



This document is scheduled to be published in the Federal Register on 07/05/2016 and available online at <http://federalregister.gov/a/2016-15837>, and on [FDsys.gov](http://FDsys.gov)

BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-041]

Truck and Bus Tires from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping 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 truck and bus tires from the People's Republic of China (PRC). The period of investigation is January 1, 2015, through December 31, 2015. Interested parties are invited to comment on this preliminary determination.

EFFECTIVE DATE: (INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*.)

FOR FURTHER INFORMATION CONTACT: Jennifer Shore or Mark Kennedy, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2778 or (202) 482-7883, respectively.

## Alignment of Final Countervailing Duty (CVD) Determination With Final Antidumping Duty (AD) Determination

On the same day the Department initiated this CVD investigation, the Department also initiated an AD investigation of truck and bus tires from the PRC.<sup>1</sup> This CVD investigation and the companion AD investigation cover the same merchandise.

On June 15, 2016, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (Act), the petitioner<sup>2</sup> requested alignment of the final CVD determination of truck and bus tires from the PRC with the final AD determination of truck and bus tires from the PRC. Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final CVD determination with the final PRC AD determination. Consequently, the final CVD determination will be issued on the same date as the PRC AD determination, which is currently scheduled to be issued no later than November 9, 2016.

### Scope of the Investigation

The product covered by this investigation is truck and bus tires from the PRC. For a full description of the scope of the investigation, *see* Appendix I.

### Scope Comments

Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. For discussion of those comments, *see* the Preliminary Decision Memorandum.<sup>3</sup>

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<sup>1</sup> *See Truck and Bus Tires from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 81 FR 9428 (February 25, 2016) (*Initiation Notice*). *See also Truck and Bus Tires from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 81 FR 9434 (February 25, 2016).

<sup>2</sup> The petitioner in this investigation is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the "USW").

<sup>3</sup> *See* Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, regarding "Decision Memorandum for the Preliminary Affirmative Determination: Countervailing Duty Investigation of Truck and Bus Tires from the People's Republic of China; and the Preliminary Affirmative Determination of Critical Circumstances, in Part" dated concurrently with this notice (Preliminary Decision Memorandum).

## Methodology

The Department is conducting this CVD investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, we preliminarily determine 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.<sup>4</sup> For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.

In making this preliminary determination, the Department relied, in part, on facts otherwise available, with the application of adverse inferences.<sup>5</sup> For further information, *see* “Use of Facts Otherwise Available and Application of Adverse Inferences” in the accompanying Preliminary Decision Memorandum.

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 (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 Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

## Preliminary Determination of Critical Circumstances, in Part

In accordance with section 703(e)(1) of the Act, we preliminarily find that critical circumstances exist with respect to imports of truck and bus tires from the PRC for mandatory respondent Guizhou Tyre Co., Ltd. (GTC) and its cross-owned trading company, Guizhou Tyre

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<sup>4</sup> *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.

<sup>5</sup> *See* section 776(a) of the Act.

Import and Export Co., Ltd. (GTCIE). A discussion of our determination can be found in the Preliminary Decision Memorandum.

#### Preliminary Determination and Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated a CVD rate for each individually-investigated producer/exporter of the subject merchandise. We preliminarily determine that countervailable subsidies are being provided with respect to the manufacture, production, or exportation of the subject merchandise. In accordance with sections 703(d) and 705(c)(5)(A) of the Act, for companies not individually examined, we apply an “all-others” rate, which is normally calculated by weighting the subsidy rates of the individual companies as respondents by those companies’ exports of the subject merchandise to the United States. Under section 705(c)(5)(A)(i) of the Act, the all-others rate should exclude zero and *de minimis* rates or any rates based entirely on facts otherwise available pursuant to section 776 of the Act. Neither of the mandatory respondents’ rates in this preliminary determination were zero or *de minimis* or based entirely on facts otherwise available. In order to ensure that business proprietary information is not disclosed, we have calculated the all-others rate as a simple average of the countervailable subsidy rates found for the two mandatory respondents.<sup>6</sup>

We preliminarily determine the countervailable subsidy rates to be:

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<sup>6</sup> See Preliminary Decision Memorandum at “CALCULATION OF THE ALL-OTHERS RATE” (for further explanation of the business proprietary information concerns).

<b>Company</b>	<b>Subsidy Rate (percent)</b>
Double Coin Holdings Ltd.; Double Coin Group (Jiangsu) Tyre Co., Ltd.; Double Coin Group (Chongqing) Tyre Co., Ltd.; Double Coin Group Shanghai Donghai Tyre Co. Ltd.; Double Coin Group (Xinjiang) Kunlun Tyre Co., Ltd.	17.06
Guizhou Tyre Import and Export Co., Ltd.; Guizhou Tyre Co., Ltd.	23.38
All-Others	20.22

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of truck and bus tires 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. Section 703(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of merchandise entered, or withdrawn from warehouse, for consumption on or after the later of: (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered; or (b) the date on which notice of initiation of the investigation was published. We preliminarily found that critical circumstances exist for GTC and GTCIE. Therefore, in accordance with section 703(e)(2)(A) of the Act, we are directing CBP to apply the suspension of liquidation to any unliquidated entries entered, or withdrawn from warehouse for consumption by GTC and GTCIE, on or after the date that is 90 days prior to the publication of this notice in the *Federal Register*.

Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted by the respondents prior to making our final determination.

## U.S. International Trade Commission

In accordance with section 703(f) 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 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 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.

## Disclosure and Public Comment

The Department intends to 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 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.<sup>7</sup> A table of contents, list of authorities used, and an executive summary of issues should accompany any briefs submitted to the Department, pursuant to 19 CFR 351.309(c)(2) and (d)(2). This summary should be limited to five pages total, including footnotes.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S.

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<sup>7</sup> See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

Department of Commerce, filed electronically using ACCESS. An electronically-filed request must be received successfully, and in its entirety, by ACCESS by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice. 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, 1401 Constitution Avenue, NW, Washington, DC 20230, at a date, time, and specific location to be determined. Parties will be notified of the date, time, and location of any hearing. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: June 27, 2016

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

## **Appendix I**

### **Scope of the Investigation**

The scope of the investigation covers truck and bus tires. Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:

TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires;

MH – Identifies tires for mobile homes; and

HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.

All tires with a “TR,” “MH,” or “HC” suffix in their size designations are covered by this investigation regardless of their intended use.

In addition, all tires that lack one of the above suffix markings are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the “Truck-Bus” section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Truck and bus tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the scope. Subject merchandise includes truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.

Specifically excluded from the scope of this investigation are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; and (2) non-pneumatic tires, such as solid rubber tires.

The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1015 and 4011.20.5020. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, and 8708.70.6060. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

## **Appendix II**

### List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Critical Circumstances
- VI. Injury Test
- VII. Use of Facts Otherwise Available and Application of Adverse Inferences
- VIII. Application of the Countervailing Duty Law to Imports from the PRC
- IX. Subsidies Valuation
- X. Interest Rate Benchmarks, Discount Rates, Input and Land Benchmarks
- XI. Analysis of Programs
- XII. Calculation of All-Others Rate
- XIII. ITC Notification
- XIV. Disclosure and Public Comment
- XV. Verification
- XVI. Conclusion

[FR Doc. 2016-15837 Filed: 7/1/2016 8:45 am; Publication Date: 7/5/2016]