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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-080]

Cast Iron Soil Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of cast iron soil pipe (soil pipe) from the People's Republic of China (China). The period of investigation is January 1, 2017, through December 31, 2017.

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

FOR FURTHER INFORMATION CONTACT: Omar Qureshi or Annathea Cook, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5307 or (202) 482-0250, respectively.

SUPPLEMENTARY INFORMATION:

Background

Commerce published the *Preliminary Determination* on July 2, 2018.¹ In the *Preliminary Determination*, Commerce aligned the final CVD determination with the final

¹ See *Cast Iron Soil Pipe from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 30914 (July 2, 2018) (*Preliminary Determination*).

determination in the companion antidumping duty investigation, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4).

For a complete description of the events that followed the *Preliminary Determination*, see the Issues and Decision Memorandum.² A list of topics discussed in the Issues and Decision Memorandum is included as Appendix II to this notice. 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 version of the Issues and Decisions Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019.³ If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. The revised deadline for the final determination is now February 22, 2019.

Scope of the Investigation

The products covered by this investigation is cast iron soil pipe from China. For a full description of the scope of this investigation, see the "Scope of the Investigation" in Appendix I

² See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Cast Iron Soil Pipe from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

³ See Memorandum "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

of this notice. Commerce issued a scope memorandum addressing interested parties' comments regarding scope issues presented in the case briefs and in subsequent scope comments with the *Preliminary Determination*.⁴ Commerce's scope is unchanged from the *Preliminary Determination*. For further discussion, *see* Commerce's Scope Memorandum. The scope in Appendix I reflects the final scope language.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an "authority" that gives rise to a benefit to the recipient, and that the subsidy is specific.⁵ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making these findings, Commerce relied, in part, on facts otherwise available and, because it finds that one or more respondents did not act to the best of their ability to respond to Commerce's requests for information, Commerce drew an adverse inference where appropriate

⁴ *See* Commerce Memorandum, "Cast Iron Soil Pipe from People's Republic of China: Preliminary Scope Comment Decision Memorandum," dated August 24, 2018 (Scope Memorandum).

⁵ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

in selecting from among the facts otherwise available.⁶ For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences” in the Issues and Decision Memorandum. Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from the interested parties, our findings at verification, and our post-preliminary analysis, we made certain changes to the respondents’ subsidy rate calculations. For a discussion of these changes, *see* the Issues and Decision Memorandum.

Final Determination

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we calculated a rate for HengTong, a producer/exporter of subject merchandise selected for individual examination in this investigation. With regard to Kingway Pipe Co., Ltd. (Kingway), for the reasons described in the *Preliminary Determination*, Commerce assigned a rate based entirely on adverse facts available pursuant to section 776 of the Act. No interested party commented on our preliminary decision, and so for purposes of this final determination, we continue to assign Kingway a rate based entirely on AFA.

Section 705(c)(5)(A) of the Act provides that in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act. HengTong is the only respondent for which Commerce calculated an estimated weighted-average dumping margin that is not zero, *de minimis*, or based entirely on facts otherwise available. Therefore, for purposes of determining the “all-others”

⁶ *See* sections 776(a), (b), and 782(d) of the Act.

rate, and pursuant to section 735(c)(5)(A) of the Act, we are using the subsidy rate calculated for HengTong.

Commerce determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate
Kingway Pipe Co., Ltd.	109.27 percent
Yuncheng Jiangxian Economic Development Zone HengTong Casting Co., Ltd. ⁷	14.69 percent
All-Others	14.69 percent

⁷ Commerce initiated this proceeding on two respondents “Jiangxian Economic Development Zone Heng (Jiangxian) and Kingway Pipe Co Ltd (Kingway)” based on CBP data. We have accepted HengTong’s request to reflect its name as “Yucheng Jiangxian Economic Development Zone HengTong Casting Co., Ltd. (HengTong)” which is the name we have used in this proceeding.

Disclosure

We intend to disclose the calculations performed to parties in this proceeding, for this final determination, within five days of the date of publication of our final determination, in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of any entries of merchandise under consideration from China that were entered, or withdrawn from warehouse, for consumption on or after July 2, 2018, which is the publication date in the *Federal Register* of the *Preliminary Determination*. 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 November 19, 2018, but to continue the suspension of liquidation of all entries from July 2, 2018, through November 18, 2018.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a countervailing duty order and will require a cash deposit of estimated countervailing duties for such entries of subject 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.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the International Trade Commission (ITC) of the final affirmative determination of countervailable subsidies are being

provided to producers and exporters of soil pipe from China. Because Commerce's final determination is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation of soil pipe from China no later than 45 days after this final determination. If the ITC determines that such injury does not exist, this proceeding will be terminated and all cash deposits will be refunded or canceled. If the ITC determines that such injury does exist, Commerce will issue a countervailing duty order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the "Continuation of Suspension of Liquidation" section.

Notification Regarding Administrative Protective Orders

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 which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: February 22, 2019.

Gary Taverman,

Deputy Assistant Secretary

*for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.*

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is cast iron soil pipe, whether finished or unfinished, regardless of industry or proprietary specifications, and regardless of wall thickness, length, diameter, surface finish, end finish, or stenciling. The scope of this investigation includes, but is not limited to, both hubless and hub and spigot cast iron soil pipe. Cast iron soil pipe is nonmalleable iron pipe of various designs and sizes. Cast iron soil pipe is generally distinguished from other types of nonmalleable cast iron pipe by the manner in which it is connected to cast iron soil pipe fittings.

Cast iron soil pipe is classified into two major types – hubless and hub and spigot. Hubless cast iron soil pipe is manufactured without a hub, generally in compliance with Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or American Society for Testing and Materials (ASTM) specification A888, including any revisions to those specifications. Hub and spigot pipe has one or more hubs into which the spigot (plain end) of a fitting is inserted. All pipe meeting the physical description set forth above is covered by the scope of this investigation, whether or not produced according to a particular standard.

The subject imports are currently classified in subheading 7303.00.0030 of the Harmonized Tariff Schedule of the United States (HTSUS): Cast iron soil pipe. The HTSUS subheading and specifications are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope Comments
- IV. Use of Facts Otherwise Available and Adverse Inferences
- V. Subsidies Valuation
- VI. Analysis of Programs
- VII. Analysis of Comments
- VIII. Recommendation

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