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DEPARTMENT OF COMMERCE

International Trade Administration

C-570-046

Countervailing Duty Investigation of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination

AGENCY: Enforcement and Compliance, 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 1-Hydroxyethylidene-1, 1-Diphosphonic Acid ("HEDP") from the People's Republic of China (the "PRC"). We invite interested parties to comment on this preliminary determination.

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

FOR FURTHER INFORMATION CONTACT: Javier Barrientos or Andrew Devine, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone 202.482.2243 or 202.482.0238, respectively.

SUPPLEMENTARY INFORMATION:

Scope of the Investigation

The merchandise covered by this investigation includes all grades of aqueous acidic (non-neutralized) concentrations of HEDP, also referred to as hydroxyethylidenediphosphonic acid, hydroxyethanediphosphonic acid, acetodiphosphonic acid, and etidronic acid. The Chemical Abstract Service ("CAS") registry number for HEDP is 2809-21-4.

The merchandise subject to this investigation is currently classified in the Harmonized

Tariff Schedule of the United States (“HTSUS”) at subheading 2931.90.9043. It may also enter under HTSUS subheadings 281.19.6090 and 2931.90.9041. While HTSUS subheadings and the CAS registry number are provided for convenience and customs purposes only, the written description of the scope of this investigation is dispositive.

Methodology

The Department is conducting this countervailing duty (“CVD”) investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the “Act”). For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memo.¹ The Preliminary Decision Memo is a public document and is on file electronically *via* Enforcement & Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (“ACCESS”).² 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 version of the Preliminary Decision Memo can be accessed directly on the Internet at <http://trade.gov/enforcement/frn/index.html>. The signed Preliminary Decision Memo and the electronic versions of the Preliminary Decision Memo are identical in content.

In making these findings, we relied, in part, on facts available and, because one or more respondents did not act to the best of their ability to respond to the Department’s requests for information, we drew an adverse inference where appropriate in selecting from among the facts

¹ *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Countervailing Duty Investigation of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People’s Republic of China: Decision Memorandum for the Preliminary Determination,” dated concurrently with this notice (“Preliminary Decision Memo”).

² On November 24, 2014, Enforcement and Compliance changed the name of Enforcement and Compliance’s AD and CVD Centralized Electronic Service System (“IA ACCESS”) to AD and CVD Centralized Electronic Service System (“ACCESS”). The website location was changed from <http://iaaccess.trade.gov> to <http://access.trade.gov>. The Final Rule changing the references to the Regulations can be found at 79 FR 69046.

otherwise available.³ For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memo.

Alignment

In accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final CVD determination in this investigation with the final determination in the companion antidumping duty (“AD”) investigation of HEDP from the PRC.⁴ 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 January 10, 2017, unless postponed. *See* Preliminary Decision Memo.

Preliminary Determination and Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated an estimated individual countervailable subsidy rate for each producer/exporter of the subject merchandise individually investigated. We preliminarily determine these rates to be:

Company	Subsidy Rate
Shandong Taihe Chemicals Co., Ltd. (“Taihe Chemicals”) and Shandong Taihe Water Treatment Technologies Co., Ltd. (“Taihe Technologies”)	2.37
Nanjing University of Chemical Technology Changzhou Wujin Water Quality Stabilizer Factory (“Wujin Water”)	1.04
All Others ⁵	1.71
* Changzhou Kewei Fine Chemicals Co., Ltd.	36.33
* Hebei Longke Water Treatment Co., Ltd.	36.33
* Shandong Huayou Chemistry Co., Ltd.	36.33
* Shandong Xintai Water Treatment Technology	36.33

³ *See* sections 776(a) and (b) of the Act.

⁴ *See* 1-Hydroxyethylidene-1, 1-Diphosphonic Acid From the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigation, 81 FR 25377 (April 28, 2016).

⁵ Including Jianghai Environmental Protection Co., Ltd.

* Zaozhuang Fuxing Water Treatment Technology	36.33
* Zaozhuang YouBang Chemicals Co., Ltd.	36.33
* Zouping Dongfang Chemical Industry Co., Ltd.	36.33

* Non-cooperative company to which an adverse facts available rate is being applied. See “Use of Facts Otherwise Available and Adverse Inferences” section in the Preliminary Decision Memorandum.

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing U.S. Customs and Border Protection to suspend liquidation of all entries of HEDP from the PRC 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 merchandise in the amounts indicated above.

In accordance with sections 703(d) and 705(c)(5)(A) of the Act, for companies not investigated, we apply an “all-others” rate, which is normally calculated by weighting the subsidy rates of the individual companies selected as mandatory respondents by those companies’ exports of the subject merchandise to the United States. Under section 705(c)(5)(i) of the Act, the all-others rate should exclude zero and *de minimis* rates calculated for the exporters and producers individually investigated as well as rates based entirely on facts otherwise available. Notwithstanding the language of section 705(c)(5)(A)(i) of the Act, we have not calculated the “all-others” rate by weight averaging the rates of the two individually investigated respondents, because doing so risks disclosure of proprietary information. Therefore, for the “all-others” rate, we calculated a simple average of the two responding firms’ rates.

Disclosure and Public Comment

The Department will disclose calculations performed for this preliminary determination to the parties within five days of the date of public announcement of this determination in accordance with 19 CFR 351.224(b). Case briefs or other written comments for all non-scope

issues may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the final verification report is issued in this proceeding, and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.⁶ A table of contents, list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, filed electronically using ACCESS. An electronically filed document must be received successfully in its entirety by the Department's electronic records system, ACCESS, by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice.⁷ Requests should contain the party's name, address, and telephone number; the number of participants; and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a date, time and location to be determined. Parties will be notified of the date, time and location of any hearing.

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

⁶ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

⁷ See 19 CFR 351.310(c).

protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

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

29 August 2016

Date

Appendix

List of Topics Discussed in the Preliminary Decision Memo

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- [FR Doc. 2016-21483 Filed: 9/7/2016 8:45 am; Publication Date: 9/8/2016]