



## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-570-146]

### Certain Freight Rail Couplers and Parts Thereof from the People's Republic of China: Countervailing Duty Order

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

**SUMMARY:** Based on affirmative final determinations by the U.S. Department of Commerce (Commerce) and the U.S. International Trade Commission (ITC), Commerce is issuing a countervailing duty (CVD) order on certain freight rail couplers and parts thereof (freight rail couplers) from the People's Republic of China (China).

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

**FOR FURTHER INFORMATION CONTACT:** Terre Keaton Stefanova or Paul Gill, AD/CVD Operations, Office IX, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1280 or (202) 482-5673, respectively.

### SUPPLEMENTARY INFORMATION:

#### Background

In accordance with section 705(d) of the Tariff Act of 1930, as amended (the Act), on May 19, 2023, Commerce published its affirmative final determination in the CVD investigation of freight rail couplers from China.<sup>1</sup> On July 3, 2023, the ITC notified Commerce of its final

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<sup>1</sup> See *Certain Freight Rail Couplers and Parts Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination, in Part*, 88 FR 32184 (May 19, 2023) (*Final Determination*).

affirmative determination that an industry in the United States is materially injured by reason of subsidized imports of freight rail couplers from China, within the meaning of section 705(b)(1)(A)(i) of the Act.<sup>2</sup>

### Scope of the Order

The products covered by this order are freight rail couplers from China. For a complete description of the scope of the order, *see* the appendix to this notice.

### Countervailing Duty Order

On July 3, 2023, in accordance with section 705(d) of the Act, the ITC notified Commerce of its final determination that an industry in the United States is materially injured within the meaning of section 705(b)(1)(A)(i) of the Act by reason of imports of freight rail couplers from China.<sup>3</sup> Therefore, Commerce is issuing this CVD order in accordance with sections 705(c)(2) and 706 of the Act. Because the ITC determined that imports of freight rail couplers from China are materially injuring a U.S. industry, unliquidated entries of such merchandise from China entered, or withdrawn from warehouse, for consumption are subject to the assessment of countervailing duties.

Therefore, in accordance with section 706(a)(1) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to assess, upon further instruction by Commerce, countervailing duties on all relevant entries of freight rail couplers from China. Countervailing duties will be assessed on unliquidated entries of freight rail couplers from China which are entered, or withdrawn from warehouse, for consumption on or after March 3, 2023, the date of publication of the *Preliminary Determination*,<sup>4</sup> but will not be assessed on entries occurring after the expiration of the provisional measures period and before publication of the ITC's final

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<sup>2</sup> See ITC's Letter, "Notification of ITC Final Determinations," dated July 3, 2023 (ITC Notification).

<sup>3</sup> *Id.*

<sup>4</sup> See *Certain Freight Rail Couplers and Parts Thereof from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Preliminary Affirmative Critical Circumstances Determination*, 88 FR 13425 (March 3, 2023) (*Preliminary Determination*).

affirmative injury determination, as further described in the “Provisional Measures” section below.

#### Suspension of Liquidation and Cash Deposits

In accordance with section 706 of the Act, Commerce will instruct CBP to continue to suspend liquidation of all relevant entries of freight rail couplers from China. These instructions suspending liquidation will remain in effect until further notice.

Commerce also intends, pursuant to section 706(a)(1) of the Act, to instruct CBP to require cash deposits equal to the amounts as indicated below. Accordingly, effective on the date of publication of the ITC’s final affirmative injury determination in the *Federal Register*, CBP will require, at the same time as importers would deposit estimated normal customs duties on the subject merchandise, a cash deposit for each entry of subject merchandise equal to the subsidy rates listed below.<sup>5</sup> The all-others rate applies to all producers or exporters not specifically listed below, as appropriate.

<b>Company</b>	<b>Subsidy Rate (percent <i>ad valorem</i>)</b>
Chongqing Changzheng Heavy Industry Co., Ltd.	265.99
Chongqing Tongyao Transportation Equipment Co.	265.99
CRRC Qiqihar Co., Ltd.	265.99
NanJing Zhongsheng Rolling Stock Components Co. Ltd.	265.99
Ningbo Minghui Metal Technology Co., Ltd.	265.99
Qingdao Lianshan Casting Co., Ltd.	265.99
Qingdao Sanheshan Precision Casting Co., Ltd.	265.99
Shaanxi Haiduo Railway Technology Development Co., Ltd.	265.99
Shanghai Voith Xiagujin Chuang Coupler Technology Co., Ltd.	265.99
All Others	265.99

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<sup>5</sup> See section 706(a)(3) of the Act.

