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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-966]

Drill Pipe from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2013

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

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on drill pipe from the People's Republic of China (PRC). The period of review (POR) is January 1, 2013, through December 31, 2013. We preliminarily determine that Shanxi Yida Special Steel Imp. & Exp. Co., Ltd. and its cross-owned affiliates received countervailable subsidies during the POR.

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

FOR FURTHER INFORMATION CONTACT: Kristen Johnson, AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-4793.

Scope of the Order

The scope of the order consists of steel drill pipe and steel drill collars, whether or not conforming to American Petroleum Institute (API) or non-API specifications. The merchandise subject to the order is currently classifiable under the Harmonized Tariff Schedule of the United States (HTSUS) categories: 7304.22.0030, 7304.22.0045, 7304.22.0060, 7304.23.3000, 7304.23.6030, 7304.23.6045, 7304.23.6060, 8431.43.8040 and may also enter under

8431.43.8060, 8431.43.4000, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.49.0015, 7304.49.0060, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, and 7304.59.8055. Although the HTSUS subheadings are provided for convenience and customs purposes, the written product description remains dispositive.

A full description of the scope of the order is contained in the memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, “Decision Memorandum for Preliminary Results of Countervailing Duty Administrative Review: Drill Pipe from the People’s Republic of China” (Preliminary Decision Memorandum), dated concurrently with this notice, and hereby adopted by this notice.

The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content. A list of topics discussed in the Preliminary Decision Memorandum is provided in the Appendix to this notice.

Methodology

The Department conducted this review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act). For the program found countervailable, we preliminarily determine that there is a subsidy, *i.e.*, a government-provided financial contribution that gives rise to a benefit to the recipient, and that the subsidy is specific. *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 making the preliminary findings, we relied, in part, on facts available and, because the Government of the PRC did not act to the best of its ability to respond to the Department's requests for information, we applied an adverse inference in selecting from among the facts otherwise available. *See* sections 776(a) and (b) of the Act. For further information, see "Use of Facts Otherwise Available and Adverse Inferences" in the Preliminary Decision Memorandum.

For a full description of the methodology underlying the Department's conclusions, *see* Preliminary Decision Memorandum.

Preliminary Results of the Review

As a result of this review, we preliminarily determine a net countervailable subsidy rate of 3.57 percent *ad valorem* for Shanxi Yida Special Steel Imp. & Exp. Co., Ltd. and its cross-owned affiliates Shanxi Yida Special Steel Group Co., Ltd. and Shanxi Yida Petroleum Equipment Manufacturing Co., Ltd. (collectively, the Yida Group), for the period January 1, 2013, through December 31, 2013.

Disclosure and Public Comment

The Department intends to disclose to parties to this proceeding the calculations performed in reaching the preliminary results within five days of the date of publication of these

preliminary results.¹ Interested parties may submit written arguments (case briefs) within 30 days of publication of the preliminary results and rebuttal comments (rebuttal briefs) within five days after the time limit for filing the case briefs.² Pursuant to 19 CFR 351.309(d)(2), rebuttal briefs must be limited to issues raised in the case briefs. Parties who submit arguments are requested to submit with the argument: (1) statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

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 within 30 days after the date of publication of this notice.³ 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, we will inform parties of the scheduled date for the hearing, which will be held at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and location to be determined.⁴ Parties should confirm by telephone the date, time, and location of the hearing.

Parties are reminded that briefs and hearing requests are to be filed electronically using IA ACCESS and that electronically filed documents must be received successfully in their entirety by 5:00PM Eastern Time on the due date.

Unless the deadline is extended pursuant to section 751(a)(3)(A) of the Act, the Department will issue the final results of this administrative review, including the results of our analysis of the issues raised by parties in their comments, within 120 days after issuance of these preliminary results.

¹ See 19 CFR 351.224(b).

² See 19 CFR 351.309(c)(1)(ii) and 351.309(d)(1).

³ See 19 CFR 351.310(c).

⁴ See 19 CFR 351.310.

