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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-046]

Countervailing Duty Investigation of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid 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 (Department) determines that countervailable subsidies are being provided to producers and exporters of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid (HEDP) from the People's Republic of China (PRC). The period of investigation is January 1, 2015, through December 31, 2015. For information on the estimated subsidy rates, see the "Suspension of Liquidation" section of this notice.

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

FOR FURTHER INFORMATION CONTACT: Javier Barrientos or Matthew Renkey, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, D.C. 20230; telephone 202.482.2243 or 202.482.2312, respectively.

SUPPLEMENTARY INFORMATION:

Background

The petitioner in this investigation is Compass Chemical International LLC (Petitioner). In addition to the Government of China (GOC), the mandatory respondents in this investigation are Nanjing University of Chemical Technology Changzhou Wujin Water Quality Stabilizer Factory (Wujin Water) and Shandong Taihe Water Treatment Technologies Co., Ltd. (Taihe

Technologies). The Department has determined that Taihe Technologies is affiliated with Shandong Taihe Chemicals Co., Ltd. (Taihe Chemicals), a trading company, and will refer to them collectively as “Taihe Companies.”

The Department published its *Preliminary Determination* on September 8, 2016.¹ On March 2, 2017, the Department issued a Post-Preliminary Analysis.² A complete summary of the events that occurred since the *Preliminary Determination*, as well as a full discussion of the issues raised by the parties for this final determination, may be found in the Issues and Decision Memorandum accompanying the Final Affirmative Determination,³ which is dated concurrently with, and hereby adopted by, this notice. The Issues and Decision Memorandum is a public document and is available electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). Access to ACCESS is available to registered users at <https://access.trade.gov> and to all parties in the Central Records Unit, room B8024 of the Department's main building. In addition, a complete version of the Issues and Decision Memorandum can be viewed at <http://enforcement.trade.gov/frn>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

Methodology

The Department is conducting this countervailing duty (CVD) investigation in accordance with section 701 of the Tariff Act of 1930, as amended (Act). For each of the subsidy programs found to be countervailable, we determine that there is a subsidy (*i.e.*, a

¹ See *Countervailing Duty Investigation of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Preliminary Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 62084 (September 8, 2016) (*Preliminary Determination*).

² See *Countervailing Duty Investigation of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Post-Preliminary Analysis Memorandum*, dated March 2, 2017 (*Post-Preliminary Analysis*)

³ See Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, “*Countervailing Duty Investigation of 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from the People's Republic of China: Issues and Decision Memorandum for the Final Affirmative Determination*,” dated concurrently with this notice (*Issues and Decisions Memorandum*).

financial contribution by an “authority” that gives rise to a benefit to the recipient) and that the subsidy is specific. For a full description of the methodology underlying our final determination, *see* the Issues and Decisions Memorandum.

Scope of the Investigation

The product covered by this investigation is HEDP from the PRC. For a complete description of the scope of this investigation, *see* Appendix II.

Analysis of Subsidy Programs and Comments Received

All issues raised in the comments filed by interested parties to this proceeding are discussed in the Issues and Decision Memorandum. A list of the issues raised by interested parties and responded to by the Department in the Issues and Decisions Memorandum are attached at Appendix I to this notice.

Use of Adverse Facts Available

For purposes of this final determination, we relied on facts available, and because certain respondents did not act to the best of their ability in responding to the Department’s requests for information, we drew an adverse inference, where appropriate, in selecting from among the facts otherwise available.⁴ A full discussion of our decision to rely on adverse facts available is presented in the “Use of Facts Otherwise Available and Adverse Inferences” section of the Issues and Decisions Memorandum.

⁴ *See* sections 776(a) and (b) of the Act.

Final Determination

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we calculated an estimated individual countervailable subsidy rate for each producer/exporter of the subject merchandise individually investigated.

In accordance with section 705(c)(5)(A) of the Act, for companies not individually investigated, we applied an “all-others” rate, which is normally calculated by weighting the subsidy rates of the individual companies selected as mandatory 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 excludes zero and *de minimis* rates calculated for the exporters and producers individually investigated, as well as rates based entirely on facts otherwise available. In this investigation, the only non-*de minimis* rate, or rate not based entirely on facts otherwise available, is the rate calculated for the Taihe Companies. Consequently, the rate calculated for the Taihe Companies is assigned as the “all others” rate.

Company	Subsidy Rate (percent <i>ad valorem</i>)
Nanjing University of Chemical Technology Changzhou Wujin Water Quality Stabilizer Factory (Wujin Water)	0.75 (<i>de minimis</i>)
Shandong Taihe Chemicals Co., Ltd. and Shandong Taihe Water Treatment Technologies Co., Ltd. (Taihe Companies)	2.40
All-Others	2.40
* Changzhou Kewei Fine Chemicals Co., Ltd.	54.11
* Hebei Longke Water Treatment Co., Ltd.	54.11
* Shandong Huayou Chemistry Co., Ltd.	54.11
* Shandong Xintai Water Treatment Technology	54.11
* Zaozhuang Fuxing Water Treatment Technology	54.11
* Zaozhuang YouBang Chemicals Co., Ltd.	54.11
* Zouping Dongfang Chemical Industry Co., Ltd.	54.11

* Non-cooperative company to which an adverse facts available rate is being applied. *See* “Use of Facts Otherwise Available and Adverse Inferences” section in the Issues and Decisions Memorandum.

Disclosure

We intend to disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

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 HEDP from the PRC, that were entered, or withdrawn from warehouse, for consumption on or after September 8, 2016, the date of the publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we instructed CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after January 6, 2017, but to continue the suspension of liquidation of all entries from September 8, 2016, through January 5, 2017.

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

International Trade Commission 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 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 (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

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 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, alternatively, conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

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

Dated: March 20, 2017.

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

Appendix I

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of The Investigation
- IV. Scope Comments
- V. Subsidy Valuation
- VI. Benchmarks and Discount Rates
- VII. Use of Facts Otherwise Available and Adverse Inferences
- VIII. Analysis of Programs
- IX. Analysis of Comments
 - Comment 1: Electricity for LTAR Calculation
 - Comment 2: Whether the Department Should Find Wujin Water to Be Cross-Owned with Nantong Uniphos
- X. Recommendation

Appendix II

The merchandise covered by this investigation includes all grades of aqueous acidic (non-neutralized) concentrations of HEDP, also referred to as hydroxyethylidenediphosphonic acid, hydroxyethanediphosphonic acid, acetodiphosphonic acid, and etidronic acid. The Chemical Abstract Service (CAS) registry number for HEDP is 2809-21-4.

The merchandise subject to this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 2931.90.9043. It may also enter under HTSUS subheadings 281.19.6090 and 2931.90.9041. While HTSUS subheadings and the CAS registry number are provided for convenience and customs purposes only, the written description of the scope of this investigation is dispositive.

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