



C-533-858
Sunset Review
Public Document
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September 18, 2019

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: Scot T. Fullerton
Director, Office VI
Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of
the Expedited Sunset Review of the Countervailing Duty
Order on Oil Country Tubular Goods from India

I. SUMMARY

We analyzed the substantive responses of the domestic interested parties¹ in this sunset review of the countervailing duty (CVD) order² covering oil country tubular goods (OCTG) from India,³ and recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum. No respondent interested party submitted a substantive response. Accordingly, we conducted an expedited (120-day) sunset review of the *Order*.⁴ The following is a complete list of the issues that we address in this expedited review:

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy
2. Net Countervailable Subsidy Rates Likely to Prevail
3. Nature of the Subsidy

¹ The domestic interested parties are: Maverick Tube Corporation; Tenaris Bay City, Inc.; BENTELER Steel/Tube Manufacturing Corp.; United States Steel Corporation; IPSCO Tubulars, Inc.; Welded Tube USA Inc.; Boomerang Tube, LLC; and Vallourec Star, L.P.

² See *Certain Oil Country Tubular Goods from India and the Republic of Turkey: Countervailing Duty Orders and Amended Affirmative Final Countervailing Duty Determination for India*, 79 FR 53688 (September 10, 2014) (*Order*).

³ See Domestic Interested Parties’ Letter, “Oil Country Tubular Goods from India: Substantive Response of the Domestic Industry to Commerce’s Notice of Initiation of Five-Year (“Sunset”) Reviews,” dated July 3, 2019 (Substantive Response).

⁴ See *Procedures for Conduction Five-Year (Sunset) Reviews of Antidumping and Countervailing Duty Orders*, 70 FR 62061 (October 28, 2005) (Commerce normally will conduct an expedited sunset review where respondent interested parties provide an inadequate response).

II. BACKGROUND

On July 18, 2014, the Department of Commerce (Commerce) published the *Final Determination*.⁵ On September 10, 2014, Commerce published the *Order*.⁶ On June 4, 2019, Commerce initiated the sunset review of the *Order*, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.218(c).⁷ On June 13, 17, and 19, 2019, we received notices of intent to participate in the sunset review from the domestic interested parties.⁸ The domestic interested parties are manufacturers of the domestic like product in the United States and claimed interested party status under section 771(9)(C) of the Act.⁹ On July 3, 2019, we received an adequate substantive response from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).¹⁰ We did not receive a substantive response from the Government of India (GOI) or any Indian producer or exporter of subject merchandise.

In accordance with section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C), because Commerce did not receive any substantive responses from the GOI, pursuant to 19 CFR 351.218(e)(1)(ii)(B), or from a respondent interested party, pursuant to 19 CFR 351.218(e)(1)(ii)(C), we deem that the respondent interested parties did not provide an adequate response to the notice of initiation. Therefore, consistent with 19 CFR 351.218(e)(1)(ii)(B)(2) and 19 CFR 351.218(e)(1)(ii)(C)(2), we conducted an expedited sunset review of the *Order* and are issuing the final results of review no later than 120 days after the publication of the notice of initiation.

III. SCOPE OF THE ORDER

The merchandise covered by the *Order* is OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (e.g., whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the *Order* also covers OCTG coupling stock. Excluded from the scope of the *Order* are: casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

⁵ See *Certain Oil Country Tubular Goods from India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances*, 79 FR 41967 (July 18, 2014) (*Final Determination*) and accompanying Issues and Decision Memorandum (*Final Determination* IDM).

⁶ See *Order*.

⁷ See *Initiation of Five-Year (Sunset) Reviews*, 84 FR 25741 (June 4, 2019).

⁸ See Benteler Steel/Tube, Boomerang Tube, LLC, IPSCO Tubulars, Inc., Vallourec Star, LP, and Welded Tube USA Inc.'s Letter, "Oil Country Tubular Goods from India: Notice of Intent to Participate," dated June 13, 2019 (Benteler Steel/Tube Notice to Participate); see also Maverick Tube Corporation and Tenaris Bay City, Inc.'s Letter, "Oil Country Tubular Goods from India: Notice of Intent to Participate," dated June 17, 2019 (Maverick Tube Notice to Participate); and United States Steel Corporation's Letter, "Oil Country Tubular Goods from India: Notice of Intent to Participate," dated June 19, 2019 (U.S. Steel Notice to Participate).

