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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

C-570-031

Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Final Affirmative Determination

AGENCY: Enforcement and Compliance, 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 certain iron mechanical transfer drive components ("IMTDCs") from the People's Republic of China (the "PRC"). For information on the estimated subsidy rates, *see* the "*Final Determination and Suspension of Liquidation*" section of this notice.

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

FOR FURTHER INFORMATION CONTACT: Robert Galantucci, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-2923.

SUPPLEMENTARY INFORMATION:

Background

The Department published the *Preliminary Determination* on April 11, 2016.¹ A summary of the events that occurred since the Department published the *Preliminary*

¹ *See Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components From the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 81 FR 21316 (April 11, 2016) ("*Preliminary Determination*") and accompanying Issues and Decision Memorandum ("*Preliminary Decision Memorandum*").

Determination, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum² issued concurrently with 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 Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

Period of Investigation

The period of investigation for which we are measuring subsidies is January 1, 2014 through December 31, 2014.

Scope Comments

The Department set aside a period of time for parties to address scope issues.³ For a summary of the product coverage comments submitted to the record of this final determination, and the Department's discussion and analysis of all comments timely received, *see* the Final Scope Decision Memorandum.⁴ The Final Scope Decision Memorandum is incorporated by, and hereby adopted by, this notice.

² *See* Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China," dated concurrently with this determination and hereby adopted by this notice ("Issues and Decision Memorandum").

³ *See* Memorandum, "Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China: Deadline for Scope Comments," July 19, 2016.

⁴ *See* Memorandum, "Antidumping Duty Investigations of Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China and Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Scope Decision Memorandum for the Final Determinations," ("Final Scope Decision Memorandum") dated concurrently with this final determination; *see also* Memorandum, "Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China: Scope Comments Decision Memorandum for the Preliminary Determinations," dated May 31, 2016.

Scope of the Investigation

The products covered by this investigation are IMTDCs from the PRC. For a complete description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II of this notice.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs submitted by the parties, 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 I.

Use of Adverse Facts Available (“AFA”)

In making its findings, the Department relied, in part, on facts available. For mandatory respondent NOK (Wuxi) Vibration Control China Co. Ltd. (“NOK Wuxi”), we are basing the countervailing duty (“CVD”) rate on facts otherwise available, pursuant to sections 776(a)(2)(C) and (D) of the Tariff Act of 1930, as amended (the “Act”). Further, because NOK Wuxi did not cooperate to the best of its ability in this investigation, we determine that an adverse inference is warranted, pursuant to section 776(b) of the Act. The Department has applied a total AFA rate to NOK Wuxi. Similarly, the Department has applied a total AFA rate to 30 companies that failed to respond to the Department’s quantity and value questionnaire.⁵

Additionally, in several instances the Department has applied partial AFA to calculate subsidy rates for the other mandatory respondent Powermach Import & Export Co., Ltd. (Sichuan) (“Powermach I&E”). For further information, *see* the section titled “Use of Facts Otherwise Available and Adverse Inferences,” in the Issues and Decision Memorandum.

⁵ *See Preliminary Determination* at 81 FR 21317-21318.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, and minor corrections presented at verification, we made certain changes to Powermach I&E's subsidy rate calculations since the *Preliminary Determination*. For a discussion of these changes, see the Issues and Decision Memorandum and the Final Analysis Memorandum.⁶

Final Determination and Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we established rates for Powermach I&E (the only individually investigated exporter/producer of the subject merchandise that participated in this investigation), and for NOK Wuxi (which was assigned a rate based on AFA).

In accordance with sections 705(c)(1)(B)(i)(I) and 705(c)(5)(A)(i) of the Act, for companies not individually investigated, we apply an "all-others" rate. The all-others rate is normally calculated by weight averaging the subsidy rates of the individual companies selected for individual examination with those companies' export sales of the subject merchandise to the United States, excluding any zero and *de minimis* rates calculated for the exporters and producers individually investigated, and any rates determined entirely under section 776 of the Act. Consistent with section 705(c)(5)(A)(i) of the Act, we therefore have excluded the AFA rate assigned to NOK Wuxi from our calculation of the all-others rate.

