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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-030]

Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances 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/exporters of certain cold-rolled steel flat products (cold-rolled steel) from the People's Republic of China (the PRC). The Department also determines critical circumstances exist for certain imports of the subject merchandise from the PRC. The mandatory respondents in this investigation are the Government of the PRC (the GOC), Angang Group Hong Kong Co., Ltd. (Angang Hong Kong), and Benxi Iron and Steel (Group) Special Steel Co., Ltd. (Benxi Iron and Steel). The period of investigation is January 1, 2014, through December 31, 2014.

DATES: *Effective Date:* [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*.]

FOR FURTHER INFORMATION CONTACT: Yasmin Bordas or John Corrigan, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-3813 or (202) 482-7438, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 22, 2015, the Department published its preliminary affirmative determination that countervailable subsidies are being provided to producers/exporters of certain cold-rolled steel from the PRC in the *Federal Register*.¹ We invited interested parties to comment on our preliminary determination.² We only received comments regarding the scope of this investigation. No interested party requested a hearing.

Scope of the Investigation

The products covered by this investigation are certain cold-rolled (cold-reduced), flat-rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. For a full description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II.

Since the *Preliminary Determination*, eight interested parties (*i.e.*, JFE Steel Corporation, Electrolux Home Products, Inc., Electrolux Home Care Products, Inc., ArcelorMittal USA LLC, AK Steel Corporation, Nucor Corporation, Steel Dynamics Inc., and United States Steel Corporation) commented on the scope of the investigation. The Department reviewed these comments and made no changes. For further discussion, *see* the Final Scope Comments

¹ *See Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From the People’s Republic of China: Preliminary Affirmative Determination, Preliminary Partial Affirmative Critical Circumstances Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 80 FR 79558 (December 22, 2015) (*Preliminary Determination*).

² *Id.*, at 79560.

Memorandum.³ The scope in Appendix II reflects the final scope language, which is unmodified from the scope as it appeared in the *Preliminary Determination*.

Verification

None of the mandatory respondents in the investigation provided information requested by the Department. Hence, no verification was conducted.

Analysis of Comments Received and Changes Since the Preliminary Determination

As discussed above, we received no comments from interested parties pertaining to the *Preliminary Determination*. Therefore, for this final determination, and pursuant to sections 776(a)-(d) of the Tariff Act of 1930, as amended (“the Act”), we continue to rely on facts available for Angang Hong Kong and Benxi Iron and Steel, the two mandatory company respondents, and the GOC, which did not respond to either our primary questionnaires or new subsidy allegation questionnaires.⁴ We also continue to rely on facts available for Qian’an Golden Point Trading Co., Ltd. (Qian’an Golden Point), a non-selected exporter that did not respond to the Department’s request for clarification with respect to its shipments of subject merchandise to the United States during the POI.⁵ Further, we continue to find that Angang Hong Kong, Benxi Iron and Steel, the GOC and Qian’an Golden Point failed to act to the best of

³ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Certain Cold-Rolled Steel Flat Products From Brazil, the People’s Republic of China, India, Japan, the Republic of Korea, the Russian Federation, and the United Kingdom: Final Scope Comments Decision Memorandum,” dated concurrently with this final determination (Final Scope Comments Memorandum).

⁴ See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Decision Memorandum for the Preliminary Affirmative Determination in the Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products from the People’s Republic of China,” dated December 15, 2015 (Preliminary Decision Memorandum) at 9-10; see also Memorandum from Christian Marsh, 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 Determination in the Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products from the People’s Republic of China,” dated concurrently with this notice (Issues and Decision Memorandum) at 6 -7.

