

DEPARTMENT OF COMMERCE

International Trade Administration

[C-475-837]

Countervailing Duty Investigation of Carbon and Alloy Steel Wire Rod From Italy: Final Affirmative 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 wire rod (wire rod) from Italy. The period of investigation is January 1, 2016, through December 31, 2016. For information on the estimated subsidy rates, see the “*Final Determination and Suspension of Liquidation*” section of this notice.

DATES: Applicable March 28, 2018.

FOR FURTHER INFORMATION CONTACT: Yasmin Bordas, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone (202) 482-3813.

SUPPLEMENTARY INFORMATION:**Background**

On September 5, 2017, Commerce published the *Preliminary Determination*.¹ 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, which is hereby adopted by this notice.² 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 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 Issues and Decision Memorandum can be accessed directly at <http://>

¹ See *Carbon and Alloy Steel Wire Rod from Italy: Preliminary Affirmative Countervailing Duty Determination*, 82 FR 41931 (September 5, 2017) (*Preliminary Determination*).

² See Memorandum, “Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Carbon and Alloy Steel Wire Rod from Italy,” dated concurrently with this determination and hereby adopted by this notice (Issues and Decision Memorandum).

enforcement.trade.gov/frn/. The signed Issues and Decision Memorandum and the electronic version are identical in content.

Scope of the Investigation

The product covered by this investigation is wire rod from Italy. For a complete description of the scope of this investigation, see Appendix I.

Scope Comments

We invited parties to comment on Commerce’s Preliminary Scope Memorandum.³ Commerce reviewed the briefs submitted by interested parties, considered the arguments therein, and determined not to make any changes to the scope of the investigation. For further discussion, see Commerce’s Final Scope Decision Memorandum.⁴

Methodology

Commerce is conducting this countervailing duty (CVD) investigation in accordance with section 701 of the Tariff Act of 1930, as amended (Act). For each of the subsidy programs found to be countervailable, we determine that there is a subsidy (*i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient) and that the subsidy is specific. For a full description of the methodology underlying our final determination, see the Issues and Decisions Memorandum.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs submitted by the parties, are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

Verification

As provided in section 782(i) of the Act, in January 2018, we conducted verification of the questionnaire responses submitted by Ferriere Nord S.p.A. and the Government of Italy.

³ See Memorandum, “Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, the Republic of Turkey, Ukraine, the United Arab Emirates, and the United Kingdom: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated August 7, 2017, and filed to ACCESS on August 7, 2017.

⁴ See Memorandum, “Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, the Republic of Turkey, Ukraine, the United Arab Emirates, and the United Kingdom: Final Scope Memorandum” (Final Scope Decision Memorandum), dated November 20, 2017.

We issued verification reports on February 8, 2018.⁵ We used standard verification procedures, including an examination of relevant accounting and financial records, and original source documents provided by Ferriere Nord S.p.A.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, and minor corrections presented at verification, we made certain changes to the respondents’ subsidy rate calculations since the *Preliminary Determination*. For a discussion of these changes, see the Issues and Decision Memorandum and the Final Calculation Memorandum.⁶

Adverse Facts Available (AFA)

For purposes of this final determination, we relied on facts available, and because mandatory respondent Ferriera Valsider S.p.A. (Ferriera Valsider) did not act to the best of its ability in responding to Commerce’s requests for information, we drew an adverse inference, where appropriate, in selecting from among the facts otherwise available.⁷ The subsidy rate for Ferriera Valsider is based totally on adverse facts available (AFA). A full discussion of our decision to rely on adverse facts available is presented in the “Use of Facts Otherwise Available and Adverse Inferences” section of the Issues and Decisions Memorandum.

Final Determination

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated an individual rate for each producer/exporter of the subject merchandise individually investigated.

In accordance with section 705(c)(5)(A) of the Act, for companies not individually investigated, we apply an “all-others” rate, which is normally calculated by weighting the subsidy rates of the individual companies selected as mandatory respondents by those companies’ exports of the subject merchandise to the United States. Under

⁵ See Commerce Memoranda, “Countervailing Duty Investigation: Carbon and Alloy Steel Wire Rod from Italy: Verification of the Questionnaire Responses of Ferriere Nord S.p.A., Acciaierie di Verona S.p.A. (AdV), SIAT S.p.A. (SIAT) and FIN FER S.p.A. (FIN FER),” (Ferriere Nord Verification Report) and “Countervailing Duty Investigation: Carbon and Alloy Steel Wire Rod from Italy: Verification of the Questionnaire Responses of the Government of Italy,” (Government of Italy Verification Report), both dated February 8, 2018.

⁶ See Memorandum, “Countervailing Duty Investigation of Carbon and Alloy Steel Wire Rod from Italy: Ferriere Nord S.p.A. Final Calculation Memorandum,” dated March 19, 2018.

⁷ See sections 776(a) and (b) of the Act.

section 705(c)(5)(A)(i) of the Act, the “all-others” rate excludes zero and *de minimis* rates calculated for the exporters and producers individually investigated as well as rates based entirely on facts otherwise available. Where the rates for the individually investigated companies are all zero or *de minimis*, or determined entirely using facts otherwise available, section 705(c)(5)(A)(ii) of the Act instructs Commerce to establish an “all-others” rate using “any reasonable method.”

Pursuant to section 705(c)(5)(A)(i) of the Act, we have calculated the “all-others” rate using the subsidy rate of Ferriere Nord, the only mandatory respondent not receiving a subsidy rate based totally on section 776 of the Act. In this investigation, Commerce assigned a rate based entirely on facts available to Ferriera Valsider. Therefore, the only rate that is not zero, *de minimis*, or based entirely on facts otherwise available, is the rate calculated for Ferriere Nord. Consequently, and consistent with Commerce’s practice, the rate calculated for Ferriere Nord is also assigned as the rate for all-other producers and exporters.