⁹ See Benteler Steel/Tube Notice to Participate at 2; Maverick Tube Notice to Participate at 1; U.S. Steel Notice to Participate at 2.

¹⁰ See Substantive Response.

The merchandise subject to the *Order* is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.31.10, 7304.29.31.20, 7304.29.31.30, 7304.29.31.40, 7304.29.31.50, 7304.29.31.60, 7304.29.31.80, 7304.29.41.10, 7304.29.41.20, 7304.29.41.30, 7304.29.41.40, 7304.29.41.50, 7304.29.41.60, 7304.29.41.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.61.15, 7304.29.61.30, 7304.29.61.45, 7304.29.61.60, 7304.29.61.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.29.10.30, 7306.29.10.90, 7306.29.20.00, 7306.29.31.00, 7306.29.41.00, 7306.29.60.10, 7306.29.60.50, 7306.29.81.10, and 7306.29.81.50.

The merchandise subject to the *Order* may also enter under the following HTSUS item numbers: 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.39.00.76, 7304.39.00.80, 7304.59.60.00, 7304.59.80.15, 7304.59.80.20, 7304.59.80.25, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, 7304.59.80.70, 7304.59.80.80, 7305.31.40.00, 7305.31.60.90, 7306.30.50.55, 7306.30.50.90, 7306.50.50.50, and 7306.50.50.70.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the *Order* is dispositive.

IV. HISTORY OF THE ORDER

On July 18, 2014, Commerce published its *Final Determination* in the CVD investigation of OCTG from India.¹¹ Commerce calculated a rate of 5.67 percent for GVN Fuels Limited, Maharashtra Seamless Limited, and Jindal Pipes Limited (collectively GVN/MSL/JPL), 19.11 percent for Jindal SAW Limited, and 12.39 percent for all others.¹²

On September 10, 2014, Commerce published in the *Federal Register* the *Order* on OCTG from India, in which it amended the subsidy rates from the *Final Determination*.¹³ After correcting for ministerial errors, Commerce calculated an amended subsidy rate of 5.67 percent for GVN/MSL/JPL, 19.57 percent for Jindal SAW Limited, and 12.62 percent for all others.¹⁴

The following programs were found to confer countervailable subsidies in the investigation:

1. Advance License Program/Advance Authorization Program (ALP/AAP)
2. Duty Drawback (DDB)
3. Export Promotion Capital Goods (EPCG) Program
4. Pre-Shipment and Post-Shipment Export Financing
5. Income Tax Exemption Program Under 80-IA of the Income Tax Act

¹¹ See *Final Determination*.

¹² See *Final Determination*, 79 FR at 41968.

¹³ See *Order*.

¹⁴ *Id.*, 79 FR at 53690.

6. Provision of Hot-Rolled Steel by the Steel Authority of India, Ltd. at Less Than Adequate Remuneration (LTAR)
7. State Government of Maharashtra (SGOM) Sales Tax Program
8. SGOM Subsidies Under the Package Scheme of Incentives of 2007 – Exemption from Electricity Duty for up to 15 Years
9. SGOM Subsidies Under the Package Scheme of Incentives of 2007 – Exemption from Stamp Duty
10. SGOM Subsidies Under the Package Scheme of Incentives of 2007 – Industrial Promotion Subsidy
11. State Government of Uttar Pradesh – Exemption from Entry Tax for the Iron and Steel Industry

Since the issuance of the *Order*, Commerce has completed one administrative review,¹⁵ and has initiated, but rescinded in full, one administrative review.¹⁶

V. LEGAL FRAMEWORK

In accordance with section 751(c)(1) of the Act, Commerce conducted this sunset review to determine whether revocation of the *Order* would be likely to lead to continuation or recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, Commerce shall consider: (1) the net countervailable subsidy determined in the investigation and any subsequent reviews, and (2) whether any changes in the programs which gave rise to the net countervailable subsidy have occurred that are likely to affect the net countervailable subsidy.

