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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-917]

Laminated Woven Sacks from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review and Intent to Rescind, in Part; 2018

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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that Shandong Shouguang Jianyuan Chun Co., Ltd. (Shouguang) received countervailable subsidies during the period of review, January 1, 2018 through December 31, 2018. In addition, we intend to rescind this review with respect to the 18 companies listed in Appendix II of this notice.

Interested parties are invited to comment on these preliminary results.

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

FOR FURTHER INFORMATION CONTACT: Chien-Min Yang, 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.

SUPPLEMENTARY INFORMATION:

Background

On August 2, 2019, Commerce published in the *Federal Register* a notice of opportunity to request an administrative review of the *Sacks CVD Order*¹ for the period of review (POR)

¹ See *Laminated Woven Sacks from the People's Republic of China: Countervailing Duty Order*, 73 FR 45955 (August 7, 2008) (*Sacks CVD Order*).

January 1, 2018 through December 31, 2018.² On August 30, 2019, Commerce received a timely request for an administrative review of the *Sacks CVD Order* from the Laminated Woven Sacks Fair Trade Coalition and its individual members, Polytex Fibers Corporation and ProAmpac Holdings Inc. (collectively, the petitioners).³ On October 7, 2019, in accordance with 19 CFR 351.221(c)(1)(i), Commerce published in the *Federal Register* a notice of initiation of an administrative review of the *Sacks CVD Order* for the POR with respect to 20 companies.⁴

We stated in the *Initiation Notice* that, in the event Commerce limits the number of respondents for individual examination, we intended to base our selection of mandatory respondents on U.S. Customs and Border Protection (CBP) import data.⁵ On February 24, 2020, we placed CBP import data for entries of laminated woven sacks from the People’s Republic of China (China) that entered the United States during the POR.⁶ No parties filed comments. On March 13, 2020, Commerce issued the respondent selection memorandum,⁷ in which we found that the CBP entry data indicated that, of the 20 companies subject to review, Shouguang was the only company with entries of subject merchandise during the POR.⁸ Therefore, we selected

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 84 FR 37834 (August 2, 2019).

³ See Petitioners’ Letter, “Laminated Woven Sacks from the People’s Republic of China: Request for Countervailing Duty Administrative Review,” dated August 30, 2019.

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 53411 (October 7, 2019) (*Initiation Notice*). We initiated a review of 20 companies: (1) Cangnan Color Make The Bag; (2) Changle Baodu Plastic Co., Ltd.; (3) First Way (H.K.) Limited; (4) Han Shing Chemical Co., Ltd.; (5) Jiangsu Hotson Plastics Co., Ltd.; (6) Ningbo Yong Feng Packaging Co., Ltd.; (7) Polywell Industrial Co.; (8) Polywell Plastic Product Factory; (9) Shandong Longxing Plastic Products Company Ltd.; (10) Shandong Qikai Plastics Product Co., Ltd.; (11) Shandong Qilu Plastic Fabric Group, Ltd.; (12) Shandong Shouguang Jianyuan Chun Co., Ltd.; (13) Shandong Youlian Co., Ltd.; (14) Wenzhou Hotson Plastics Co., Ltd.; (15) Zibo Aifudi Plastic Packaging Co., Ltd.; (16) Zibo Linzi Luitong Plastic Fabric Co., Ltd.; (17) Zibo Linzi Qitianli Plastic Fabric Co., Ltd.; (18) Zibo Linzi Shuaiqiang Plastics Co., Ltd.; (19) Zibo Linzi Worun Packing Product Co., Ltd.; and (20) Zibo Qigao Plastic Cement Co., Ltd.

⁵ *Id.*, 84 FR at 53412.

⁶ See Memorandum, “Countervailing Duty Administrative Review of Laminated Woven Sacks from the People’s Republic of China: U.S. Customs Entries,” dated February 24, 2020.

⁷ See Memorandum, “2018 Administrative Review of the Countervailing Duty Order on Laminated Woven Sacks from the People’s Republic of China: Respondent Selection,” dated March 13, 2020 (Respondent Selection Memo).