Company	Subsidy rate (percent)
Ferriere Nord S.p.A. ⁸	4.16
Ferriera Valsider S.p.A.	44.18
All-Others	4.16

Disclosure

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

Suspension of Liquidation

As a result of our affirmative *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of merchandise under consideration from Italy that were entered or withdrawn from warehouse, for consumption, on or after September 5, 2017, the date of publication of the *Preliminary Determination* in the **Federal Register**. In accordance with section 703(d) of the Act, effective January 3, 2018, we instructed CBP to discontinue the suspension of

liquidation of all entries at that time, but to continue the suspension of liquidation of all entries from August 5, 2017, through January 2, 2018.

If the U.S. International Trade Commission (the ITC) issues a final affirmative injury determination, we will issue a CVD order, will reinstate the suspension of liquidation under section 706(a) of the Act, and will require a cash deposit of estimated CVDs 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 estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our 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 Administrative Protective Orders (APO)

In the event the ITC issues a final negative injury determination, this notice 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(a)(3). 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 the terms of an APO is a sanctionable violation.

Return or Destruction of Proprietary Information

In the event the ITC issues a final negative injury determination, this notice 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(a)(3). 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 violation subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: March 19, 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

Scope of the Investigation

The products covered by this investigation are certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, less than 19.00 mm in actual solid cross-sectional diameter. Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high-nickel steel; (d) ball bearing steel; or (e) concrete reinforcing bars and rods. Also excluded are free cutting steel (also known as free machining steel) products (*i.e.*, products that contain by weight one or more of the following elements: 0.1 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorous, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium). All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.

The products under investigation are currently classifiable under subheadings 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3093, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6030, and 7227.90.6035 of the HTSUS. Products entered under subheadings 7213.99.0090 and 7227.90.6090 of the HTSUS also may be included in this scope if they meet the physical description of subject merchandise above. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Scope Comments
- V. Subsidies Valuation Information
- VI. Benchmarks and Discount Rates
- VII. Use of Facts Otherwise Available and Adverse Inferences
- VIII. Analysis of Programs
- IX. Analysis of Comments
 - Comment 1: Whether Commerce Should Countervail SIAT’s Exemptions From General Electricity Network Costs

⁸ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Ferriere Nord: FIN FER S.p.A.; Acciaierie di Verona S.p.A.; and SIAT S.p.A.

Comment 2: Whether the Energy Interruptibility Contract Is a Countervailable Subsidy
 Comment 3: Whether the Purchase of Electricity Through Interconnectors Are Countervailable Subsidies
 Comment 4: Selection of Benchmark To Value Purchases of Electricity Through Interconnectors
 Comment 5: How To Calculate the Benefit for Electricity Purchased Through Interconnectors
 Comment 6: Whether Commerce Should Implement Verification Findings To Make Corrections to Ferriere Nord's Sales Denominator and the Numerator Used in the Interruptibility Contract Subsidy Calculation
 Comment 7: Whether Commerce Should Countervail the Provision of Electricity Interconnector Rights
 Comment 8: Whether Commerce Should Countervail Excise Tax Exemptions
 Comment 9: Whether Commerce Should Apply AFA to Ferriere Valsider

X. Recommendation

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-064]

Stainless Steel Flanges From People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value

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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that stainless steel flanges from People's Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV) during the period of investigation (POI) January 1, 2017, through June 30, 2017.

DATES: Applicable March 28, 2018.

FOR FURTHER INFORMATION CONTACT: Trenton Duncan or Carrie Bethea, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-3539 or (202) 482-1491, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation

on September 11, 2017.¹ On January 9, 2018, Commerce postponed the preliminary determination of this investigation.² Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20 through 22, 2018.³ If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. The revised deadline for the preliminary determination of this investigation is now March 19, 2018.

For a complete description of the events that followed the initiation of this investigation, see the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to 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 <https://access.trade.gov>, and 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 at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are stainless steel flanges from China. For a complete description of the scope of this investigation see Appendix I to this notice.

¹ See *Stainless Steel Flanges from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 42649 (September 11, 2017) (*Initiation Notice*).

² See *Stainless Steel Flanges from India and the People's Republic of China: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 83 FR 1025 (January 9, 2018).

³ See Memorandum, for The Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

⁴ See Memorandum, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Stainless Steel Flanges from People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (scope).⁶ No interested party commented on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*. See the scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Pursuant to section 776(a) and (b) of the Act, Commerce preliminarily has relied upon facts otherwise available, with adverse inferences, for mandatory respondent, Shanxi Guanjiaying Flange Forging Group Co., Ltd (GJY). Hydro-Fluids Controls Limited (HFC), Songhai Flange Manufacturing Co., Ltd (Songhai), and Dongtai QB Stainless Steel Co., Ltd (Dongtai) were also selected as mandatory respondents, however, these companies withdrew from participation in this investigation and did not respond to our requests for information. Therefore, HFC, Songhai, and Dongtai have not demonstrated their eligibility for a separate rate and Commerce considers them to be part of the China-wide entity. For a full description of the methodology underlying Commerce's preliminary determination, see the Preliminary Decision Memorandum.

Combination Rates

In the *Initiation Notice*,⁷ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.⁸ Because Commerce used total facts otherwise available with adverse inferences in determining the rate for the only respondent that demonstrated eligibility for a separate rate in this investigation, GJY, Commerce did not calculate producer/exporter combination rates for that company.

⁵ See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997).

⁶ See *Initiation Notice*.

⁷ See *Initiation Notice* at 42652-53.

⁸ See Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's website at <http://enforcement.trade.gov/policy/bull05-1.pdf>.