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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

**[C-570-017]**

**Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review and Rescission, in Part; 2016**

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

**SUMMARY:** The Department of Commerce (Commerce) preliminarily determines that certain producers and exporters of passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China) received countervailable subsidies during the period of review (POR) January 1, 2016, through December 31, 2016.

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

**FOR FURTHER INFORMATION CONTACT:** Andrew Huston, 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) 482-4261.

## **SUPPLEMENTARY INFORMATION:**

### Background

On August 10, 2015, Commerce issued a countervailing duty (CVD) order on passenger tires from China.<sup>1</sup> Several interested parties requested that Commerce conduct an administrative review of the *CVD Order*, and on October 16, 2017, Commerce published in the *Federal Register* a notice of initiation of an administrative review of the *CVD Order* for 42 producers/exporters for the POR.<sup>2</sup> Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018.<sup>3</sup>

### Scope of the Order

The products covered by the order are certain passenger vehicle and light truck tires from China. A full description of the scope of the order is contained in the Preliminary Decision Memorandum.<sup>4</sup>

### Methodology

Commerce is conducting this CVD review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found countervailable, we determine that there is a subsidy, *i.e.*, a financial contribution by an

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<sup>1</sup> See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*CVD Order*).

<sup>2</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 48051 (October 16, 2017) (*Initiation Notice*). The *Initiation Notice* inadvertently omitted an exporter from the review, which was corrected in a subsequent publication. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 1329 (January 11, 2018).

<sup>3</sup> See Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018 (Tolling Memorandum). All deadlines in this segment of the proceeding have been extended by three days.

<sup>4</sup> See "Decision Memorandum for the Preliminary Results of the Administrative Review of the Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China; 2016," dated concurrently with this notice (Preliminary Decision Memorandum) and hereby adopted by this notice.

“authority” that confers a benefit to the recipient, and that the subsidy is specific.<sup>5</sup> For a full description of the methodology underlying our preliminary conclusions, including our reliance, in part, on adverse facts available pursuant to sections 776(a) and (b) of the Act, *see* the Preliminary Decision Memorandum.<sup>6</sup> A list of topics included in the Preliminary Decision Memorandum is included as Appendix I of 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 on the Internet at <http://enforcement.trade.gov/frn/index.html>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

#### Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the parties that requested a review withdraw the request within 90 days of the date of publication of the notice of initiation. The petitioner timely withdrew its request for a review of Zhongce Rubber Group Company Limited.<sup>7</sup> Two other U.S. importers, ITG Voma Corporation and American Pacific Industries, Inc., also timely withdrew their requests for a

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<sup>5</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>6</sup> A list of topics discussed in the Preliminary Decision Memorandum can be found as an appendix to this notice.

<sup>7</sup> The petitioner in this review is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (USW). *See* Letter from USW, “Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People’s Republic of China (C-570-017) (01/01/16-12/31/16): Petitioner’s Withdrawal of Review Request,” dated December 13, 2017.

review of Shandong Guofeng Rubber Plastic Co., Ltd / Shandong Guofeng Rubber Plastics.<sup>8</sup>

Additionally, Hangzhou Yokohama Tire Co., Ltd., Kumho Tire Co., Inc., Shandong Changfeng Tyres Co., Ltd., Shandong Changhong Rubber Technology Co., Ltd., Shandong Guofeng Rubber Plastics Co., Ltd., Shandong Zhongyi Rubber Co., and Shengtai Group Co., Ltd., timely withdrew their requests for review.<sup>9</sup> No other party requested a review of these producers/exporters. Therefore, in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review of the CVD order on passenger tires from China with respect to these companies.

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<sup>8</sup> See Letter from ITG Voma Corporation, “Passenger Vehicle and Light Truck Tires from People’s Republic of China: Withdrawal of Request for Administrative Review,” dated December 28, 2017; and Letter from American Pacific Industries, Inc., “Passenger Vehicle and Light Truck Tires from People’s Republic of China: Withdrawal of Request for Administrative Review,” dated January 5, 2018.

