



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-997]

Non-Oriented Electrical Steel from the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order

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

SUMMARY: The Department of Commerce (Commerce) finds that revocation of the countervailing duty (CVD) order would be likely to lead to the continuation or recurrence of a countervailable subsidy at the levels indicated in the "Final Results of Review" section of this notice.

DATES: Applicable [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Mary Kolberg or Dusten Hom, 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) 482-1785 or (202) 482-5075, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 3, 2014, Commerce published in the *Federal Register* the CVD order on non-oriented electrical steel (NOES) from the People's Republic of China (China).¹ On November 1, 2019, Commerce published the notice of initiation of the first sunset review of the CVD order on NOES from China, pursuant to section 751(c) of the Tariff Act of 1930, as

¹ See *Non-Oriented Electrical Steel from the People's Republic of China and Taiwan: Countervailing Duty Orders*, 79 FR 71749 (December 3, 2014) (*Order*).

amended (the Act).² On November 15, 2019, Commerce received a notice of intent to participate from the domestic interested party, AK Steel Corporation (AK Steel).³ The notice of intent to participate was timely filed within the deadline specified in 19 CFR 351.218(d)(1)(i). Additionally, AK Steel claimed interested party status under section 771(9)(C) of the Act, as a domestic producer of NOES.

Commerce received an adequate substantive response to the notice of initiation from the domestic producer within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).⁴ However, because we did not receive a substantive response from the Government of China (GOC) or from any other respondent interested parties who are producers or exporters of NOES, we determined that respondent interested parties provided inadequate responses to Commerce's notice of initiation.

On December 13, 2019, Commerce notified the U.S. International Trade Commission that it did not receive an adequate substantive response from respondent interested parties.⁵ As a result, pursuant to 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B)(2) and 351.218(e)(1)(ii)(C)(2), Commerce conducted an expedited (120-day) sunset review of the CVD *Order* on NOES from China.

Scope of the Order

The merchandise covered by the *Order* is NOES, which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization

² See *Initiation of Five-Year (Sunset) Reviews*, 84 FR 58687 (November 1, 2019).

³ See AK Steel's Letter, "Five-Year ('Sunset') Review of Countervailing Duty Order on Non-Oriented Electrical Steel from The People's Republic of China: Domestic Interested Party Notice of Intent to Participate," dated November 15, 2019.

⁴ See AK Steel's Letter, "Five-Year ('Sunset') Review of Countervailing Duty Order on Non-Oriented Electrical Steel from the People's Republic of China: Domestic Interested Party Substantive Response," dated November 27, 2019.

⁵ See Commerce's Letter, "Sunset Reviews Initiated on November 1, 2019," dated December 13, 2019.

in the plane of the material. The term “substantially equal” means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B_{800} value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied.

NOES is subject to the *Order* whether it is fully processed (*i.e.*, fully annealed to develop final magnetic properties) or semi-processed (*i.e.*, finished to final thickness and physical form but not fully annealed to develop final magnetic properties). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of the *Order* is not limited to merchandise meeting the ASTM, JIS, and IEC specifications noted immediately above.

NOES is sometimes referred to as cold-rolled non-oriented (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO) electrical steel. These terms are interchangeable.

Excluded from the scope of the *Order* are flat-rolled products not in coils that, prior to importation into the United States, have been cut to a shape and undergone all punching, coating, or other operations necessary for classification in Chapter 85 of the Harmonized Tariff Schedule of the United States (HTSUS) as a part (*i.e.*, lamination) for use in a device such as a motor, generator, or transformer.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the HTSUS. Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. Although the HTSUS subheadings above are provided for convenience and customs purpose, the written description of the scope of the *Order* is dispositive.

Analysis of Comments Received

All issues raised in this sunset review are addressed in the Issues and Decision Memorandum,⁶ which is hereby adopted by this notice. The issues discussed in the Issues and Decision Memorandum are the likelihood of continuation or recurrence of a countervailable subsidy and the net countervailable subsidy rates likely to prevail if the order were revoked. 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 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/>.

Final Results of Review

Pursuant to sections 751(c)(1) and 752(b) of the Act, Commerce determines that revocation of the CVD order on NOES from China would be likely to lead to the continuation or recurrence of a countervailable subsidy at the rates listed below:

Producer/ Exporter	Net Subsidy Rate (percent)
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⁶ See Memorandum “Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Review of the Countervailing Duty Order on Non-Oriented Electrical Steel from the People’s Republic of China,” dated concurrently with this notice (Issues and Decision Memorandum).

Baoshan Iron & Steel Co., Ltd.	158.88
All Others	158.88

Administrative Protective Order (APO)

This notice also 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. 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 sanctionable violation.

Notification to Interested Parties

We are issuing and publishing these results in accordance with sections 751(c), 752(b), and 777(i)(1) of the Act and 19 CFR 351.218.

Dated: February 20, 2020.

Jeffrey I. Kessler,
Assistant Secretary
for Enforcement and Compliance.

Appendix

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Order
- IV. History of the Order
- V. Discussion of the Issues
 - 1. Revocation of the Order is Likely to Lead to a Continuation or Recurrence of a Countervailable Subsidy
 - 2. Net Countervailable Subsidy Rates that Are Likely to Prevail
 - 3. Nature of the Subsidies
- VI. Final Results of Review
- VII. Recommendation

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