



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
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Investigation
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AD/CVD III: BDK

December 11, 2013

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Gary Taverman
Senior Advisor
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Determination in the
Countervailing Duty Investigation on Steel Threaded Rod from
India

I. SUMMARY

The Department of Commerce (“Department”) preliminarily determines that countervailable subsidies are being provided to producers and exporters of steel threaded rod in India, as provided in section 703 of the Tariff Act of 1930, as amended (“the Act”).

II. BACKGROUND

A. Initiation and Case History

On June 27, 2013, All America Threaded Products Inc.; Bay Standard Manufacturing Inc.; and Vulcan Threaded Products (“Petitioners”) filed a petition with the Department seeking the imposition of countervailing duties (“CVDs”) on steel threaded rod from India. Supplements to the petition are described in the Initiation Checklist.¹ On July 17, 2013, the Department initiated a CVD investigation on steel threaded rod from India.²

In the *Initiation Notice*, we stated that we intended to base our selection of mandatory respondents on U.S. Customs and Border Protection (“CBP”) entry data for the Harmonized

¹ See “Countervailing Duty Investigation Initiation Checklist: Steel Threaded Rod from India,” dated July 17, 2013. (“Initiation Checklist”).

² See *Steel Threaded Rod from India: Initiation of Countervailing Duty Investigation*, 78 FR 44532 (July 24, 2013) (“Initiation Notice”).



Tariff Schedule of the United States (“HTSUS”) subheading listed in the scope of the investigation. On July 22, 2013, the Department released the CBP entry data under administrative protective order (“APO”).³

We received respondent selection comments from Petitioners.⁴ On August 22, 2013, we selected Mangal Steel Enterprises Ltd. (“Mangal Steel”) and Babu Exports (“Babu”) as mandatory respondents.⁵ The Department issued CVD questionnaires seeking information regarding the alleged subsidies on September 6, 2013⁶ and on September 19, 2013.⁷

We received responses to our questionnaires from the Government of India (“GOI”) on October 22, 2013, and from Mangal Steel on November 4, 2013.⁸ We did not receive a response from Babu. We sent supplemental questionnaires on November 8, 2013, November 15, 2013, and November 22, 2013.⁹ Responses to the supplemental questionnaires were received from the GOI on November 18, 2013 and November 27, 2013;¹⁰ and Mangal Steel on November 25, 2013.¹¹

Extension of Preliminary Deadline: On September 3, 2013, Petitioners requested that the deadline for the preliminary determination be extended until no later than 130 days after the initiation of the investigation. The Department granted Petitioners’ extension request and on September 12, 2013, postponed the preliminary determination until November 25, 2013, in accordance with section 703(c)(1)(A) of the Act and 19 CFR 351.205(b)(2).¹² On October 18, 2013, the Department tolled all deadlines for the duration of the closure of the Federal Government (*i.e.*, 16 days) and revised the deadline for the preliminary determination to December 11, 2013.¹³

³ See Memorandum to the File regarding, “Release of Customs and Border Protection (“CBP”) Data,” dated July 22, 2013.

⁴ See Letter from Petitioners to the Department, “Countervailing Duty Investigation—Petitioners’ Comments on Respondent Selection,” dated July 31, 2013.

⁵ See Department Memorandum, “Selection of Respondents for the Countervailing Duty Investigation on Steel Threaded Rod from India,” dated August 22, 2013. As explained in that memorandum, when faced with a large number of producers/exporters, the Department may determine that it is not practicable to examine all companies. In these circumstances, section 777A(e)(2)(A)(ii) of the Act and 19 CFR 351.204(c) give the Department discretion to limit its examination to a reasonable number of the producers/exporters accounting for the largest volume of the subject merchandise.

⁶ See Letter from the Department to the Government of India (“GOI”), “Investigation/India/Steel Threaded Rod: Countervailing Duty Questionnaire,” dated September 6, 2013.

⁷ See Letter from the Department to the GOI dated September 19, 2013.

⁸ See questionnaire response from the GOI dated October 21, 2013 (“GQR”) and questionnaire response from Mangal Steel dated November 4, 2013 (“MSQR”).

⁹ See supplemental questionnaire to the GOI dated November 8, 2013 (“G1SQ”); the supplemental questionnaire to Mangal Steel (“MS1SQ”) dated November 15, 2013; and the supplemental questionnaire to the GOI dated November 22, 2013 (“G2SQ”).

¹⁰ See supplemental questionnaire responses from the GOI dated November 18, 2013 (“G1SQR”), and November 27, 2013 (“G2SQR”).

¹¹ See supplemental questionnaire response from Mangal Steel dated November 25, 2013 (“MS1SQR”).

¹² See *Steel Threaded Rod from India: Postponement of Preliminary Determination of Countervailing Duty Investigation*, 78 FR 56217 (September 12, 2013).

¹³ See Department Memorandum, “Deadlines Affected by the Shutdown of the Federal Government,” dated October 18, 2013.

B. Period of Investigation

The period of investigation (“POI”) is January 1, 2012, through December 31, 2012.

III. SCOPE COMMENTS

In accordance with the preamble to the Department’s regulations, we set aside a period of time in our *Initiation Notice* for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of that notice.¹⁴ We did not receive any comments.

IV. SCOPE OF THE INVESTIGATION

The merchandise covered by this investigation is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. 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 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.

Included in the scope of this investigation are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.012 percent of boron, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

¹⁴ See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997); see also *Initiation Notice*.

Steel threaded rod is currently classifiable under subheadings 7318.15.5051, 7318.15.5056, 7318.15.5090 and 7318.15.2095 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Excluded from the scope of this investigation are: (a) 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 length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, and ASTM A320 Grade L7.

