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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-083]

Certain Steel Wheels from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination

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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of certain steel wheels from the People's Republic of China (China) for the period of investigation January 1, 2017, through December 31, 2017. We invite interested parties to comment on this preliminary determination.

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

FOR FURTHER INFORMATION CONTACT: Chien-Min Yang or Myrna Lobo, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-5484 or 202-482-2371, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this

investigation on April 16, 2018.¹ On June 6, 2018, Commerce postponed the deadline for the preliminary determination of the investigation to the full 130 days permitted under section 703(c)(1)(A) of the Act and 19 CFR 351.205(b)(2), and the revised deadline is now August 24, 2018.²

For a complete description of the events that followed the initiation of this investigation, see the Preliminary Decision Memorandum.³ A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to 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 (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 and electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are certain steel wheels from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

¹ *See Certain Steel Wheels from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 17794 (April 24, 2018) (*Initiation Notice*).

² *See Certain Steel Wheels from the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 83 FR 26257 (June 6, 2018).

³ *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation of Certain Steel Wheels from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

In accordance with the Preamble to Commerce’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.⁴ No parties commented on the scope of this investigation.

Alignment

In accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), and based on the petitioners’ request,⁵ we are aligning the final CVD determination in this investigation with the final determination in the companion AD investigation of certain steel wheels from China. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be due no later than January 7, 2019, unless postponed.⁶

Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that confers a benefit on the recipient, and that the subsidy is specific.⁷ For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.

Commerce notes that, in making these findings, it relied, in part, on facts available and, because it finds that one or more respondents did not act to the best of their ability to respond to

⁴ *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (Preamble); *see also Initiation Notice*.

⁵ *See* Letter from the petitioners, “Certain Steel Wheels from China (C-570-083) – Petitioner’s Request for Alignment of Countervailing Duty Investigation Final Determination Deadline with Antidumping Investigation Final Determination Deadline,” dated August 8, 2018.

⁶ *See Steel Wheels From the People’s Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 82 FR 42110 (August 20, 2018).

⁷ *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.

Commerce's requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.⁸ For further information, see "Use of Facts Otherwise Available and Adverse Inferences" in the Preliminary Decision Memorandum.

Preliminary Determination and Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, Commerce established rates for Xiamen Sunrise Wheel Group Co., Ltd. (Xiamen Sunrise), Xiamen Sunrise Wheel Co., Ltd. (Sunrise Wheel), Xiamen Sunrise Metal Co., Ltd. (Sunrise Metal), Xiamen Topu Import & Export Co., Ltd. (Topu), and Sichuan Sunrise Metal Industry Co., Ltd. (Sichuan Sunrise) (collectively, Xiamen Sunrise), and applied a rate based on adverse facts available to Zhejiang Jingu Company Limited and Shanghai Yata Industry Company Limited (collectively, Zhejiang Jingu).

In accordance with sections 705(d)(1)(A) and 705(c)(5)(A) of the Act, for companies not individually investigated, Commerce applies 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.

In this investigation, the only rates that are not zero or *de minimis* or based entirely on the facts available is the rate calculated for Xiamen Sunrise. Consequently, we are assigning the rate calculated for Xiamen Sunrise as the "all-others" rate.

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

⁸ See sections 776(a) and (b) of the Act.

Producer/Exporter	Subsidy Rate (Percent)
Xiamen Sunrise Wheel Group Co., Ltd. ⁹	58.75
Zhejiang Jingu Company Limited ¹⁰	172.51
All-Others	58.75

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation that were entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Furthermore, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

Disclosure

Commerce intends to disclose its calculations and analysis to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of this notice in accordance with 19 CFR 351.224(b).

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon in making its final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for

⁹ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Xiamen Sunrise: Sunrise Wheel, Sunrise Metal, Topu, and Sichuan Sunrise.

¹⁰ As discussed in the Preliminary Decision Memorandum, as an extension of our application of adverse facts available with respect to Zhejiang Jingu, Commerce has assigned Zhejiang Jingu's rate to each of the entities named as cross-owned in its affiliation questionnaire response: Shanghai Yata Industry Company Limited; Shangdong Jingu Auto Parts Co., Ltd.; Chengdu Jingu Wheel Co., Ltd.; and An'Gang Jingu (Hangzhou) Metal Materials Co., Ltd.

Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.¹¹ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, 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. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

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

International Trade Commission Notification

In accordance with section 703(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its determination. If Commerce's final determination is affirmative, the ITC will make its final determination before the later of 120 days after the date of this

¹¹ See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

preliminary determination or 45 days after Commerce's final determination.

Notification to Interested Parties

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

Dated: August 24, 2018.

Gary Taverman,
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 22.5 inches and 24.5 inches are generally for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses, and are the current standard wheel diameters for such applications. The standard widths of certain on-the-road steel wheels are 7.5 inches, 8.25 inches, and 9.0 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope. While 22.5 inches and 24.5 inches are standard wheel sizes used by Class 6, 7, and 8 commercial vehicles, the scope covers sizes that may be adopted in the future for Class 6, 7, and 8 commercial vehicles.

The scope includes certain on-the-road steel wheels with either a “hub-piloted” or “stud- piloted” mounting configuration, and includes rims and discs for such wheels, whether imported as an assembly or separately. The scope includes certain on-the-road steel wheels, discs, and rims, of carbon and/or alloy steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. All on-the-road wheels sold in the United States are subject to the requirements of the National Highway Traffic Safety Administration and bear markings, such as the “DOT” symbol, indicating compliance with applicable motor vehicle standards. See 49 C.F.R. § 571.120. The scope includes certain on- the-road steel wheels imported with or without the required markings. Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached are included. However, if the certain on-the-road steel wheel is imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached, the certain on- the-road steel wheel is covered by the scope, but the tire and/or valve stem is not covered by the scope.

Excluded from the scope are:

- 1) steel wheels for tube-type tires that require a removable side ring;
- 2) aluminum wheels;
- 3) wheels where steel represents less than fifty percent of the product by weight; and
- 4) steel wheels that do not meet National Highway Traffic Safety Administration requirements, other than the rim marking requirements found in 49 C.F.R. § 571.120S5.2.

Imports of the subject merchandise are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. Merchandise meeting the scope description may also enter under the following HTSUS subheadings: 4011.20.1015, 4011.20.5020, and 8708.99.4850. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

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Appendix

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