<sup>9</sup> See Letter from Hangzhou Yokohama Tire Co., Ltd., “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Yokohama Withdrawal of Request for Administrative Review,” dated November 14, 2017; Letter from Shandong Changfeng Tyres Co., Ltd., “Passenger Vehicles and Light Truck Tires from the People’s Republic of China: Withdrawal of Request for Administrative Review (01/01/16-12/31/16),” dated January 12, 2018; Letter from Shandong Changhong Rubber Technology Co. Ltd., “Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Withdrawal of Request for Administrative Review,” dated December 28, 2017; Letter from Shandong Guofeng Rubber Plastics Co., Ltd., “Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Withdrawal of Request for Administrative Review,” dated December 28, 2017; Letter from Shandong Zhongyi Rubber Co., Ltd., “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China-Withdrawal of Request for Administrative Review,” dated January 14, 2018; and Letter from Shengtai Group Co., Ltd., “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China-Withdrawal of Request for Administrative Review,” dated January 14, 2018.

Preliminary Results of Review

As a result of this review, we preliminarily determine the countervailable subsidy rates to be:

<b>Company</b>	<b>Subsidy Rate (percent <i>ad valorem</i>)</b>
Cooper (Kunshan) Tire Co., Ltd. (Cooper)	23.68
Qingdao Sentury Tire Co. Ltd. (Sentury)	26.83
Non-Selected Companies Under Review	24.71

Preliminary Rate for the Non-Selected Companies Under Review

The statute and the Commerce's regulations do not directly address the establishment of rates to be applied to companies not selected for individual examination where Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Act. However, Commerce normally determines the rates for non-selected companies in reviews in a manner that is consistent with section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation.

Section 705(c)(5)(A)(i) of the Act instructs Commerce as a general rule to calculate an all others rate using the weighted average of the subsidy rates established for the producers/exporters individually examined, excluding any zero, *de minimis*, or rates based entirely on facts available. In this review, the preliminary subsidy rates calculated for Cooper and Sentury and their cross-owned affiliates are above *de minimis* and are not based entirely on facts available. Therefore, for the companies for which a review was requested that were not selected as mandatory company respondents and for which we did not receive a timely request

for withdrawal of review, and which we are not finding to be cross-owned with the mandatory company respondents, we are preliminarily basing the subsidy rate on the subsidy rate calculated for Cooper and Sentury. For a list of these non-selected companies, please see Appendix II to this notice.

### Disclosure and Public Comment

Commerce intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of publication of this notice in the *Federal Register*.<sup>10</sup> Interested parties may submit case and rebuttal briefs, as well as request a hearing.<sup>11</sup> Interested parties may submit written comments (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 case briefs.<sup>12</sup> Rebuttal briefs must be limited to issues raised in the case briefs.<sup>13</sup> Parties who submit case or rebuttal briefs are requested to submit with the argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.<sup>14</sup>

Interested parties who wish to request a hearing must do so within 30 days of publication of these preliminary results by submitting a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, using Enforcement and Compliance's ACCESS system.<sup>15</sup> 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

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<sup>10</sup> See 19 CFR 351.224(b).

<sup>11</sup> See 19 CFR 351.309(c)-(d), 19 CFR 351.310(c).

<sup>12</sup> See 19 CFR 351.309(c)(1)(ii) and 351.309(d)(1).

<sup>13</sup> See 19 CFR 351.309(d)(2).

<sup>14</sup> See 19 CFR 351.309(c)(2) and (d)(2).

<sup>15</sup> See 19 CFR 351.310(c).

will be held at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time and location to be determined.<sup>16</sup> Parties should confirm by telephone the date, time, and location of the hearing. Issues addressed at the hearing will be limited to those raised in the briefs.<sup>17</sup> All briefs and hearing requests must be filed electronically and received successfully in their entirety through ACCESS by 5:00 p.m. Eastern Time on the due date.