Assessment Rates

Consistent with section 751(a)(1) of the Act and 19 CFR 351.212(b)(2), upon issuance of the final results, the Department shall determine, and U.S. Customs and Border Protection (CBP) shall assess, countervailing duties on all appropriate entries covered by this review. We intend to issue instructions to CBP 15 days after publication of the final results of this review.

Cash Deposit Requirements

Also in accordance with section 751(a)(1) of the Act, the Department intends to instruct CBP to collect cash deposits of estimated countervailing duties in the amount shown above for the reviewed company should the final results remain the same as these preliminary results. For all non-reviewed firms, we will instruct CBP to collect cash deposits of estimated countervailing duties at the most recent company-specific or all-others rate applicable to the company. These cash deposit requirements, when imposed, shall remain in effect until further notice.

These preliminary results of administrative review and notice are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.213 and 351.221(b)(4).

Dated: November 4, 2014.

Ronald K. Lorentzen,
Acting Assistant Secretary
for Enforcement and Compliance.

Appendix: List of Topics Discussed in the Preliminary Decision Memorandum

1. Summary
2. Background
3. Scope of the Order
4. Subsidy Valuation Information
5. Loan Benchmark Rates
6. Use of Facts Otherwise Available and Adverse Inferences
7. Analysis of Programs

A. Program Preliminarily Determined To Be Countervailable

Provision of Electricity for Less Than Adequate Remuneration (LTAR)

B. Program Preliminarily Determined To Not Provide Benefits During the POR

Central and Provincial Policy Lending to Chinese Drill Pipe Producers

C. Programs Preliminarily Determined Not To Be Used

- Export Loans from Policy Banks and State-Owned Commercial Banks
- Treasury Bond Loans
- Preferential Loans for State Owned Enterprises (SOEs)
- Preferential Loans for Key Projects and Technologies
- Preferential Lending to Drill Pipe Producers and Exporters Classified as Honorable Enterprises
- Debt-to-Equity (D/E) Swaps
- Loans and Interest Forgiveness for SOEs
- Two Free, Three Half Tax Exemption for Foreign Invested Enterprises (FIEs)
Exemption from City Construction Tax and Education Tax for FIEs
- Local Income Tax Exemption and Reduction Programs for Productive FIEs
Tax Reductions for Export-Oriented FIEs
- Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises
- Reduction In or Exemption from Fixed Assets Investment Orientation Regulatory Tax
- Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring
- Income Tax Credits for Domestically-Owned Companies Purchasing Domestically-Produced Equipment
- Import Tariff and Value-Added Tax (VAT) Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
- Export Incentive Payments Characterized as “VAT Rebates”
- VAT Rebates to Welfare Enterprises
- Provision of Green Tubes for LTAR
- Provision of Steel Rounds for LTAR
- Provision of Hot-Rolled Steel for LTAR
- Provision of Coking Coal for LTAR

- Provision of Land-Use Rights within Designated Geographical Areas for LTAR
- Provision of Land to SOEs for LTAR
- Provision of Electricity at LTAR to Drill Pipe Producers Located in Jiangsu Province
- Provision of Water at LTAR to Drill Pipe Producers Located in Jiangsu Province
- Technology to Improve Trade R&D Fund
- Outstanding Growth Private Enterprise and Small and Medium-sized Enterprises
- Development in Jiangyin Fund
- GOC and Sub-Central Government Grants, Loans, and Other Incentives for Development of Famous Brands and China World Top Brands
- Scientific Innovation Award
- Development Fund Grant
- State Key Technology Project Fund
- Export Assistance Grants
- Programs to Rebate Antidumping Legal Fees
- Grants and Tax Benefits to Loss-Making SOEs at National and Local Level
- Subsidies Provided to Drill Pipe Producers Located in Economic and Technological Development Zones (ETDZs) in Tianjin Binhai New Area
- Subsidies Provided to Drill Pipe Producers Located in ETDZs in Tianjin Economic and Technological Development Areas
- Subsidies Provided to Drill Pipe Producers Located in High-Tech Industrial Development Zones

8. Conclusion

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