation Nos. 701-TA-506 & 508 and 731-TA-1238-1243 (Final), USITC Publication 4502, November 2014.

³ *Id.*

than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied.

NOES is subject to these orders whether it is fully processed (*i.e.*, fully annealed to develop final magnetic properties) or semi-processed (*i.e.*, finished to final thickness and physical form but not fully annealed to develop final magnetic properties). 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 these orders is not limited to merchandise meeting the ASTM, JIS, and IEC specifications noted immediately above.

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

Excluded from the scope of these orders are flat-rolled products not in coils that, prior to importation into the United States, have been cut to a shape and undergone all punching, coating, or other operations necessary for classification in Chapter 85 of the Harmonized Tariff Schedule of the United States (HTSUS) as a part (*i.e.*, lamination) for use in a device such as a motor, generator, or transformer.

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.

Countervailing Duty Orders

In accordance with sections 705(b)(1)(A)(i) and 705(d) of the Act, the ITC notified the Department of its final determination that the industry in the United States producing NOES is materially injured by reason of subsidized imports of NOES from the PRC and Taiwan. Therefore, in accordance with section 705(c)(2) of the Act, we are publishing these CVD orders.

Pursuant to section 706(a) of the Act, the Department will direct U.S. Customs and Border Protection (CBP) to assess, upon further instruction by the Department, CVDs on unliquidated entries of NOES entered, or withdrawn from warehouse, for consumption on or after March 25, 2014, the date on which the Department published its affirmative preliminary CVD determinations in the *Federal Register*, and before July 23, 2014, the date on which the Department instructed CBP to discontinue the suspension of liquidation in accordance with section 703(d) of the Act. Section 703(d) of the Act states that the suspension of liquidation pursuant to a preliminary determination may not remain in effect for more than four months. Entries of NOES made on or after July 23, 2014, and prior to the date of publication of the ITC's final determination in the *Federal Register* are not liable for the assessment of CVDs, due to the Department's discontinuation, effective July 23, 2014, of the suspension of liquidation.

With regard to the ITC's negative critical circumstances determination for the PRC, the Department will instruct CBP to lift suspension and refund any cash deposits of estimated CVDs for entries on or after December 25, 2013, (*i.e.*, 90 days prior to the date of the preliminary determination), but before March 25, 2014.

Suspension of Liquidation

For the PRC, in accordance with section 706 of the Act, the Department will direct CBP to reinstitute the suspension of liquidation of NOES from the PRC, effective the date of

publication of the ITC’s notice of final determination in the *Federal Register*, and to assess, upon further instruction by the Department pursuant to section 706(a)(1) of the Act, CVDs for each entry of the subject merchandise in an amount based on the net countervailable subsidy rates for the subject merchandise. CBP must require, at the same time as importers would normally deposit estimated duties on this merchandise, a cash deposit equal to the rates noted below:

Company	Subsidy Rate
Baoshan Iron & Steel Co., Ltd.	158.88 percent
All Others	158.88 percent

For Taiwan, in accordance with section 706 of the Act, the Department will direct CBP to reinstitute the suspension of liquidation of NOES from Taiwan, effective the date of publication of the ITC’s notice of final determination in the *Federal Register*, and to assess, upon further instruction by the Department pursuant to section 706(a)(1) of the Act, CVDs for each entry of the subject merchandise in an amount based on the net countervailable subsidy rates for the subject merchandise. Because China Steel Corporation and its cross-owned affiliates Dragon Steel Corporation, HiMag Magnetic Corporation, and China Steel Global Trading Corporation (collectively, CSC Companies) received a *de minimis* net subsidy rate in the *Taiwan Final Determination*, they are excluded from this Taiwan CVD order. This exclusion will apply only to subject merchandise both produced and exported by CSC Companies. CBP must require, at the same time as importers would normally deposit estimated duties on this merchandise, a cash deposit equal to the rates noted below:

Company	Subsidy Rate
Leicong Industrial Company, Ltd (Leicong)	17.12 percent
All Others	8.80 percent

This notice constitutes the CVD orders with respect to NOES from the PRC and Taiwan, pursuant to section 706(a) of the Act. Interested parties may contact the Department's Central Records Unit, Room 7046 of the main Commerce Building, for copies of an updated list of CVD orders currently in effect.

These orders are issued and published in accordance with section 706(a) of the Act and 19 CFR 351.211(b).

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

Dated: November 26, 2014.

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