V. INJURY TEST

Because India is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (“ITC”) is required to determine whether imports of subject merchandise from India materially injure, or threaten material injury to, a U.S. industry. On August 12, 2013, the ITC determined that there is reasonable indication that an industry in the United States is materially injured by reason of imports of steel threaded rod from India.¹⁵

VI. SUBSIDIES VALUATION

A. Allocation Period

The Department normally allocates the benefits from non-recurring subsidies over the average useful life (“AUL”) of renewable physical assets used in the production of subject merchandise. The Department finds the AUL in this proceeding to be 12 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service’s 1977 Class Life Asset Depreciation Range System.¹⁶ The Department notified the respondents of the 12-year AUL in the initial questionnaire and requested data accordingly. No party in this proceeding has disputed the allocation period.

Furthermore, for non-recurring subsidies, we have applied the “0.5 percent test,” as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the same year. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than across the AUL.

B. Attribution of Subsidies

Cross-Ownership: In accordance with 19 CFR 351.525(b)(6)(i), the Department normally attributes a subsidy to the products produced by the company that received the subsidy.

¹⁵ See *Certain Steel Threaded Rod from India and Thailand: Investigation Nos. 701 TA-498 and 731-TA-1213-1214 (Preliminary)* (August 2013); *Certain Steel Threaded Rod from India and Thailand*, 78 FR 66382 (November 5, 2013).

¹⁶ See U.S. Internal Revenue Service Publication 946 (2008), “How to Depreciate Property,” at Table B-2: Table of Class Lives and Recovery Periods.

However, 19 CFR 351.525(b)(6)(ii)-(v) provides additional rules for the attribution of subsidies received by respondents with cross-owned affiliates. Subsidies to the following types of cross-owned affiliates are covered in these additional attribution rules: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the production of the downstream product; or (v) an affiliate producing non-subject merchandise that otherwise transfers a subsidy to a respondent.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This section of the Department's regulations states that this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. The preamble to the Department's regulations further clarifies the Department's cross-ownership standard. According to the preamble, relationships captured by the cross-ownership definition include those where:

the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.¹⁷

Thus, the Department's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade ("CIT") has upheld the Department's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.¹⁸

In comments filed with the Department prior to the preliminary determination, Petitioners contend that Mangal Steel and Corona Steel Industry Pvt. Ltd. ("Corona") are affiliated and cross-owned with one another by virtue of familial relations that exist between the firms.¹⁹

Petitioners are correct in noting that familial relations exist between Mangal Steel and Corona. For this reason, we find that under section 771(33)(A) of the Act, affiliation exists between these two firms. However, as indicated by the CVD regulations, mere affiliation is not a sufficient basis to find that firms are cross-owned. The Preamble states that affiliation "clearly differs" from the cross-ownership standard.²⁰

¹⁷ See *Countervailing Duty Regulations*, 63 FR 65348, 65401 (November 25, 1998) ("*Countervailing Duties*").

¹⁸ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

¹⁹ See Petitioners' letter regarding: Countervailing Duty Investigation of Steel Threaded Rod from India- Petitioners' Deficiency Comments on Response of Mangal Steel to First Supplemental Countervailing Duty Questionnaire, dated December 4, 2013 at 2.

²⁰ See *Countervailing Duties*, 63 FR at 65401.

The Preamble further states that:

...we simply do not find the affiliation standard to be a helpful basis for attributing subsidies. Nowhere in the Statement of Administrative Action (SAA) is there any indication that the affiliated party definition was intended to be used for subsidy attribution purposes. Rather, it identifies the broadest category of relationships which might be relevant to either an antidumping or a countervailing duty analysis... we do not intend to investigate subsidies to affiliated parties unless cross-ownership exists or other information, such as a transfer of subsidies, indicates that such subsidies may in fact benefit the subject merchandise produced by the corporation under investigation.²¹

Rather, to determine whether firms are cross-owned, we turn to the definition of cross-ownership as provided under 19 CFR 351.525(b)(6)(vi). The regulation states that cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This regulation states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations.

Based on the information on the record of the investigation, there is no equity ownership or common directorship between Mangal Steel and Corona. Furthermore, there is no sharing of proprietary sales or production data between the two companies and the production processes of each company are entirely independent. The operations of the two companies are not intertwined and there is no common managerial employees or Board members between Mangal and Corona. Finally, there are no transactions of sales, purchases or services between the two companies. Thus, we determine that there is no evidence indicating that the two firms, Mangal Steel and Corona, have the ability to direct the individual assets of one another as if they were their own. Therefore, we preliminarily determine that the threshold for finding cross-ownership among these firms, as described under 19 CFR 351.525(b)(6)(vi), does not exist.

Denominators: In accordance with 19 CFR 351.525(b), the Department considers the basis for the respondents' receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondents' export or total sales. The denominators we used to calculate the countervailable subsidy rates for the various subsidy programs described below are explained in the "Preliminary Calculation Memoranda" prepared for this investigation.²²

C. Benchmarks and Discount Rates

We are investigating loans that the respondents received under the Pre- and Post- Export Financing programs, unfulfilled export obligations under the Export Promotion Capital Goods

²¹ *Id.*

²² See "Countervailing Duty Investigation of Steel Threaded Rod from India: Mangal Steel Preliminary Calculation Memorandum," dated concurrently with this memorandum ("Mangal Steel Preliminary Calculation Memo"); see also Department Memorandum, "AFA Calculation Memorandum for the Preliminary Determination," dated concurrently with this memorandum.

program that the Department treats as loans, and non-recurring, allocable duty waivers under the same program (*see* 19 CFR 351.524(b)(1)). In the section below, we discuss the derivation of the benchmarks and discount rates for measuring the benefit from the loans and non-recurring, allocable grants.