Because the only individually calculated rate that is not zero, *de minimis*, or based on facts otherwise available is the rate calculated for Powermach I&E, in accordance with section 705(c)(5)(A)(i) of the Act, the rate calculated for Powermach I&E is assigned as the all-others rate. The estimated countervailable subsidy rates are summarized in the table below.

⁶ See Issues and Decision Memorandum; see also Memorandum, "Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Powermach Final Analysis Memorandum," dated October 21, 2016 ("Final Analysis Memorandum").

Company	Subsidy Rate
Powermach Import & Export Co., Ltd. (Sichuan), Sichuan Dawn Precision Technology Co., Ltd., Sichuan Dawn Foundry Co. Ltd., and Powermach Machinery Co., Ltd.	33.26 percent
NOK (Wuxi) Vibration Control China Co., Ltd., and Wuxi NOK - Freudenberg Oil Seal Co., Ltd.*	163.46 percent
Changzhou Baoxin Metallurgy Equipment Manufacturing Co. Ltd.*	163.46 percent
Changzhou Changjiang Gear Co., Ltd.*	163.46 percent
Changzhou Gangyou Lifting Equipment Co., Ltd.*	163.46 percent
Changzhou Juling Foundry Co., Ltd.*	163.46 percent
Changzhou Liangjiu Mechanical Manufacturing Co Ltd.*	163.46 percent
Changzhou New Century Sprocket Group Company*	163.46 percent
Changzhou Xiangjin Precision Machinery Co., Ltd.*	163.46 percent
FIT Bearings*	163.46 percent
Fuzhou Minyue Mechanical & Electrical Co., Ltd.*	163.46 percent
Hangzhou Chinabase Machinery Co., Ltd.*	163.46 percent
Hangzhou Ever Power Transmission Group*	163.46 percent
Hangzhou Vision Chain Transmission Co., Ltd.*	163.46 percent
Hangzhou Xingda Machinery Co., Ltd.*	163.46 percent
Henan Xinda International Trading Co., Ltd.*	163.46 percent
Henan Zhiyuan Machinery Sprocket Co. Ltd.*	163.46 percent
Jiangsu Songlin Automobile Parts Co., Ltd*	163.46 percent
Martin Sprocket & Gear (Changzhou) Co., Ltd.*	163.46 percent
Ningbo Blue Machines Co., Ltd.*	163.46 percent
Ningbo Fulong Synchronous Belt Co., Ltd.*	163.46 percent
Ningbo Royu Machinery Co., Ltd.*	163.46 percent
Praxair Surface Technologies*	163.46 percent
Qingdao Dazheng Jin Hao International Trade Co., Ltd.*	163.46 percent
Quanzhou Licheng Xintang Automobile Parts Co., Ltd. (“XTP Auto Parts”)*	163.46 percent

Shangyu Shengtai Machinery Co., Ltd.*	163.46 percent
Shenzhen Derui Sourcing Co., Ltd.*	163.46 percent
Shengzhou Shuangdong Machinery Co., Ltd.*	163.46 percent
Shengzhou Xinglong Machinery*	163.46 percent
Sichuan Reach Jiayuan Machinery Co. Ltd.*	163.46 percent
Tran-Auto Industries Co. Ltd.*	163.46 percent
Ubet Machinery*	163.46 percent
All-Others	33.26 percent

* Non-cooperative company to which an AFA rate is being applied. *See* Issues and Decision Memorandum and Preliminary Decision Memorandum for additional information.

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection (“CBP”) to suspend liquidation of all entries of merchandise under consideration from the PRC that were entered or withdrawn from warehouse, for consumption, on or after April 11, 2016, the date of 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 CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after August 9, 2016, but to continue the suspension of liquidation of all entries between April 11, 2016 and August 8, 2016.

If the U.S. International Trade Commission (the “ITC”) issues a final affirmative injury determination, we will issue a CVD order and will reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs 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.

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 administrative protective order (“APO”), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Return or Destruction of Proprietary Information

In the event the ITC issues a final negative injury determination, this notice serves 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 or 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 subject to sanction.

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

Dated: October 21, 2016.

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

Appendix I
List of Topics Discussed in the Issues and Decision Memorandum

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XI. Recommendation