DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-123]

Certain Corrosion Inhibitors from the People’s Republic of China: Initiation of Countervailing Duty Investigation

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


FOR FURTHER INFORMATION CONTACT: Theodore Pearson or Nicholas Czajkowski, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2631 or (202) 482-1395, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On February 5, 2020, the U.S. Department of Commerce (Commerce) received a countervailing duty (CVD) petition (Petition) concerning imports of certain corrosion inhibitors (corrosion inhibitors) from the People’s Republic of China (China), filed in proper form on behalf of Wincom Incorporated (the petitioner). The CVD Petition was accompanied by an antidumping duty (AD) Petition concerning imports of corrosion inhibitors from China. ¹

On February 10, 2020, Commerce requested supplemental information pertaining to certain aspects of the Petitions. ² The petitioner filed responses to these requests on February 14,

¹ See Petitioner’s Letter, “Petitions for the Imposition of Antidumping and Countervailing Duties on Certain Corrosion Inhibitors from China,” dated February 5, 2020 (the Petitions).
² See Commerce’s Letter, “Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of
On February 14, 2020, Commerce requested additional supplemental information pertaining to the CVD investigation. On February 18, 2020, the petitioner responded to this request. On February 19, 2020, Commerce requested additional supplemental information pertaining to the CVD investigation. On February 21, 2020, the petitioner responded to the request. On February 21, 2020, Commerce received comments on industry support from SUEZ WTS USA Inc. (Suez), an importer of the subject merchandise. The petitioner responded to Suez’s industry support comments on February 24, 2020.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that the Government of China (GOC) is providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to producers of corrosion inhibitors in China, and that such imports are materially injuring, or threatening material injury to, the domestic industry producing corrosion inhibitors in the United States. Consistent with section 702(b)(1) of the Act and 19 CFR 351.202(b), for those alleged programs on which we are

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initiating a CVD investigation, the Petition was accompanied by information reasonably available to the petitioner supporting its allegations.

Commerce finds that the petitioner filed the Petition on behalf of the domestic industry because the petitioner is an interested party, as defined in sections 771(9)(C) of the Act. Commerce also finds that the petitioner demonstrated sufficient industry support with respect to the initiation of the requested CVD investigation.¹⁰

**Period of Investigation**

Because the Petition was filed on February 5, 2020, the period of investigation (POI) is January 1, 2019 through December 31, 2019.¹¹

**Scope of the Investigation**

The merchandise covered by this investigation is corrosion inhibitors from China. For a full description of the scope of this investigation, see the Appendix to this notice.

**Comments on Scope of the Investigation**

Commerce requested further information from the petitioner regarding the proposed scope to ensure that the scope language in the Petition is an accurate reflection of the products for which the domestic industry is seeking relief.¹² As a result, the petitioner modified the scope of the Petition to clarify the description of the merchandise covered by the Petition.¹³ The description of the merchandise covered by this investigation, as described in the Appendix to this notice, reflects these clarifications.

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¹⁰ See “Determination of Industry Support for the Petition” section, infra.
¹¹ See 19 CFR 351.204(b)(2).
¹² See General Issues Questionnaire at 3.
¹³ See General Issues Supplement at 2-4 and at Exhibit I-S1.
As discussed in the *Preamble* to Commerce’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (scope).¹⁴ Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determination. If scope comments include factual information,¹⁵ all such factual information should be limited to public information. To facilitate preparation of its questionnaires, Commerce requests that all interested parties submit scope comments by 5:00 p.m. Eastern Time (ET) on March 16, 2020, which is 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on March 26, 2020, which is 10 calendar days from the initial comment deadline.¹⁶

Commerce requests that any factual information the parties consider relevant to the scope of the investigation be submitted during this time period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information. All such comments must be filed on the record of the concurrent AD and CVD investigations.