For programs requiring the application of a benchmark interest rate or a discount rate, 19 CFR 351.505(a)(1) states a preference for using an interest rate that the company could have obtained on a comparable loan in the commercial market. Also, 19 CFR 351.505(a)(3)(i) stipulates that when selecting a comparable commercial loan that the recipient could actually obtain on the market, the Department will normally rely on actual short-term and long-term loans obtained by the firm. However, when there are no comparable commercial loans, the Department may use a national average interest rate, pursuant to 19 CFR 351.505(a)(3)(ii). In addition, 19 CFR 351.505(a)(2)(ii) states that the Department will not consider a loan provided by a government-owned special purpose bank for purposes of calculating benchmark rates.²³

Short-Term and Long-Term Rupee Denominated Loans

Based on Mangal Steel's responses, we preliminarily determine that Mangal Steel did not take out comparable rupee-denominated short-term or long-term loans from commercial banks in the years for which we must calculate benchmark and discount rates. Therefore, pursuant to 19 CFR 351.505(a)(3)(ii), we are preliminarily using national average interest rates. Specifically, we used national average interest rates from the International Monetary Fund's International Financial Statistics ("IFS") as benchmark rates for rupee-denominated short-term and long-term loans. We preliminarily find that the IFS rates provide a reasonable representation of both short-term and long-term interest rates for rupee-denominated loans. Further, the record has no other information on either short-term or long-term rupee-denominated loans.

Short-Term and Long-Term U.S. Dollar Denominated Loans

As part of the Export Financing program, we are examining short-term loans that Mangal Steel received in U.S. dollars. When loans are denominated in a foreign currency, 19 CFR 351.505(a)(2)(i) directs us to use a benchmark denominated in the same foreign currency as the loan. Mangal Steel did not report dollar-denominated loans that we can use as company-specific benchmarks. For U.S. dollar-denominated short-term loans provided under the Export Financing program, we used as our benchmark annual average dollar-denominated short-term lending rates for the United States, as reported in the IFS.

Discount Rates

For allocating the benefit from non-recurring grants under the Export Promotion Capital Goods program, we have used the long-term rupee-denominated interest rates described above for the

²³ See, e.g., *Certain Frozen Warmwater Shrimp from India: Final Affirmative Countervailing Duty Determination*, 78 FR 50385 (August 19, 2013) ("*Shrimp from India*"), and accompanying Issues and Decision Memorandum, at "Benchmark and Discount Rates" section.

year in which the government agreed to provide the subsidy, consistent with 19 CFR 351.524(d)(3)(i)(A).²⁴

VII. Alignment of Final Determination

On July 29, 2013, the Department initiated an antidumping (“AD”) investigation concurrent with this CVD investigation of steel threaded rod.²⁵ The scope of the merchandise being covered is the same for both the AD and CVD investigations. On December 11, 2013, Petitioners submitted a letter, in accordance with section 705(a)(1) of the Act, requesting alignment of the final CVD determination with the final determination in the companion AD investigation.²⁶ Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued on April 28, 2014.

VIII. Use of Facts Otherwise Available

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply “facts otherwise available” if, *inter alia*, necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department “shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority” if the information is timely, can be verified, is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties.

Section 776(b) of the Act provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Section 776(b) of the Act also authorizes the Department to use as adverse facts available (“AFA”) information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

²⁴ See Mangal Steel Preliminary Calculation Memo.

²⁵ See *Steel Threaded Rod from India and Thailand: Initiation of Antidumping Duty Investigations*, 78 FR 44526 (July 24, 2013).

²⁶ See Letter from Petitioners, “*Countervailing Duty Investigation (“CVD”) of Steel Threaded Rod from India – Request to Align Final CVD Determination with Antidumping Investigation*,” dated December 11, 2013.

For the reasons explained below, the Department preliminarily determines that application of facts other available is warranted and that an adverse inference is warranted, pursuant to section 776(b) of the Act because, by not responding to our requests for information, Babu failed to cooperate by not acting to the best of their ability.

Babu

Babu did not provide any of the information requested by the Department that is necessary to determine a CVD rate for this preliminary determination. Specifically, Babu did not respond to the Department's September 6, and 19, 2013, questionnaires. As a result, we have none of the required data necessary to calculate a subsidy rate for Babu. Accordingly, in reaching our preliminary determination, pursuant to section 776(a)(2)(A) and (C) of the Act, we have based Babu's CVD rate on facts otherwise available.

The Department has determined that an adverse inference is warranted, pursuant to section 776(b) of the Act because, by not responding to our questionnaire, Babu failed to cooperate by not acting to the best of its ability. Accordingly, our preliminary determination is based on AFA.

Selection of the Adverse Facts Available Rate

In deciding on which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. The Department's practice when selecting an adverse rate from among the possible sources of information is to ensure that the rate is sufficiently adverse "as to effectuate the purpose of the facts available role to induce respondents to provide the Department with complete and accurate information in a timely manner."²⁷ The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."²⁸

In assigning net subsidy rates for each of the programs for which specific information was required from Babu, we were guided by the Department's approach in prior India CVD reviews as well as recent CVD investigations involving the People's Republic of China.²⁹

It is the Department's practice in CVD proceedings to select, as AFA, the highest calculated program-specific rates determined in the instant investigation, or if not available, rates calculated

²⁷ See *Notice of Final Determination of Sales at Less than Fair Value: Static Random Access Memory Semiconductors From Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

²⁸ See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 316, 103d Cong., 2d Session (1994) ("SAA"), at 870.