⁸ *Id.* at 2. We note that Shouguang was found to be cross-owned with Shandong Longxing Plastic Products Co., Ltd. in the underlying investigation. See Memorandum, “Cross-ownership and the Application of Adverse Facts

Shouguang as the sole mandatory respondent in this administrative review. We issued a questionnaire on March 16, 2020 seeking information regarding the alleged subsidies.⁹ Neither the Government of China (GOC) nor Shouguang responded to the questionnaire.

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days, thereby extending the deadline for these preliminary results until June 23, 2020.¹⁰

Scope of the Order

The merchandise covered by this countervailing duty order is laminated woven sacks. For a complete description of the scope of the *Sacks CVD Order*, see the Preliminary Decision Memorandum.¹¹

Methodology

Commerce is conducting this administrative review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act). In reaching these preliminary results, Commerce relied on facts otherwise available, with the application of adverse inferences.¹² For further information, see “Use of Facts Otherwise Available and Application of Adverse Inferences” in the accompanying Preliminary Decision Memorandum. A list of topics discussed in the Preliminary Decision Memorandum is provided at Appendix I to this notice.

Available to Shandong Shouguang Jianyuanchun Co., Ltd. and Shandong Longxing Plastic Products Co., Ltd., (SSJ/SLP),” dated April 22, 2008, unchanged in *Laminated Woven Sacks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639 (June 24, 2008). Thus, Shandong Longxing Plastic Products Co., Ltd. is subject to the same rate as Shouguang.

⁹ See Commerce’s Letter, “2018 Administrative Review of the Countervailing Duty Order on Laminated Woven Sacks from China: Initial Questionnaire,” (March 16, 2020) (Initial Questionnaire).

¹⁰ See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19,” dated April 24, 2020.

¹¹ See Memorandum, “Decision Memorandum for the Preliminary Results of and Rescission, in Part, of the Countervailing Duty Administrative Review of Laminated Woven Sacks from the People’s Republic of China; 2018,” dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

¹² See section 776 of the Act.

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>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

Intent to Rescind Review, In Part

It is Commerce's practice to rescind an administrative review of a countervailing duty order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended.¹³ Normally, upon completion of an administrative review, the suspended entries are liquidated at the countervailing duty assessment rate calculated for the review period.¹⁴ Therefore, for an administrative review of a company to be conducted, there must be a reviewable, suspended entry that Commerce can instruct CBP to liquidate at the calculated countervailing duty assessment rate calculated for the review period.¹⁵

As noted in the "Background" section above, according to the CBP import data, 19 of the 20 companies subject to this review did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended. However, as noted above, Commerce has previously found one of these 19 companies, Shandong Longxing Plastic Products Co., Ltd., to be cross-owned with Shouguang. Thus, Shandong Longxing Plastic Products Co., Ltd. remains

¹³ See, e.g., *Lightweight Thermal Paper from the People's Republic of China: Notice of Rescission of Countervailing Duty Administrative Review; 2015*, 82 FR 14349 (March 20, 2017); see also *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Rescission of Countervailing Duty Administrative Review; 2017*, 84 FR 14650 (April 11, 2019).

¹⁴ See 19 CFR 351.212(b)(2).

¹⁵ See 19 CFR 351.213(d)(3).

subject to this review and is subject to the same rate as Shouguang. Accordingly, in the absence of reviewable, suspended entries of subject merchandise during the POR by the other 18 companies at issue, we intend to rescind this administrative review, in part, with respect to these 18 companies, in accordance with 19 CFR 351.213(d)(3).¹⁶

Preliminary Results of Review

Pursuant to section 776(a) of the Act, Commerce is preliminarily relying upon facts otherwise available because both the GOC and Shouguang have not participated in this review or responded to the initial questionnaire. As a result, necessary information is not available on the record. Additionally, by not responding to the initial questionnaire, the GOC and Shouguang withheld information that had been requested of them, failed to provide information within the deadlines established, and significantly impeded this proceeding. Moreover, pursuant to 776(b) of the Act, we preliminarily find that an adverse inference is warranted because, by not responding to the initial questionnaire, the GOC and Shouguang did not cooperate to the best of their ability to comply with Commerce's requests for information in this review. We preliminarily determine the net adverse facts available countervailable subsidy rate for Shouguang to be 398.62 percent *ad valorem*.