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

#### Assessment Rates and Cash Deposit Requirement

In accordance with 19 CFR 351.221(b)(4)(i), we preliminarily assigned subsidy rates in the amounts shown above for the producers/exporters shown above. Upon issuance of the final results, Commerce shall determine, and U.S. Customs and Border Protection (CBP) shall assess, CVDs on all appropriate entries covered by this review. We intend to issue instructions to CBP 15 days after publication of the final results of review. For companies for which this review is rescinded, Commerce will instruct CBP to assess countervailing duties on all appropriate entries at a rate equal to the cash deposit of estimated countervailing duties required at the time of entry, or withdrawal from warehouse, for consumption, during the period January 1, 2016, through December 31, 2016, in accordance with 19 CFR 351.212(c)(1)(i). Commerce intends to issue appropriate assessment instructions directly to CBP 15 days after publication of this notice.

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<sup>16</sup> See 19 CFR 351.310.

<sup>17</sup> See 19 CFR 351.310(c).

Pursuant to section 751(a)(2)(C) of the Act, Commerce also intends to instruct CBP to collect cash deposits of estimated CVDs, in the amounts shown above for each of the respective companies shown above, on shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review. For all non-reviewed firms, we will instruct CBP to continue to collect cash deposits at the most-recent company-specific or all-others rate applicable to the company, as appropriate. These cash deposit requirements, when imposed, shall remain in effect until further notice.

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

Dated: August 31, 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**

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

- I. Summary
- II. Background
- III. Partial Rescission of Review
- IV. Non-Selected Companies Under Review
- V. Scope of the Order
- VI. Application of the Countervailing Duty Law to Imports from China
- VII. Diversification of China's Economy
- VIII. Subsidies Valuation
- IX. Interest Rate Benchmarks, Discount Rates, Input, and Electricity Benchmarks
- X. Use of Facts Otherwise Available and Application of Adverse Inferences
- XI. Analysis of Programs
- XII. Disclosure and Public Comment
- XIII. Conclusion

## Appendix II

### Non-Selected Companies Under Review

1. Best Industries Ltd.
2. BC Tyre Group Limited
3. Cooper (Kunshan) Tire Co., Ltd.
4. Crown International Corporation
5. Dongying Zhongyi Rubber Co., Ltd.
6. Hankook Tire China Co., Ltd.
7. Hong Kong Tiancheng Investment & Trading Co., Limited
8. Hongtyre Group Co.
9. Jiangsu Hankook Tire Co., Ltd.
10. Jiangsu Sanhe Aluminum
11. Kenda Rubber (China) Co., Ltd.
12. Koryo International Industrial Limited
13. Mayrun Tyre (Hong Kong) Limited
14. Qingdao Jinhaoyang International Co., Ltd.
15. Qingdao Nama Industrial Co., Ltd.
16. Qingdao Odyking Tyre Co., Ltd.
17. Qingdao Sentury Tire Co., Ltd.
18. Roadclaw Tyre (Hong Kong) Limited
19. Shandong Anchi Tyres Co., Ltd.

20. Shandong Haohua Tire Co., Ltd.
21. Shandong Haolong Rubber Co., Ltd.
22. Shandong Hengyu Science & Technology Co., Ltd.
23. Shandong Linglong Tyre Co., Ltd.
24. Shandong Longyue Rubber Co., Ltd.
25. Shandong New Continent Tire Co., Ltd.
26. Shandong Province Sanli Tire
27. Shandong Province Sanli Tire Manufactured Co., Ltd.
28. Shandong Shuangwang Rubber Co., Ltd.
39. Shandong Wanda Boto Tyre Co., Ltd.
30. Shandong Yongsheng Rubber Group Co., Ltd.
31. Shouguang Firemax Tyre Co., Ltd.
32. The Yokohama Rubber Company, Ltd.
33. Tyrechamp Group Co., Limited
34. Winrun Tyre Co., Ltd.
35. Zhaoqing Junhong Co., Ltd.

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