²⁹ See, e.g., *Certain Hot-Rolled Carbon Steel Flat Products from India: Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 74 FR 20923 (May 6, 2009), and accompanying Issues and Decision Memorandum at "SGOC Industrial Policy 2004-2009" section; see also *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 4936 (January 28, 2009), and accompanying Issues and Decision Memorandum at "Application of Facts Available and Use of Adverse Inferences" section.

in prior CVD cases involving the same country.³⁰ Thus, under this practice, for investigations involving India, the Department computes the total AFA rate for non-cooperating companies generally using program-specific rates calculated for the cooperating respondents in the instant investigation or calculated in prior India CVD cases. Specifically, for programs other than those involving income tax exemptions and reductions, the Department applies the highest calculated rate for the identical program in the investigation if a responding company used the identical program, and the rate is not zero. If there is no identical program within the investigation, or if the rate is zero, the Department uses the highest non-*de minimis* rate calculated for the same or similar program (based on treatment of the benefit) in another India CVD proceeding. Absent an above-*de minimis* subsidy rate calculated for the same or similar program, the Department applies the highest calculated subsidy rate for any program otherwise listed that could conceivably be used by the non-cooperating companies.³¹

For a discussion of the application of the individual AFA rates for the programs under investigation, *see* the “Preliminary AFA Rates Determined for Programs Used by Babu” section, below.

Corroboration of Secondary Information

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”³² The SAA provides that to “corroborate” secondary information, the Department will satisfy itself that the secondary information to be used has probative value.³³ The Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information.³⁴

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. The Department will not use information where circumstances indicate that the information is not appropriate as

³⁰ See, e.g., *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), and accompanying Issues and Decision Memorandum at “Selection of the Adverse Facts Available.”

³¹ See, e.g., *Lightweight Thermal Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008), and accompanying Issues and Decision Memorandum at “Selection of the Adverse Facts Available Rate.”

³² See SAA at 870.

³³ *Id.*

³⁴ *Id.*, at 869-870.

AFA.³⁵ In the instant case, no evidence has been presented or obtained that contradicts the relevance of the information relied upon in a prior India CVD proceeding. Therefore, in the instant case, the Department preliminarily finds that the information used has been corroborated to the extent practicable.

IX. ANALYSIS OF PROGRAMS

Based upon our analysis of the record and the responses to our questionnaires, we preliminarily determine the following.

A. Programs Preliminarily Determined To Be Countervailable

1. Pre- and Post-Shipment Export Financing

During the POI, the GOI provided pre- and post-export financing to make short-term working capital available to exporters at internationally comparable interest rates.³⁶ The financing was denominated in rupees and in foreign currencies.

With respect to the rupee-denominated export financing, the Reserve Bank of India (“RBI”) previously capped the interest rate that commercial banks could charge on these loans. However, beginning on July 1, 2010, the RBI eliminated the interest rate cap and allowed participating commercial banks to set the interest rates for these export loans based on the bank’s own operating and lending costs. At the same time, the RBI instituted an interest subvention program for certain exporting companies, including small and medium enterprises.³⁷ Thus, during the POI, the RBI provided a two-percentage point interest subvention on the export loans and required the banks to completely pass on the two percent interest subvention to the SME exporter. For example, if the commercial bank set the interest rate for the export loan at nine percent, the RBI would then provide a two percentage point interest subvention on the loan which would then be passed on to the exporter. Mangal Steel qualified, and received, the interest subvention during the POI.³⁸

We preliminarily determine that rupee-denominated pre- and post- shipment export loans that were eligible for the interest rate subvention confer countervailable subsidies on the subject merchandise because: (1) the provision of the export financing constitutes a financial contribution pursuant to section 771(5)(D)(i) of the Act, as a direct transfer of funds in the form of loans; (2) these loans give rise to a benefit, as described further below, because the interest rates are lower than the interest rates on comparable commercial loans (*see* section 771(5)(E)(ii) of the Act); and (3) these loans are specific under section 771(5A)(A) and (B) of the Act because they are contingent upon export performance.

³⁵ *See, e.g., Fresh Cut Flowers From Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

³⁶ *See* GQR at 6.

³⁷ *Id.*

³⁸ *See* MSQR at 14.

To measure the benefit conferred by the rupee-denominated pre-shipment and post-shipment loans, we compared the amount of interest (net of the interest subvention) the company paid for its loans to the amount of interest it would have paid on a comparable commercial loan, using the benchmarks described above under “Benchmarks and Discount Rates.” We then took the interest savings from these loans and divided by Mangal’s export sales for pre-shipment loans and sales of subject merchandise to the United States for post-shipment loans. Based on this methodology, we preliminarily calculate a countervailable subsidy of 0.25 percent *ad valorem* for Mangal.

With respect to export financing denominated in foreign currencies during part of the POI, the RBI required banks up to May 4, 2012, to fix the rates of interest with reference to ruling LIBOR, EURO LIBOR or EURIBOR, and these rates were subject to caps, with the size of the cap varying depending on the duration of the loan. However, the government changed the manner in which the foreign currency-denominated export loan program operated and effective May 5, 2012, banks were free to determine the interest rate on export loans provided in foreign currencies. Mangal Steel reported receiving both pre- and post-shipment export loans denominated in foreign currencies during the POI.³⁹

Accordingly, we preliminarily determine that pre- and post-shipment export loans that were denominated in foreign currencies confer countervailable subsidies on the subject merchandise because: (1) the provision of the export financing constitutes a financial contribution pursuant to section 771(5)(D)(i) of the Act, as a direct transfer of funds in the form of loans; (2) these loans give rise to a benefit, as described further below, because the interest rates are lower than the interest rates on comparable commercial loans (*see* section 771(5)(E)(ii) of the Act); (3) these loans are specific under sections 771(5A)(A) and (B) of the Act because they are contingent upon export performance.