Disclosure, Public Comment, and Opportunity to Request a Hearing

Normally, Commerce discloses to interested parties the calculations performed in connection with preliminary results within five days of the date of publication of the preliminary results, in accordance with 19 CFR 351.224(b). However, because Commerce has preliminarily applied a rate based on total facts otherwise available with an adverse inference to the sole mandatory respondent in this review, in accordance with section 776 of the Act, and because the

¹⁶ See Appendix II for a list of the eighteen companies for whom we are rescinding this review because each that had no reviewable, suspended entries during the POR.

method for determining the subsidy rate is outlined in the Preliminary Decision Memorandum, there are no calculations to disclose.

Case briefs or other written comments may be submitted no later than 30 days after the date on which these preliminary results publish in the *Federal Register*. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline date for case briefs. Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding 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.¹⁷ All electronically filed documents must be received successfully in their entirety via Commerce's electronic records system, ACCESS, by the date and time it is due. Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until July 17, 2020, unless extended.¹⁸

Pursuant to 19 CFR 351.310, any interested party may request a hearing within 30 days of publication of this notice. Hearing requests should contain the following information: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the case and rebuttal briefs. If a party requests a hearing, Commerce will inform parties of the scheduled date for the hearing at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing.

¹⁷ See 19 CFR 351.309(c)(2).

¹⁸ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 29615 (May 18, 2020).

Commerce intends to issue the final results of this review, including the results of its analysis of the issues raised in any written briefs, not later than 120 days after the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates and Cash Deposit Requirement

Upon issuance of the final results, Commerce shall determine, and CBP shall assess, countervailing duties on all appropriate entries covered by this review. If the preliminary results are unchanged for the final results, Commerce will instruct CBP to apply an assessment rate of 398.62 percent *ad valorem* to all entries of subject merchandise during the POR which were produced and/or exported by Shouguang. If this review is rescinded for the 18 companies listed in Appendix II, 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, 2018 through December 31, 2018, 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.

Pursuant to section 751(a)(2)(C) of the Act, Commerce also intends to instruct CBP to collect cash deposits of estimated countervailing duties in the amount of 398.62 percent *ad valorem* for Shouguang 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.

Notification to Interested Parties

Commerce is issuing and publishing these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.213 and 351.221(b)(4).

Dated: June 17, 2020.

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

Appendix I

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Order
- IV. Intent to Rescind Review, In Part
- V. Use of Facts Otherwise Available and Application of Adverse Inferences
- VI. Disclosure and Public Comment
- VII. Recommendation

Appendix II

List of Non-Selected Companies for Rescission

1. Cangnan Color Make The Bag
2. Changle Baodu Plastic Co., Ltd.
3. First Way (H.K.) Limited
4. Han Shing Chemical Co., Ltd.
5. Jiangsu Hotson Plastics Co., Ltd.
6. Ningbo Yong Feng Packaging Co., Ltd.
7. Polywell Industrial Co.
8. Polywell Plastic Product Factory
9. Shandong Qikai Plastics Product Co., Ltd.
10. Shandong Qilu Plastic Fabric Group, Ltd.
11. Shandong Youlian Co., Ltd.
12. Wenzhou Hotson Plastics Co., Ltd.
13. Zibo Aifudi Plastic Packaging Co., Ltd.
14. Zibo Linzi Luitong Plastic Fabric Co., Ltd.
15. Zibo Linzi Qitianli Plastic Fabric Co., Ltd.
16. Zibo Linzi Shuaiqiang Plastics Co., Ltd.
17. Zibo Linzi Worun Packing Product Co., Ltd.
18. Zibo Qigao Plastic Cement Co., Ltd.

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