



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

(C-570-978)

High Pressure Steel Cylinders from the People's Republic of China: Final Affirmative

Countervailing Duty Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of high pressure steel cylinders (steel cylinders) from the People's Republic of China (the PRC). For information on the estimated subsidy rates, see the "Suspension of Liquidation" section, below.

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

FOR FURTHER INFORMATION CONTACT: Christopher Siepmann or Yasmin Nair, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-7958 or (202) 482-3813, respectively.

Background

The U.S. producer that filed the petition for this investigation is Norris Cylinder Co. (Petitioner). The mandatory respondent to this investigation is Beijing Tianhai Industry Co., Ltd. (BTIC).

Period of Investigation

The period for which we are measuring subsidies, or period of investigation, is January 1, 2010, through December 31, 2010.

Case History

The following events have occurred since the Preliminary Determination.¹

On October 14, 2011, the Government of China (GOC) filed a partial response to the Department's second supplemental questionnaire and requested an extension to complete its supplemental questionnaire response. The Department granted the GOC's request, and on October 18, 2011, the GOC submitted its response to the outstanding questions in the second supplemental questionnaire. On October 28, 2011, the Department issued its third supplemental questionnaire to BTIC and the GOC, and on November 14, 2011, it received responses from both.

On November 18, 2011, interested party Zhejiang Jindun Pressure Vessel Co., Ltd. (Jindun) filed a request for a hearing. On November 22, 2011, the Department denied Jindun's request because it was untimely filed, pursuant to section 351.310(c) of the Department's regulations.

The Department conducted verification of BTIC's and the GOC's questionnaire responses from December 7 to December 14, 2011, and issued verification reports for BTIC and the GOC on January 3, and January 17, 2012, respectively.

The Department issued a post-preliminary analysis memorandum regarding three

¹ See High Pressure Steel Cylinders From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination, 76 FR 64301 (October 18, 2011) ("Preliminary Determination").

programs on March 14, 2012.

BTIC, the GOC, and Jindun submitted case briefs on March 23, 2012, and Petitioners submitted a rebuttal brief on March 28, 2012.

Scope Comments

In accordance with the preamble to the Department's regulations, we set aside a period of time in our Initiation Notice for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of that notice. See Antidumping Duties; Countervailing Duties, 62 FR 27296, 27323 (May 19, 1997), and Initiation Notice, 76 FR at 33239. We did not receive any comments.

Scope of the Investigation

The merchandise covered by the scope of the investigation is seamless steel cylinders designed for storage or transport of compressed or liquefied gas ("high pressure steel cylinders"). High pressure steel cylinders are fabricated of chrome alloy steel including, but not limited to, chromium-molybdenum steel or chromium magnesium steel, and have permanently impressed into the steel, either before or after importation, the symbol of a U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration ("DOT")-approved high pressure steel cylinder manufacturer, as well as an approved DOT type marking of DOT 3A, 3AX, 3AA, 3AAX, 3B, 3E, 3HT, 3T, or DOT-E (followed by a specific exemption number) in accordance with the requirements of sections 178.36 through 178.68 of Title 49 of the Code of Federal Regulations, or any subsequent amendments thereof. High pressure steel cylinders covered by these investigations have a water capacity up to 450 liters, and a gas capacity ranging

from 8 to 702 cubic feet, regardless of corresponding service pressure levels and regardless of physical dimensions, finish or coatings.

Excluded from the scope of the investigation are high pressure steel cylinders manufactured to UN-ISO-9809-1 and 2 specifications and permanently impressed with ISO or UN symbols. Also excluded from the investigation are acetylene cylinders, with or without internal porous mass, and permanently impressed with 8A or 8AL in accordance with DOT regulations.

Merchandise covered by the investigation is classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under subheading 7311.00.00.30. Subject merchandise may also enter under HTSUS subheadings 7311.00.00.60 or 7311.00.00.90. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under the investigation is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Memorandum to Paul Piquado, Assistant Secretary for Import Administration, entitled “Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of High Pressure Steel Cylinders from the People’s Republic of China” (April 30, 2012) (hereafter, “Decision Memorandum”), which is hereby adopted by this notice. Attached to this notice as an Appendix is a list of the issues that parties have raised and to which we have responded in the Decision Memorandum. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file electronically via IA ACCESS. In addition, a complete version of

the Decision Memorandum is also accessible on the Web at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Suspension of Liquidation

In accordance with section 703(c)(1)(B)(i)(I) of the Tariff Act of 1930 (the “Act”), we calculated an individual rate for each producer/exporter of the subject merchandise individually investigated. Because only one company was investigated, that company’s rate also serves as the All Others rate.

We determine the total net countervailable subsidy rates to be:

Exporter/Manufacturer	Net Subsidy Rate
Beijing Tianhai Industry Co., Ltd.; Tianjin Tianhai High Pressure Container Co., Ltd.; Langfang Tianhai High Pressure Container Co., Ltd.	15.81
All Others	15.81

As a result of our Preliminary Determination and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption on or after October 18, 2011, the date of the publication of the Preliminary Determination in the Federal Register. In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered or withdrawn from warehouse, on or after February 15, 2012, but to continue the suspension of liquidation of all entries from October 18, 2011, through February 14, 2012.

We will issue a countervailing duty order and reinstate the suspension of liquidation under section 706(a) of the Act if the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, and will require a cash deposit of estimated countervailing duties for such entries 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 deposits or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. 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 that it will not disclose such information, either publicly or under an APO, without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order (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.

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

Ronald K. Lorentzen
Acting Assistant Secretary
for Import Administration

April 30, 2012
Date

APPENDIX

List of Comments and Issues in the Decision Memorandum

- Comment 1** Application of the CVD Law to the People's Republic of China
- Comment 2** Double Counting/Overlapping Remedies
- Comment 3** Whether the Department Should Have Selected Jindun as a Mandatory or Voluntary Respondent
- Comment 4** Whether a Certain Producer of Seamless Tube Steel Partially-Owned by SOEs is a Government Authority
- Comment 5** Whether a Certain Producer of Seamless Tube Steel Owned by Individuals is a Government Authority
- Comment 6** Countervailability of Seamless Tube Steel Produced by One of BTIC's Affiliates
- Comment 7** Countervailability of Inputs Purchased from Domestic Trading Companies
- Comment 8** Whether to Limit the Benchmark for Seamless Tube Steel to Certain Countries or Diameters
- Comment 9** Whether to Incorporate VAT and Import Duties into Input Benchmarks
- Comment 10** Application of Adverse Facts Available to the Electricity Benchmark
- Comment 11** Alleged Errors in the Department's Calculations for the Provision of Electricity for LTAR

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