To measure the benefit conferred by the pre-shipment and post-shipment loans in foreign currencies for the loans approved on or before May 4, 2012, we compared the amount of interest the company paid for these loans to the amount of interest it would have paid on a comparable commercial loan, using the benchmarks described above under “Benchmarks and Discount Rates.” We then took the interest savings from these loans and divided by Mangal’s export sales for pre-shipment loans and sales of subject merchandise to the United States for post-shipment loans. Based on this methodology, we preliminarily calculate a countervailable subsidy of 0.00 percent *ad valorem* for Mangal.

As reported in the instant investigation, and as the Department determined in *Shrimp from India*, the GOI reported that the foreign currency lending program was terminated on May 5, 2012. Specifically, as of that date the RBI is not involved in setting interest rates (caps or floors) for these loans.⁴⁰ Under 19 CFR 351.526(a), the Department is permitted to take account of program-wide changes in setting deposit rates in certain circumstances. When a subsidy program is terminated, 19 CFR 351.526(d) requires that there be no residual benefits and that the government not implement a replacement program for the terminated program. In *Shrimp from India*, the Department determined that there are no residual benefits beyond April 30, 2013 from

³⁹ *Id.*

⁴⁰ *See Shrimp from India*, and accompanying Issues and Decision Memorandum at 18.

the foreign currency export lending program, and that the GOI has not implemented a replacement program.⁴¹ Therefore, consistent with the Department's determination in *Shrimp from India*, we are adjusting the cash deposit rates to exclude the foreign currency denominated export loan benefit.

2. Duty Drawback ("DDB")

This program was not alleged by Petitioners but was discovered during the course of this investigation: Mangal Steel reported receiving duty rebates under this program in response to our request that they report "other subsidies."⁴² Accordingly, we requested the GOI to provide a response with respect to this program.

Section 775 of the Act provides that if the Department "discovers a practice which appears to be a countervailable subsidy, but was not included in the matters alleged in a countervailing duty petition....the administering authority (1) shall include the practice, subsidy, or subsidy program in the proceeding if the practice, subsidy or subsidy program appears to be a countervailable subsidy with respect to the merchandise which is the subject of the proceeding." We are examining programs which operate in a manner similar to DDB (*i.e.*, DEPS). Accordingly, the statute authorizes us to investigate this program.

The GOI explained that the DDB program provides rebates of duties or taxes chargeable on any (a) imported or excisable materials and (b) input services used in the manufacture of export goods.⁴³ Specifically, the duties and tax "neutralized" under the program are the (i) Customs and Union Excise Duties on inputs and (ii) Service Tax in respect of input services.⁴⁴ The duty drawback is generally fixed as a percentage of the FOB price of the exported product.⁴⁵

Import duty exemptions on inputs for exported products are not countervailable so long as the exemption extends only to inputs consumed in the production of the exported product, making normal allowances for waste.⁴⁶ However, the government in question must have in place and apply a system to confirm which inputs are consumed in the production of the exported products, and in what amounts.⁴⁷ This system must be reasonable, effective for the purposes intended, and based on generally accepted commercial practices in the country of export.⁴⁸ If such a system does not exist, or if it is not applied effectively, and the government in question does not carry out an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, the entire amount of any exemption, deferral, remission or drawback is countervailable.⁴⁹

⁴¹ *Id.* at 19.

⁴² *Id.* at 34.

⁴³ See G1SQR at 15-16.

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ See 19 CFR 351.519(a)(1)(ii).

⁴⁷ See *Shrimp from India*, and accompanying Issues and Decision Memorandum at "Duty Drawback (DDB)."

⁴⁸ *Id.*

⁴⁹ See 19 CFR 351.519(a)(4)(i)-(ii).

Regarding its establishment of applicable duty drawback rates, the GOI stated the following:

The rates are determined following a specified procedure that is undertaken by an independent committee appointed by the Government. The committee makes its recommendations after discussions with all stake holders including Export Promotion Councils, Trade Associations, and individual exporters to solicit relevant data, which includes the data on procurement prices of inputs, indigenous as well as imported, applicable duty rates, consumption ratios and GOB values of export products. Corroborating data is also collected from Central Excise and Customs field formations. This data is analyzed and this information is used to form the basis for the rate of Duty Drawback.⁵⁰

We requested that the GOI provide a copy of the recommendations and supporting documents for the drawback rates in effect during the POI; the GOI did not provide the requested documentation.⁵¹ Thus, consistent with *Shrimp from India*, based on the GOI's questionnaire response that lacks the documentation to support that the GOI has a system in place, we preliminarily conclude that the GOI has not supported its claim that its system is reasonable or effective for the purposes intended.⁵²

Accordingly, we preliminarily determine that the DDB confers a countervailable subsidy. Under the DDB, a financial contribution, as defined under 771(5)(D)(ii) of the Act, is provided because rebated duties represent revenue forgone by the GOI. Moreover, as explained above, the GOI has not supported its claim that the DDB system is reasonable and effective in confirming which inputs, and in what amounts, are consumed in the production of the exported product. Therefore, under 19 CFR 351.519(a)(4), the entire amount of the import duty rebate earned during the POI constitutes a benefit. Finally, this program is only available to exporters; therefore, it is specific under sections 771(5A)(A) and (B) of the Act.

Pursuant to 19 CFR 351.519(b)(1), we find that benefits from the DDB program are conferred as of the date of exportation of the shipment for which the pertinent drawbacks are earned. We calculated the benefit on an as-earned basis upon export because drawback under the program is provided as a percentage of the value of the exported merchandise on a shipment-by-shipment basis. As such, it is at this point that recipients know the exact amount of the benefit (*i.e.*, the value of the drawback).

We calculated the subsidy rate using the value of all DDB duty rebates that Mangal earned on U.S. sales during the POI. We divided the total amount of the benefit received by Mangal by the company's total sales of U.S. exports during the POI.

On this basis, we preliminarily determine a countervailable subsidy rate of 2.67 percent *ad valorem* for Mangal Steel.

⁵⁰ See G1SQR at 27.