**Filing Requirements**

All submissions to Commerce must be filed electronically using Enforcement and Compliance’s Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS).¹⁷ An electronically filed document must be received successfully in its

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¹⁴ See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997).
¹⁵ See 19 CFR 351.102(b)(21) (defining “factual information”).
¹⁶ See 19 CFR 351.303(b).
entirety by the time and date it is due. Documents exempted from the electronic submission requirements must be filed manually (i.e., in paper form) with Enforcement and Compliance’s APO/Dockets Unit, Room 18022, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, and stamped with the date and time of receipt by the applicable deadlines.
Consultations

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, Commerce notified the GOC of the receipt of the Petition and provided it the opportunity for consultations with respect to the Petition.\(^\text{18}\) The GOC did not request consultations.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, Commerce shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must

apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.

Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (i.e., the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that corrosion inhibitors, as defined in the scope, constitute a single domestic like product, and we have analyzed industry support in terms of that domestic like product.

In determining whether the petitioner has standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the “Scope of the Investigation,” in the appendix to this notice. To

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19 See section 771(10) of the Act.
21 See Volume I of the Petition, at 11-14; see also General Issues Supplement at 4-8 and Exhibits I-S2 and I-S3.
22 For a discussion of the domestic like product analysis as applied to this case and information regarding industry support, see Countervailing Duty Investigation Initiation Checklist: Certain Corrosion Inhibitors from the People’s Republic of China (China CVD Initiation Checklist) at Attachment II, “Analysis of Industry Support for the Antidumping and Countervailing Duty Petitions Covering Certain Corrosion Inhibitors from the People’s Republic of China” (Attachment II), dated concurrently with this notice and on file electronically via ACCESS. Access to documents filed via ACCESS is also available in the Central Records Unit, Room B8024 of the main Commerce building.
establish industry support, the petitioner provided its own production of the domestic like product in 2019, as well as 2019 production of its two toll producers, who also support the Petition.\textsuperscript{23} The petitioner states that there are no other known producers of corrosion inhibitors in the United States; therefore, the Petition is supported by 100 percent of the U.S. industry.\textsuperscript{24} We relied on data provided by the petitioner for purposes of measuring industry support.\textsuperscript{25}

Our review of the data provided in the Petition, the General Issues Supplement, and other information readily available to Commerce indicates that the petitioner has established industry support for the Petition.\textsuperscript{26} First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (\textit{e.g.}, polling).\textsuperscript{27} Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.\textsuperscript{28} Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition.\textsuperscript{29} Accordingly, Commerce determines that the Petition

\textsuperscript{23} See Volume I of the Petition, at 3-4, 9, 14, and Exhibits I-12, I-14, and I-15; see also General Issues Supplement at 8-10 and Exhibits I-S4 and I-S8.  
\textsuperscript{24} See Volume I of the Petition, at 3-4; see also General Issues Supplement, at 8-10 and Exhibits I-S4 and I-S8.  
\textsuperscript{25} See Volume I of the Petition, at 3-4 and 9, and Exhibits I-12, I-14, and I-15; see also General Issues Supplement at 8-10 and Exhibits I-S4 and I-S8. For further discussion, see China CVD Initiation Checklist, at Attachment II.  
\textsuperscript{26} See Volume I of the Petition, at 3-4, and 9, and Exhibits I-12, I-14, and I-15; see also General Issues Supplement at 8-10 and Exhibits I-S4 and I-S8. For further discussion, see China CVD Initiation Checklist, at Attachment II.  
\textsuperscript{27} See section 702(c)(4)(D) of the Act; see also China CVD Initiation Checklist, at Attachment II.  
\textsuperscript{28} See China CVD Initiation Checklist, at Attachment II.  
\textsuperscript{29} Id.
was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.\textsuperscript{30}

Injury Test

Because China is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to these investigations. Accordingly, the ITC must determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product.\textsuperscript{31} In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.\textsuperscript{32}

