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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-105]

Carbon and Alloy Steel Threaded Rod from the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of carbon and alloy steel threaded rod (steel threaded rod) from the People's Republic of China (China).

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

FOR FURTHER INFORMATION CONTACT: Thomas Schauer or Allison Hollander, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0410 or (202) 482-2805, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 29, 2019, Commerce published the *Preliminary Determination* in the *Federal Register*.¹ In addition to the Government of China (GOC), the selected mandatory respondents in this investigation are Ningbo Zhongjiang High Strength Bolts Co., Ltd. (Zhongjiang Bolts)

¹ See *Carbon and Alloy Steel Threaded Rod from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 84 FR 36578 (July 29, 2019) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

and Zhejiang Junyue Standard Part Co., Ltd. (Junyue). In the *Preliminary Determination*, and in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(4), Commerce aligned the final countervailable duty (CVD) determination with the final antidumping duty (AD) determination. The revised deadline for the final determination of this investigation is now February 7, 2020. On October 2, 2019, Commerce issued its Post-Preliminary Analysis.²

A summary of the events that occurred since Commerce published the *Preliminary 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 Memorandum.³ 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 to all parties in the Central Records Unit, Room B8024 of the main 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 and electronic versions of the Issues and Decision Memorandum are identical in content.

Period of Investigation

The period of investigation is January 1, 2018 through December 31, 2018.

Scope of the Investigation

² See Memorandum, "Decision Memorandum for the Post-Preliminary Analysis in the Countervailing Duty Investigation of Carbon and Alloy Steel Threaded Rod from the People's Republic of China," dated October 2, 2019 (Post-Preliminary Analysis).

³ See Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Carbon and Alloy Steel Threaded Rod from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

The products covered by this investigation are steel threaded rod from China. For a full description of the scope of the investigation, *see* Appendix I.

Scope Comments

On July 22, 2019, we issued a Preliminary Scope Memorandum.⁴ The scope case briefs were due on August 28, 2019.⁵ We received no scope case briefs from interested parties. Therefore, Commerce has made no changes to the scope of this investigation since the *Preliminary Determination*.

Verification

As provided in section 782(i) of the Act, in November 2019, Commerce verified the subsidy information reported by Zhongjiang Bolts and Junyue. We used standard verification procedures, including an examination of relevant accounting and production records, and original source documents provided by Junyue and Zhongjiang Bolts.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. For a list of the issues raised by parties, and to which we responded in the Issues and Decision Memorandum, *see* Appendix II of this notice.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce determines that there is a

⁴ *See* Memorandum, “Carbon and Alloy Steel Threaded Rod from India, Taiwan, Thailand, and the People’s Republic of China: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated July 22, 2019 (Preliminary Scope Memorandum).

⁵ The scope case briefs were due 30 days after the publication of the *Preliminary Determination*. *See* Preliminary Scope Memorandum at 3.

subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁶

Use of Adverse Facts Available

In making this final determination, Commerce relied, in part, on facts available and, because the GOC and Junyue did not act to the best of their ability in responding to Commerce’s requests for information, we drew an adverse inference where appropriate in selecting from among the facts otherwise available, pursuant to sections 776(a) and (b) of the Act. For further information, *see* the section “Use of Facts Otherwise Available and Adverse Inferences” and Comments 1 through 3, 6, and 7 in the Issues and Decision Memorandum.

Changes Since the Preliminary Determination

Based on our analysis of our findings at verification and the comments received, we have made certain changes to the countervailable subsidy rate calculations. For discussion of these changes, *see* the Issues and Decision Memorandum.

All-Others Rate

In accordance with section 705(c)(5)(A)(i) 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 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 should exclude zero and *de minimis* rates or any rates based entirely on facts otherwise available pursuant to section 776 of the Act.

Commerce calculated individual estimated countervailable subsidy rates for Junyue and Zhongjiang Bolts that are not zero, *de minimis*, or based entirely on facts otherwise available.

⁶ *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 calculated the all-others rate using a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly ranged U.S. sales quantities for the merchandise under consideration.⁷

Final Determination

Company	Net Subsidy Rate (percent)
Ningbo Zhongjiang High Strength Bolts Co., Ltd.	31.02
Zhejiang Junyue Standard Part Co., Ltd.	66.81
All Others	41.17

We determine the countervailable subsidy rates to be:

Disclosure

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

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all steel threaded rod from China, that were entered, or withdrawn from

⁷ With two respondents under examination, Commerce normally calculates (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. See, e.g., *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). As complete publicly ranged sales data was available, Commerce based the all-others rate on the publicly ranged sales data of the mandatory respondents. In addition, using the same methodology, Commerce calculated an all-others export subsidy rate of 16.52 percent, an all-others subsidy rate for the provision of steel bar at less than adequate remuneration (LTAR) of 12.75 percent, and an all-others subsidy rate for the provision of wire rod at LTAR of 9.75 percent. For a complete analysis of the data, see the All-Others' Rate Calculation Memorandum, dated concurrently with this notice.

warehouse, for consumption on or after July 29, 2019, 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 November 26, 2019, but continue the suspension of liquidation of all entries from July 29 through November 25, 2019.