⁵¹ See G2SQ at 3 and G2SQR at 2.

⁵² See *Shrimp from India*, and accompanying Issues and Decision Memorandum at 12-14.

3. Export Promotion of Capital Goods Scheme (“EPCG”)

The EPCG program provides for a reduction of or exemption from customs duties and excise taxes on imports of capital goods used in the production of exported products.⁵³ Under this program, license holders pay reduced duty rates on imported capital equipment. The balance of the duty is exempted as long as the exporter meets export obligations within a certain number of years contingent upon the rate of duty paid.⁵⁴ Once a company has met its export obligations, the GOI will formally waive the exempted duties on the imported goods.

The Department has previously determined that import duty reductions or exemptions provided under the EPCG program are countervailable export subsidies because the scheme: (1) provides a financial contribution pursuant to section 771(5)(D)(ii) of the Act; (2) provides two different benefits under section 771(5)(E) of the Act; and (3) is specific pursuant to sections 771(5A)(A) and (B) of the Act because the program is contingent upon export performance. Because the above-cited evidence with respect to this program is consistent with the findings in *Shrimp from India*, we preliminarily determine that this program is countervailable.

Under the EPCG program, the exempted import duties would have to be paid to the GOI if the accompanying export obligations are not met. It is the Department’s practice to treat any balance on an unpaid liability that may be waived in the future as a contingent-liability interest-free loan pursuant to 19 CFR 351.505(d)(1). Since the unpaid duties are a liability contingent on subsequent events, these interest-free contingent-liability loans constitute the first benefit under the EPCG program. The second benefit arises when the GOI waives the duty on imports of capital equipment covered by those EPCG licenses for which the export requirement has already been met. For those licenses for which the GOI has acknowledged that the company has completed its export obligation, we treat the import duty savings as grants received in the year in which the GOI waived the contingent liability on the import duty exemption pursuant to 19 CFR 351.505(d)(2).

Import duty exemptions under this program are approved for the purchase of capital equipment. The preamble of the Department’s regulations states that, if a government provides an import duty exemption tied to major equipment purchases, “it may be reasonable to conclude that, because these duty exemptions are tied to capital assets, the benefits from such duty exemptions should be considered non-recurring....”⁵⁵ In accordance with 19 CFR 351.524(c)(2)(iii) and past practice, we are treating these import duty exemptions on capital equipment as non-recurring benefits.⁵⁶

Mangal Steel reported that it imported capital goods at reduced import duty rates under the EPCG program in years prior to the POI. Information provided by Mangal Steel indicates that their EPCG licenses were issued for the purchase of capital goods used for the production of

⁵³ See GQR at 25-26.

⁵⁴ *Id.*

⁵⁵ See *Countervailing Duties*, 63 FR at 65393.

⁵⁶ See *Certain Frozen Warmwater Shrimp From India: Preliminary Countervailing Duty Determination*, 78 FR 33344 (June 4, 2013) (“*Shrimp/India/Prelim*”), and accompanying Decision Memorandum at “Duty Incentives under the Export Promotion Capital Goods (“EPCG”) Program,” unchanged in *Shrimp from India*.

subject merchandise so we are attributing the EPCG benefits received by Mangal Steel to their total exports of subject merchandise consistent with 19 CFR 351.525(b)(5).

Mangal Steel met the export requirements for certain EPCG licenses prior to December 31, 2012 (the last day of the POI), and the GOI has formally waived the relevant import duties.⁵⁷ For a number of their licenses, however, Mangal Steel had not yet met its export obligation as required under the program. Therefore, although Mangal Steel received a deferral from paying import duties for the capital goods that were imported, the final waiver of the obligation to pay the duties was not demonstrated for a number of these imports.⁵⁸

To calculate the benefit received from the GOI's formal waiver of import duties on Mangal Steel's capital equipment where the export obligations were met prior to December 31, 2012 (the last day of the POI), we considered only the amount of basic customs duty waived. The record indicates that the additional duty (CVD), the Education Cess, and the Special Additional Duty (SAD) are creditable under India's VAT system (*i.e.*, they are refunded regardless of whether a firm uses the EPCG program). Therefore, we adjusted Mangal Steel's EPCG calculation by removing the impact of the additional duty (CVD), the Education Cess, and the SAD for each instance in which the data was provided.⁵⁹ Further, we preliminarily determine that the year of receipt of the benefit to be the year in which the GOI formally waived the respondents' outstanding import duties. This is consistent with the approach followed in *Shrimp from India*. Next, we performed the "0.5 percent" test," as prescribed under 19 CFR 351.524(b)(2), for the total value of basic customs duties waived, for each year in which the GOI granted Mangal Steel an import duty waiver. We did not identify any years in which the value of the waivers exceeded 0.5 percent of Mangal Steel's total export sales, inclusive of subject merchandise, in that same year. As a result, we expensed the value of the waived duties to the year of receipt.

As noted above, import duty reductions or exemptions that the respondents received on the imports of capital equipment for which they had not yet met export obligations may have to be repaid to the GOI if the obligations under the licenses are not met. Consistent with our practice and prior determinations, we are treating the unpaid import duty liability as an interest-free loan.⁶⁰

The amount of the unpaid duty liabilities to be treated as an interest-free loan is the amount of the import duty reduction or exemption for which the respondent applied, but had not been officially waived by the GOI, as of the end of the POI. Accordingly, we find the benefit to be the interest that the respondents would have paid during the POI had they borrowed the full amount of the duty reduction or exemption at the time of importation.⁶¹

⁵⁷ See MSQR at Exhibit 11(d).

⁵⁸ *Id.*, at 27.