⁵ *Id.*

their ability and, therefore, are drawing an adverse inference in selecting from among the facts otherwise available to determine whether the benefits provided by programs subject to this investigation constitute countervailable subsidies and calculate the *ad valorem* rates for Angang Hong Kong, Benxi Iron and Steel and Qian'an Golden Point.⁶

For this final determination, we continue to find all programs in this proceeding countervailable—that is, they provide a financial contribution within the meaning of sections 771(5)(B)(i) and (D) of the Act, confer a benefit within the meaning of section 771(5)(B) of the Act, and are specific within the meaning of section 771(5A) of the Act. We are therefore continuing to include these programs in the determination of the AFA rates for Angang Hong Kong, Benxi Iron and Steel, and Qian'an Golden Point.⁷ However, in a change from the *Preliminary Determination*, we are updating the AFA rates for two programs. The first of those programs is the Provision of Electricity for Less than Adequate Remuneration, and the second is Import Tariff and Value-Added Tax Exemptions for Foreign Invested Enterprises and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries. These changes are discussed in the Issues and Decision Memorandum which is incorporated by reference and hereby adopted in this final determination.⁸ The Issues and Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete

⁶ See sections 776(a) and (b) of the Tariff Act of 1930, as amended (the Act).

⁷ See Preliminary Decision Memorandum at 10-15.

⁸ See Issues and Decision Memorandum at "Application of AFA: Angang Hong Kong, Benxi Iron and Steel, Qian'an Golden Point, and the GOC."

version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

Final Partial Affirmative Determination of Critical Circumstances, in Part

On October 30, 2015, Petitioners timely filed a critical circumstances allegation, pursuant to section 703(e)(1) of the Act and 19 CFR 351.206(c)(1), alleging that critical circumstances exist with respect to imports of cold-rolled steel from the PRC.⁹ In accordance with 19 CFR 351.206(c)(2)(i), we issued an affirmative preliminary critical circumstances determination. A discussion of that determination can be found in the Preliminary Decision Memorandum at the section, “Preliminary Determination of Critical Circumstances.”¹⁰

As stated above, the Department did not receive any comments concerning the preliminary determination. Thus, in accordance with section 705(a)(2) of the Act, we continue to find, on the basis of adverse facts available, that critical circumstances exist with respect to Angang Hong Kong, Benxi Iron and Steel and Qian’an Golden Point. We continue to determine that critical circumstances do not exist for all other producers/exporters of cold-rolled steel from the PRC because we do not find massive imports pursuant to 19 CFR 351.206(h)-(i).¹¹

⁹ See Letter from Petitioners, “Certain Cold-Rolled Steel Flat Products from the People’s Republic of China, Japan, and the Russian Federation – Petitioners’ Critical Circumstances Allegation,” dated October 30, 2015 (Critical Circumstances Allegation).

¹⁰ See Preliminary Decision Memorandum at 17.

¹¹ *Id.* and Issues and Decision Memorandum at the section “Final Determination of Critical Circumstances, In Part.”

Final Determination

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a countervailing duty rate for the individually investigated producers/exporters of the subject merchandise, Angang Hong Kong, Benxi Iron and Steel, and for non-cooperative exporter Qian'an Golden Point. With respect to the all-others rate, section 705(c)(5)(A)(ii) of the Act provides that if the countervailable subsidy rates established for all exporters and producers individually investigated are determined entirely in accordance with section 776 of the Act, the Department may use any reasonable method to establish an all-others rate for exporters and producers not individually investigated. In this case, the rates assigned to Angang Hong Kong and Benxi Iron and Steel, are based entirely on facts otherwise available, with adverse inferences, under section 776 of the Act.

All-Others Rate

There is no other information on the record with which to determine an all-others rate. As a result, in accordance with section 705(c)(5)(A)(ii) of the Act, we have established the all-others rate by applying the countervailable subsidy rates for mandatory respondents Angang Hong Kong and Benxi Iron and Steel, which are the same as the rate applied to non-selected exporter Qian'an Golden Point. The final countervailable subsidy rates are summarized in the table below.

Company	Subsidy Rate
Angang Group Hong Kong Co., Ltd.	256.44 percent
Benxi Iron and Steel (Group) Special Steel Co., Ltd.	256.44 percent
Qian'an Golden Point Trading Co., Ltd.	256.44 percent
All-Others	256.44 percent

Suspension of Liquidation

As a result of our *Preliminary Determination*, and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend all entries of cold-rolled steel from the PRC, as described in the “Scope of the Investigation” that were entered, or withdrawn from warehouse, for consumption on or after the date of the publication of the *Preliminary Determination* in the *Federal Register*, and to require a cash deposit for such entries of merchandise.¹² In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after April 20, 2016, but to continue the suspension of liquidation of all entries from December 22, 2015 through April 19, 2016.