If the U.S. International Trade Commission (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 countervailable duties 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 cash deposits will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of steel threaded rod from China no later than 45 days after our final 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.

Notification Regarding APO

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to the parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of 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 sanctionable violation.

Notification to Interested Parties

This determination is issued and published in accordance with sections 705(d) and 77(i)(1) of the Act, and 19 CFR 351.210(c).

Dated: February 7, 2020.

Jeffrey I. Kessler,

Assistant Secretary

for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by the scope of this investigation is carbon and alloy steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon or alloy steel, having a solid, circular cross section of any diameter, in any straight length. Steel threaded rod is normally drawn, cold-rolled, threaded, and straightened, or it may be hot-rolled. In addition, the steel threaded rod, bar, or studs subject to this investigation are non-headed and threaded along greater than 25 percent of their total actual length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

Steel threaded rod is normally produced to American Society for Testing and Materials (ASTM) specifications ASTM A36, ASTM A193 B7/B7m, ASTM A193 B16, ASTM A307, ASTM A320 L7/L7M, ASTM A320 L43, ASTM A354 BC and BD, ASTM A449, ASTM F1554-36, ASTM F1554-55, ASTM F1554 Grade 105, American Society of Mechanical Engineers (ASME) specification ASME B18.31.3, and American Petroleum Institute (API) specification API 20E. All steel threaded rod meeting the physical description set forth above is covered by the scope of this investigation, whether or not produced according to a particular standard.

Subject merchandise includes material matching the above description that has been finished, assembled, or packaged in a third country, including by cutting, chamfering, coating, or painting the threaded rod, by attaching the threaded rod to, or packaging it with, another product, or any other finishing, assembly, or packaging operation that would not otherwise remove the

merchandise from the scope of the investigation if performed in the country of manufacture of the threaded rod.

Carbon and alloy steel threaded rod are also included in the scope of this investigation whether or not imported attached to, or in conjunction with, other parts and accessories such as nuts and washers. If carbon and alloy steel threaded rod are imported attached to, or in conjunction with, such non-subject merchandise, only the threaded rod is included in the scope.

Excluded from the scope of this investigation are: (1) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total actual length; and (2) stainless steel threaded rod, defined as steel threaded rod containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements.

Excluded from the scope of the antidumping investigation on steel threaded rod from the People's Republic of China is any merchandise covered by the existing antidumping order on Certain Steel Threaded Rod from the People's Republic of China. *See* Certain Steel Threaded Rod from the People's Republic of China: Notice of Antidumping Duty Order, 74 FR 17154 (April 14, 2009).

Specifically excluded from the scope of this investigation is threaded rod that is imported as part of a package of hardware in conjunction with a ready-to-assemble piece of furniture.

Steel threaded rod is currently classifiable under subheadings 7318.15.5051, 7318.15.5056, and 7318.15.5090 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also enter under subheading 7318.15.2095 and 7318.19.0000 of the HTSUS. The HTSUS subheadings are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Final Decision Memorandum

I. Summary

II. Background

III. Scope of the Investigation

IV. Use of Facts Otherwise Available and Adverse Inferences

V. Subsidies Valuation Information

VI. Analysis of Programs

VII. Analysis of Comments

Comment 1: Whether the Provision of Steel Bar and Wire Rod at Less Than Adequate Remuneration (LTAR) is Specific

Comment 2: Whether the Chinese Market for Steel Bar and Wire Rod Is Distorted

Comment 3: Whether Certain Chinese Producers of Steel Bar and Wire Rod Are Authorities

Comment 4: Whether to Revise the Steel Bar and Wire Rod Benchmarks

Comment 5: Whether to Revise the Ocean Freight Benchmark

Comment 6: Whether to Countervail Export Buyer's Credit

Comment 7: Whether to Apply Adverse Facts Available (AFA) to Junyue

Comment 8: Whether to Countervail Electricity Junyue Purchased from a Private Supplier

Comment 9: Whether to Treat One of Zhongjiang Bolt's Self-Reported Subsidies as an Export Subsidy.

VIII. Recommendation