⁵⁹ See *Shrimp from India*; see also *Certain Hot-Rolled Carbon Steel Flat Products From India: Final Results of Countervailing Duty Administrative Review*, 73 FR 40295 (July 14, 2008) ("*HR Steel/India*"), and accompanying Issues and Decision Memorandum at Comment 21.

⁶⁰ See 19 CFR 351.505(d)(1); see also *Shrimp/India/Prelim*, and accompanying Decision Memorandum at "Duty Incentives under the Export Promotion of Capital Good ("EPCG") Program" (unchanged in *Shrimp from India*).

⁶¹ *Id.*

As stated above, the time period for fulfilling the export requirement expires eight years after importation of the capital good. As such, pursuant to 19 CFR 351.505(d)(1), the benchmark for measuring the benefit is a long-term interest rate because the event upon which repayment of the duties depends (*i.e.*, the date of expiration of the time period to fulfill the export commitment), occurs at a point in time that is more than one year after the date of importation of the capital goods. As the benchmark interest rate, we used the long-term interest rates as discussed in the “Benchmarks and Discount Rates” section, above. We then multiplied the total amount of unpaid duties under each license by the long-term benchmark interest rate for the year in which the capital good was imported and summed these amounts to determine the total benefit from these contingent liability loans.

The benefit received under the EPCG program is the interest due on the contingent-liability loans for imports of capital equipment that have unmet export requirements during the POI. We then divided the total benefit received by the respondent under the EPCG program by Mangal Steel’s total exports of subject merchandise during the POI.

On this basis, we preliminarily determine a countervailable subsidy of 0.02 percent *ad valorem* for Mangal Steel.

4. Focus Product Scheme (“FPS”)

Mangal Steel reported receiving an incentive from the GOI under the FPS. The FPS is an incentive on select export of products. The incentives are paid to offset infrastructure inefficiencies and other associated costs involved in the marketing of these products. The FPS incentive rate for threaded rod is five percent of the FOB value of the export and provides for duty-free imports of inputs and capital goods. The GOI also allows exporters to sell the FPS licenses. Mangal Steel states that it does not utilize the FPS licenses for importing inputs or capital goods, but that it sells the licenses to other companies.

We preliminarily determine that this program provides a financial contribution in the form of revenue forgone under section 771(5)(D)(ii) of the Act. Further, we determine that the FPS program is specific under sections 771(5A)(A) and (B) of the Act because it is limited to exporters. Furthermore, the entire amount of the FPS constitutes a benefit under 771(5)(E) of the Act.

Consistent with 19 CFR 351.519(b)(2), we find that the benefits from the FPS program are conferred as of the date of exportation of the shipment for which the FPS is earned. This is because the FPS credits are provided as a percentage of the value of the exported merchandise on a shipment-by-shipment basis. As such, the recipients know the exact amount of the benefit when exportation occurs. In the case of exports of thread rod, the exact amount of the benefit is equal to five percent of the FOB value of the export. Because Mangal Steel receives a FPS benefit equal to five percent of the FOB value of the exported threaded rod, we preliminarily determine that a countervailable subsidy of 5.00 percent *ad valorem* is provided to Mangal Steel during the POI.

5. Status Holder Incentive Scrip (“SHIS”)

Mangal Steel reported that it imported capital goods under the SHIS scheme for use in the manufacture of subject and non-subject merchandise. The SHIS scheme was introduced in 2009 with the objective to promote investment in upgrading technology in specific sectors. Status Holders under the GOI’s listing of specific exported products receive incentive scrip equal to one percent of the FOB value of the exports in the form of a duty credit. Mangal Steel qualifies as a Status Holder under the exporting product category of “Engineering Sector.” The SHIS license can only be used for imports of capital goods and it can be transferred to another Status Holder for the import of capital goods.

We preliminarily determine that this program provides a financial contribution in the form of revenue forgone under section 771(5)(D)(ii) of the Act. Further, we determine that it is specific under sections 771(5A)(A) and (B) of the Act because it is limited to exporters. A benefit is also provided under the SHIS program under 771(5)(E) and 19 CFR 351.519 in the amount of exempted duties on imported capital equipment.

Import duty exemptions under this program are solely provided for the purchase of capital equipment. The preamble of the Department’s regulations states that, if a government provides an import duty exemption tied to major equipment purchases, “it may be reasonable to conclude that, because these duty exemptions are tied to capital assets, the benefits from such duty exemptions should be considered non-recurring....”⁶² In accordance with 19 CFR 351.524(c)(2)(iii) and past practice, we are treating these import duty exemptions on capital equipment as non-recurring benefits.⁶³

Mangal Steel reported that it used SHIS licenses to import capital goods duty-free during the POI and AUL. Information provided by Mangal Steel indicates that its SHIS licenses were issued for the purchase of capital goods used for the production of exported goods so we are attributing the SHIS benefits received by Mangal Steel to the company’s total exports.

To calculate the benefit received from the duty-free import of capital goods, we considered only the amount of basic customs duty waived. The record indicates that the additional duty (CVD), the Education Cess, and the Special Additional Duty (SAD) are creditable under India’s VAT system (*i.e.*, they are refunded regardless of whether a firm uses this program). Therefore, we adjusted Mangal Steel’s SHIS benefit calculation by removing the impact of the additional duty (CVD), the Education Cess, and the SAD for each instance in which the data was provided.⁶⁴ Next, we performed the “0.5 percent” test,” as prescribed under 19 CFR 351.524(b)(2), for the total value of the exempted customs duties for each year in which the Mangal Steel imported capital goods under an SHIS license.

On this basis, we preliminarily determine a countervailable subsidy of 0.19 percent *ad valorem* for Mangal Steel.

⁶² See *Countervailing Duties*, 63 FR at 65393.

⁶³ See *Shrimp/India/Prelim*, and accompanying Decision Memorandum at “Duty Incentives under the Export Promotion Capital Goods (“EPCG”) Program,” unchanged in *Shrimp from India*.