## Provisional Measures

Section 703(d) of the Act states that suspension of liquidation instructions issued pursuant to an affirmative preliminary determination may not remain in effect for more than four months. Commerce published its *Preliminary Determination* on March 3, 2023.<sup>6</sup> Therefore, the provisional measures period, beginning on the date of publication of the *Preliminary Determination*, ended on June 30, 2023. Pursuant to section 707(b) of the Act, the collection of cash deposits at the rates listed above will begin on the date of publication of the ITC's final affirmative injury determinations.

Therefore, in accordance with section 703(d) of the Act, Commerce will instruct CBP to terminate the suspension of liquidation and to liquidate, without regard to countervailing duties, unliquidated entries of freight rail couplers from China entered, or withdrawn from warehouse, for consumption after June 30, 2023, the date on which the provisional measures expired, through July 6, 2023, the day preceding the date of publication of the ITC's final injury determination in the *Federal Register*.<sup>7</sup> Suspension of liquidation will resume on the date of publication of the ITC's final affirmative injury determination in the *Federal Register*.

## Critical Circumstances

With regard to the ITC's negative critical circumstances determination on imports of freight rail couplers from China,<sup>8</sup> Commerce intends to instruct CBP to lift suspension and to refund any cash deposits made to secure the payment of estimated countervailing duties with respect to entries of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after December 3, 2022 (*i.e.*, 90 days prior to the date of the publication of the *Preliminary Determination*), but before March 3, 2023 (*i.e.*, the date of publication of the *Preliminary Determination*).

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<sup>6</sup> See *Preliminary Determination*.

<sup>7</sup> See *Certain Freight Rail Couplers and Parts Thereof from China*, 88 FR 43398 (July 7, 2023).

<sup>8</sup> *Id.*

## Establishment of the Annual Inquiry Service List

On September 20, 2021, Commerce published the *Final Rule* in the *Federal Register*.<sup>9</sup> On September 27, 2021, Commerce also published the *Procedural Guidance* in the *Federal Register*.<sup>10</sup> The *Final Rule* and *Procedural Guidance* provide that Commerce will maintain an annual inquiry service list for each order or suspended investigation, and any interested party submitting a scope ruling application or request for circumvention inquiry shall serve a copy of the application or request on the persons on the annual inquiry service list for that order, as well as any companion order covering the same merchandise from the same country of origin.<sup>11</sup>

In accordance with the *Procedural Guidance*, for orders published in the *Federal Register* after November 4, 2021, Commerce will create an annual inquiry service list segment in Commerce's online e-filing and document management system, Antidumping and Countervailing Duty Electronic Service System (ACCESS), available at <https://access.trade.gov/>, within five business days of publication of the notice of the order. Each annual inquiry service list will be saved in ACCESS, under each case number, and under a specific segment type called "AISL-Annual Inquiry Service List."<sup>12</sup>

Interested parties who wish to be added to the annual inquiry service list for an order must submit an entry of appearance to the annual inquiry service list segment for the order in ACCESS within 30 days after the date of publication of the order. For ease of administration, Commerce requests that law firms with more than one attorney representing interested parties in an order designate a lead attorney to be included on the annual inquiry service list. Commerce will finalize the annual inquiry service list within five business days thereafter. As mentioned in

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<sup>9</sup> See *Regulations to Improve Administration and Enforcement of Antidumping and Countervailing Duty Laws*, 86 FR 52300 (September 20, 2021) (*Final Rule*).

<sup>10</sup> See *Scope Ruling Application; Annual Inquiry Service List; and Informational Sessions*, 86 FR 53205 (September 27, 2021) (*Procedural Guidance*).

<sup>11</sup> *Id.*

<sup>12</sup> This segment will be combined with the ACCESS Segment Specific Information (SSI) field, which will display the month in which the notice of the order or suspended investigation was published in the *Federal Register*, also known as the anniversary month. For example, for an order under case number A-000-000 that was published in the *Federal Register* in January, the relevant segment and SSI combination will appear in ACCESS as "AISL-January Anniversary." Note that there will be only one annual inquiry service list segment per case number, and the anniversary month will be pre-populated in ACCESS.

the *Procedural Guidance*, the new annual inquiry service list will be in place until the following year, when the *Opportunity Notice* for the anniversary month of the order is published.