The petitioner contends that the industry’s injured condition is illustrated by a significant and increasing volume of subject imports; reduced market share; underselling and price depression or suppression; lost sales and revenues; a decline in the domestic industry’s financial performance; decline in production, capacity utilization, U.S. shipments, and net sales quantities; and impacts on employment-related indicators.\textsuperscript{33} We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as

\textsuperscript{30} Id.
\textsuperscript{31} See Volume I of the Petitions at 1-2.
\textsuperscript{32} Id. at Exhibit I-11.
negligibility, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.\textsuperscript{34}

**Initiation of CVD Investigation**

Based upon the examination of the Petition on corrosion inhibitors from China, we find that the Petition meets the requirements of section 702 of the Act. Therefore, we are initiating a CVD investigation to determine whether imports of corrosion inhibitors from China benefit from countervailable subsidies conferred by the GOC. Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on 17 of the 18 alleged programs. For a full discussion of the basis for our decision to initiate (or not initiate) on each program, see CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

**Respondent Selection**

The petitioner named nine companies in China as producers/exporters of corrosion inhibitors.\textsuperscript{35} Commerce intends to follow its standard practice in CVD investigations and calculate company-specific subsidy rates in this investigation. In the event Commerce determines that the number of companies is large and, it cannot individually examine each company based upon Commerce’s resources, where appropriate, Commerce intends to select mandatory respondents based on quantity and value (Q&V) questionnaires issued to the potential respondents. Commerce normally selects mandatory respondents in CVD investigations using


\textsuperscript{35} See Volume I of the Petitions at Exhibit I-15.
U.S. Customs and Border Protection (CBP) entry data for U.S. imports under the appropriate Harmonized Tariff Schedule of the United States (HTSUS) numbers listed in the scope of the investigation. However, for this investigation, among the HTSUS numbers under which the subject merchandise would enter (2933.99.82.10, 2933.99.82.20, 2933.99.82.90), are basket categories under which non-subject merchandise may enter. Therefore, we cannot rely on CBP entry data in selecting respondents. We intend instead to issue Q&V questionnaires to each potential respondent for which the petitioner has provided a complete address.

Exporters and producers of certain corrosion inhibitors from China that do not receive Q&V questionnaires by mail may still submit a response to the Q&V questionnaire and can obtain the Q&V questionnaire from the Enforcement and Compliance website at http://trade.gov/enforcement/news.asp.

Responses to the Q&V questionnaire must be submitted by the relevant Chinese producers/exporters no later than 5:00 PM ET on March 11, 2020. All Q&V responses must be filed electronically via ACCESS. An electronically filed document must be received successfully, in its entirety, by ACCESS no later than 5:00 p.m. ET on the deadline noted above. Commerce intends to finalize its decisions regarding respondent selection within 20 days of publication of this notice.

**Distribution of Copies of the Petition**

In accordance with section 702(b)(4)(A) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the GOC via ACCESS.

Furthermore, to the extent practicable, Commerce will attempt to provide a copy of the public version of the Petition to each exporter named in the Petition, as provided under 19 CFR 351.203(c)(2).
ITC Notification

Commerce will notify the ITC of its initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of corrosion inhibitors from China are materially injuring or threatening material injury to a U.S. industry.\(^{36}\) A negative ITC determination will result in the investigation being terminated.\(^{37}\) Otherwise, this CVD investigation will proceed according to statutory and regulatory time limits.

Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)–(iv). Any party, when submitting factual information, must specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted\(^{38}\) and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.\(^{39}\) Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Parties

\(^{36}\) See section 733(a) of the Act.

\(^{37}\) Id.

\(^{38}\) See 19 CFR 351.301(b).