⁶⁴ See *HR Steel/India*, and accompanying Issues and Decision Memorandum at Comment 21.

B. Program Preliminarily Determined To Be Terminated

1. Duty Entitlement Passbook Scheme (“DEPS”)

The DEPS program served to remit duties on inputs used in the manufacture of exported products. The main objective of the program, which the GOI introduced on April 1, 1997, was to neutralize the incidence of custom duties on the import content of the exported product. According to the GOI, DEPS was terminated effective October 1, 2011. The GOI provided the relevant copy of the Ministry of Finance circular terminating the DEPS for shipment made on or after October 1, 2011. The GOI also stated that there is no successor program to DEPS.

When a subsidy program is terminated, 19 CFR 351.526(d) requires that there be no residual benefits and that the government not implement a replacement program for the terminated program. In *Shrimp from India*, the Department determined that no residual benefits from DEPS existed after September 30, 2011.⁶⁵ Therefore, we preliminarily determine that the DEPS program is terminated effective October 1, 2011. Further, since we determined in *Shrimp from India* that the DEPS provided no residual benefits after September 30, 2011, no exporters of subject merchandise including Mangal received benefits under this program as of September 30, 2011.

C. Programs Preliminarily Determined To Be Not Used During the POI

Mangal Steel reported that it did not use the following benefits during the POI or during the AUL period.

Government of India Programs

- a. Advance Licenses Program
- b. GOI Loan Guarantees

State Government of Maharashtra Programs

- a. Industrial Promotion Subsidy
- b. Octroi Refund Scheme
- c. Electricity Duty Exemption
- d. Waiver of Stamp Duty
- e. Incentives to Strengthen Micro-, Small-, and Medium-Sized Manufacturing Enterprises

D. Preliminary AFA Rates Determined for Programs Used by Babu

As explained above, we are making the adverse inference that Babu received countervailable subsidies under each of the subsidy programs that the Department included in its initiation. Listed below are the AFA rates applicable to each program.

⁶⁵ See *Shrimp from India*, and accompanying Issues and Decision Memorandum at 8-9.

| Program | Subsidy Rate (percent) |
|-----------------------------------------------------------------------------------------------------------------------|------------------------|
| Pre-Shipment and Post-Shipment Financing | 0.25 |
| Export Promotion of Capital Goods Scheme | 0.02 |
| Advance Licenses Program | 0.50 |
| Government of India Loan Guarantees | 2.90 |
| National Manufacturing Competitiveness Program- Marketing Assistance Scheme | 6.06 |
| Duty Drawback Scheme | 2.67 |
| Focus Product Scheme | 5.00 |
| Status Holder Incentive Scrip | 0.19 |
| State Government of Maharashtra- Industrial Promotion Subsidy | 6.06 |
| State Government of Maharashtra- Octroi Refund Scheme | 3.09 |
| State Government of Maharashtra- Electricity Duty Exemption | 3.09 |
| State Government of Maharashtra- Waiver of Stamp Duty | 3.09 |
| State Government of Maharashtra- Incentives to Strengthen Micro-, Small-, and Medium- Sized Manufacturing Enterprises | 6.06 |

X. CALCULATION OF THE ALL OTHERS RATE

Sections 703(d) and 705(c)(5)(A) of the Act state that for companies not investigated, we will determine an all-others rate by weighting the individual company subsidy rate of each of the companies investigated by each company's exports of subject merchandise to the United States. However, the all-others rate may not include zero and *de minimis* rates or any rates based solely on the facts available. In this investigation, the only rate that is not *de minimis* or based entirely on facts available is the rate calculated for Mangal Steel. Consequently, the rate calculated for Mangal Steel is also assigned as the "all others" rate.

XI. ITC NOTIFICATION

In accordance with section 703(f) of the Act, we will notify the ITC of our preliminary determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating 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, without the written consent of the Assistant Secretary for Enforcement and Compliance.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

XII. DISCLOSURE AND PUBLIC COMMENT

The Department intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement.⁶⁶ Case briefs or other written comments for all non-scope issues may be submitted to Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS) no later than five days after the date on which the final verification report is issued in this proceeding, and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five business days after the deadline date for case briefs.⁶⁷ Case briefs or other written comments on scope issues may be submitted no later than 30 days after the publication of this preliminary determination in the *Federal Register*, and rebuttal briefs, limited to issues raised in the case briefs, may be submitted no later than five days after the deadline for the case briefs. For any briefs filed on scope issues, parties must file separate and identical documents on each of the records for the seven concurrent countervailing duty investigations.

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.⁶⁸ This summary should be limited to five pages total, including footnotes.

Interested parties who wish to request a hearing, or to participate if one is requested, must do so in writing within 30 days after the publication of this preliminary determination in the *Federal Register*.⁶⁹ Requests should contain the party's name, address, and telephone number; the number of participants; and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a date, time and location to be determined. Parties will be notified of the date, time and location of any hearing.

Parties must file their case and rebuttal briefs, and any requests for a hearing, electronically using IA ACCESS.⁷⁰ Electronically filed documents must be received successfully in their entirety by 5:00 p.m. Eastern Time,⁷¹ on the due dates established above.

XIII. VERIFICATION

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted in response to the Department's questionnaires.

⁶⁶ See 19 CFR 351.224(b).

⁶⁷ See 19 CFR 351.309.

⁶⁸ See 19 CFR 351.309(c)(2) and (d)(2).

⁶⁹ See 19 CFR 351.310(c).

⁷⁰ See 19 CFR 351.303(b)(2)(i).

⁷¹ See 19 CFR 351.03(b)(1).

XIV. CONCLUSION

We recommend that you approve the preliminary findings described above.

Agree

Disagree

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

(Date)