Moreover, as a result of our preliminary critical circumstances determination for Angang Hong Kong, Benxi Iron and Steel, and Qian'an Golden Point, pursuant to section 703(e)(2) of the Act, we instructed CBP to suspend liquidation of all entries of subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption by these companies on or after September 23, 2015, the date 90 days prior to the date of the publication of the

¹² See *Preliminary Determination*, 80 FR 79559.

Preliminary Determination in the *Federal Register*.¹³ In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse by Angang Hong Kong, Benxi Iron and Steel, or Qian'an Golden Point, on or after April 20, 2016, but to continue the suspension of liquidation of all entries from September 23, 2015 through April 29, 2016.

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. 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.

Disclosure

We described the calculations used to determine countervailing duty rates based on adverse facts available in the Issues and Decision Memorandum.¹⁴ Thus, no additional disclosure of calculations is necessary for this final determination.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our final affirmative determination of the provision of countervailable subsidies and final affirmative determination of critical circumstances, in part. Because the final determination in this

¹³ *Id.*

¹⁴ See Issues and Decision Memorandum at “Application of AFA: Angang Hong Kong, Benxi Iron and Steel, Qian'an Golden Point, and the GOC.”

proceeding is affirmative, in accordance with section 705(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of cold-rolled steel from the PRC, or sales (or the likelihood of sales) for importation, of cold-rolled steel from the PRC. If the ITC determines that such injury does not exist, this proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue a countervailing duty order directing CBP to assess, upon further instruction by the Department, countervailing duties on appropriate imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

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 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.

Notification Regarding Administrative Protective Orders

This notice will serve as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APOs in accordance with 19 CFR 351.305. Timely written notification of return or 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 sanctionable violation.

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

Dated: May 16, 2016.

Paul Piquado,
Assistant Secretary
for Enforcement and Compliance.

Appendix I

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Use of Facts Otherwise Available and Adverse Inferences
- V. Calculation of the All-Others Rate
- VI. Final Determination of Critical Circumstances, In Part
- VII. Recommendation

Appendix II

Scope of the Investigation

The products covered by this investigation are certain cold-rolled (cold-reduced), flat-rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (“width”) of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

(1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

(2) Where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or

- 0.30 percent of vanadium, or
- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes cold-rolled steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the cold-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Ball bearing steels;¹⁵
- Tool steels;¹⁶
- Silico-manganese steel;¹⁷

¹⁵ Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

¹⁶ Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

¹⁷ Silico-manganese steel is defined as steels containing by weight: (i) not more than 0.7 percent of carbon; (ii) 0.5

- Grain-oriented electrical steels (GOES) as defined in the final determination of the U.S. Department of Commerce in *Grain-Oriented Electrical Steel From Germany, Japan, and Poland*.¹⁸
- Non-Oriented Electrical Steels (NOES), as defined in the antidumping orders issued by the U.S. Department of Commerce in *Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan*.¹⁹

The products subject to this investigation are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6090, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8080, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050. The products subject to the investigation may also enter under the following HTSUS numbers: 7210.90.9000, 7212.50.0000, 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.19.0000, 7226.19.1000, 7226.19.9000, 7226.99.0180, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

¹⁸ *Grain-Oriented Electrical Steel From Germany, Japan, and Poland: Final Determinations of Sales at Less Than Fair Value and Certain Final Affirmative Determination of Critical Circumstances*, 79 Fed. Reg. 42,501, 42,503 (Dep't of Commerce, July 22, 2014). This determination defines grain-oriented electrical steel as "a flat-rolled alloy steel product containing by weight at least 0.6 percent but not more than 6 percent of silicon, not more than 0.08 percent of carbon, not more than 1.0 percent of aluminum, and no other element in an amount that would give the steel the characteristics of another alloy steel, in coils or in straight lengths."

¹⁹ *Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan: Antidumping Duty Orders*, 79 Fed. Reg. 71,741, 71,741-42 (Dep't of Commerce, Dec. 3, 2014). The orders define NOES as "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.*, 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."

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