Commerce may update an annual inquiry service list at any time as needed based on interested parties' amendments to their entries of appearance to remove or otherwise modify their list of members and representatives, or to update contact information. Any changes or announcements pertaining to these procedures will be posted to the ACCESS website at <https://access.trade.gov>.

#### Special Instructions for Petitioners and Foreign Governments

In the *Final Rule*, Commerce stated that, “after an initial request and placement on the annual inquiry service list, both petitioners and foreign governments will automatically be placed on the annual inquiry service list in the years that follow.”<sup>13</sup> Accordingly, as stated above, the petitioner and the Government of China should submit their initial entry of appearance after publication of this notice in order to appear in the first annual inquiry service list for this order. Pursuant to 19 CFR 351.225(n)(3), the petitioner and the Government of China will not need to resubmit their entries of appearance each year to continue to be included on the annual inquiry service list. However, the petitioner and the Government of China are responsible for making amendments to their entries of appearance during the annual update to the annual inquiry service list in accordance with the procedures described above.

#### Notification to Interested Parties

This notice constitutes the CVD order with respect to freight rail couplers from China pursuant to section 706(a) of the Act. Interested parties can find a list of duty orders currently in effect at <https://enforcement.trade.gov/stats/iastats1.html>.

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<sup>13</sup> See *Final Rule*, 86 FR at 52335.

This CVD order is published in accordance with section 706(a) of the Act and 19 CFR 351.211(b).

Dated: July 7, 2023.

**Lisa W. Wang,**

*Assistant Secretary*

*for Enforcement and Compliance.*

## Appendix

### Scope of the Order

The merchandise covered by the order is certain freight railcar couplers (also known as “fits” or “assemblies”) and parts thereof. Freight railcar couplers are composed of two main parts, namely knuckles and coupler bodies but may also include other items (*e.g.*, coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors). The parts of couplers that are covered by the order include: (1) E coupler bodies, (2) E/F coupler bodies, (3) F coupler bodies, (4) E knuckles, and (5) F knuckles, as set forth by the Association of American Railroads (AAR). The freight rail coupler parts (*i.e.*, knuckles and coupler bodies) are included within the scope of the order when imported separately. Coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors are covered merchandise when imported in an assembly but are not covered by the scope when imported separately.

Subject freight railcar couplers and parts are included within the scope whether finished or unfinished, whether imported individually or with other subject or nonsubject parts, whether assembled or unassembled, whether mounted or unmounted, or if joined with nonsubject merchandise, such as other nonsubject parts or a completed railcar. Finishing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, machining, and assembly of various parts. When a subject coupler or subject parts are mounted on or to other nonsubject merchandise, such as a railcar, only the coupler or subject parts are covered by the scope.

The finished products covered by the scope of the order meet or exceed the AAR specifications of M-211, “Foundry and Product Approval Requirements for the Manufacture of Couplers, Coupler Yokes, Knuckles, Follower Blocks, and Coupler Parts” and/or AAR M-215 “Coupling Systems,” or other equivalent domestic or international standards (including any revisions to the standard(s)).

The country of origin for subject couplers and parts thereof, whether fully assembled, unfinished or finished, or attached to a railcar, is the country where the subject coupler parts were cast or forged. Subject merchandise includes coupler parts as defined above that have been further processed or further assembled, including those coupler parts attached to a railcar in third countries. Further processing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, painting, coating, priming, machining, and assembly of various parts. The inclusion, attachment, joining, or assembly of nonsubject parts with subject parts or couplers either in the country of manufacture of the in-scope product or in a third country does not remove the subject parts or couplers from the scope.

The couplers that are the subject to the order are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting number 8607.30.1000. Unfinished subject merchandise may also enter under HTSUS statistical reporting number 7326.90.8688. Subject merchandise attached to finished railcars may also enter under HTSUS statistical reporting numbers 8606.10.0000, 8606.30.0000, 8606.91.0000, 8606.92.0000, 8606.99.0130, 8606.99.0160, or under subheading 9803.00.50. Subject merchandise may also be imported under HTSUS statistical reporting number 7325.99.5000. These HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of the order is dispositive.