\(^{39}\) See 19 CFR 351.301(b)(2).
wishing to submit factual information in this investigation are asked to review the regulations prior to submitting factual information in this investigation.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by the Secretary. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, Commerce may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, Commerce will inform parties in a letter or memorandum of the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, standalone submission; under limited circumstances Commerce will grant untimely-filed requests for the extension of time limits. Parties should review Extension of Time Limits; Final Rule, 78 FR 57790 (September 20, 2013), available at http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm, prior to submitting extension requests or factual information in this investigation.

Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information. Parties must use the certification formats

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40 See section 782(b) of the Act.
provided in 19 CFR 351.303(g).\textsuperscript{41} Commerce intends to reject factual submissions if the submitting party does not comply with the applicable certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Commerce website at \texttt{http://enforcement.trade.gov/apo}. Parties wishing to participate in this investigation should ensure that they meet the requirements of 19 CFR 351.103(d) (e.g., by filing a letter of appearance).

This notice is issued and published pursuant to sections 702 and 777(i) of the Act and 19 CFR 351.203(c).


Jeffrey I. Kessler,
Assistant Secretary
for Enforcement and Compliance.

\textsuperscript{41} See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings, 78 FR 42678 (July 17, 2013) (Final Rule); see also frequently asked questions regarding the Final Rule, available at \texttt{http://enforcement.trade.gov/tlei/notices/factual_info_final_rule_FAQ_07172013.pdf}. 
Appendix

Scope of the Investigation

The merchandise covered by this investigation is tolyltriazole and benzotriazole. This includes tolyltriazole and benzotriazole of all grades and forms, including their sodium salt forms. Tolyltriazole is technically known as Tolyltriazole IUPAC 4,5 methyl benzotriazole. It can also be identified as 4, 5 methyl benzotriazole, tolutriazole, TTA, and TTZ.

Benzotriazole is technically known as IUPAC 1,2,3-Benzotriazole. It can also be identified as 1,2,3-Benzotriazole, 1,2-Aminozophenylene, 1H-Benzotriazole, and BTA.

All forms of tolyltriazole and benzotriazole, including but not limited to flakes, granules, pellets, prills, needles, powder, or liquids, are included within the scope of these petitions.

The scope includes tolyltriazole/sodium tolyltriazole and benzotriazole/sodium benzotriazole that are combined or mixed with other products. For such combined products, only the tolyltriazole/sodium tolyltriazole and benzotriazole/sodium benzotriazole component is covered by the scope of these investigations. Tolyltriazole and sodium tolyltriazole that have been combined with other products is included within the scope, regardless of whether the combining occurs in third countries.

Tolyltriazole, sodium tolyltriazole, benzotriazole and sodium benzotriazole that is otherwise subject to these investigations is not excluded when commingled with tolyltriazole, sodium tolyltriazole, benzotriazole, or sodium benzotriazole from sources not subject to these investigations. Only the subject merchandise component of such commingled products is covered by the scope of these investigations.

A combination or mixture is excluded from this investigation if the total tolyltriazole or benzotriazole component of the combination or mixture (regardless of the source or sources) comprises less than 5 percent of the combination or mixture, on a dry weight basis.

Notwithstanding the foregoing language, a tolyltriazole or benzotriazole combination or mixture that is transformed through a chemical reaction into another product, such that, for example, the tolyltriazole or benzotriazole can no longer be separated from the other products through a distillation or other process is excluded from this investigation.

Tolyltriazole has the Chemical Abstracts Service (“CAS”) registry number 299385-43-1. Tolyltriazole is classified under Harmonized Tariff Schedule of the United States (“HTSUS”) subheading 2933.99.82.20.

Sodium Tolyltriazole has the CAS registry number 64665-57-2 and is classified under HTSUS subheading 2933.99.82.90.

Benzotriazole has the CAS registry number #95-14-7 and is classified under HTSUS subheading 2933.99.82.10.
Sodium Benzotriazole has the CAS registry number 15217-42-2. Sodium Benzotriazole is classified under HTSUS subheading 2933.99.82.90.

Although the HTSUS subheadings and CAS registry numbers are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.

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