Pursuant to section 752(b)(3) of the Act, Commerce shall provide to the International Trade Commission (ITC) the net countervailable subsidy rate likely to prevail if the *Order* were revoked. In addition, consistent with section 752(a)(6) of the Act, Commerce shall provide to the ITC information concerning the nature of the subsidy and whether it is a subsidy described in Article 3 or Article 6.1 of the 1994 World Trade Organization Agreement on Subsidies and Countervailing Measures (ASCM).

Below we address the comments submitted by the domestic interested parties.

VI. DISCUSSION OF THE ISSUES

Below we address the comments submitted by the domestic interested parties.

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy

¹⁵ See *Certain Oil Country Tubular Goods from India: Final Results of Countervailing Duty Administrative Review; 2013-2014*, 82 FR 18282 (April 18, 2017) (*Final Results Administrative Review 13-14*), and accompanying IDM.

¹⁶ See *Certain Oil Country Tubular Goods from India: Rescission of Countervailing Duty Administrative Review; 2015*, 82 FR 24291 (May 26, 2017).

Domestic Interested Parties' Comments

The domestic interested parties argue that subsidization of OCTG from India would likely continue or recur if the *Order* were revoked because the subsidy programs countervailed in the original CVD investigation remain in existence.¹⁷ They state that Commerce determined that most subsidy programs from the original investigation remained countervailable in the 2013-2014 administrative review and that new subsidy programs had also been identified during that review.¹⁸ They note that Commerce normally will determine that revocation of a CVD order is likely to lead to the continuation or recurrence of countervailable subsidization where a subsidy program continues.¹⁹

With regard to the *Order*, the domestic interested parties state that no evidence has been presented that the subsidies giving rise to the net countervailable subsidy rates determined in the investigation and administrative review have been terminated.²⁰ They also state that imports of subject merchandise declined significantly after the imposition of the *Order*.²¹ Accordingly, they assert that the subsidy programs identified in the investigation and administrative review continue.

Commerce Position

In determining the likelihood of continuation or recurrence of a countervailable subsidy, section 752(b)(1) of the Act directs Commerce to consider the net countervailable subsidy determined in the investigation and subsequent reviews and whether there has been any change in a program found to be countervailable that is likely to affect that net countervailable subsidy. According to the Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act, Commerce will consider the net countervailable subsidies in effect after the issuance of an order and whether the relevant subsidy programs have been continued, modified, or eliminated.²² The SAA states that “[c]ontinuation of a program will be highly probative of the likelihood of continuation or recurrence of countervailable subsidies.”²³ The continual existence of programs that have not been used, and have not been terminated without residual benefits or replaced, is also probative of the likelihood of continuation or recurrence of a countervailable subsidy.²⁴ Where a subsidy program is found to exist, Commerce normally will determine that revocation of the CVD order is likely to lead to continuation or recurrence of a countervailable subsidy, regardless of the level of subsidization.²⁵

¹⁷ See Substantive Response at 6.

¹⁸ *Id.* at 9.

¹⁹ *Id.* at 8 (citing *Policies Regarding the Conduct of Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*; *Policy Bulletin*, 63 FR 18871 (April 16, 1998) at 18874).

²⁰ *Id.* at 11.

²¹ *Id.*

²² See Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA), H.R. Doc. 103-316, vol. 1 (1994), at 888.

²³ *Id.*

²⁴ See, e.g., *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Final Results of Full Sunset Review of Countervailing Duty Order*, 75 FR 75455 (December 3, 2010) (*Hot-Rolled Steel from Brazil*), and accompanying IDM at Comment 1.

²⁵ *Id.*

As Commerce stated in prior sunset determinations, two conditions must be met in order for a subsidy program not to be included in determining the likelihood of continued or recurring subsidization: (1) the program must be terminated; and (2) any benefit stream must be fully allocated.²⁶ To determine whether a program has been terminated, “Commerce will consider the legal method by which the government eliminated the program and whether the government is likely to reinstate the program.”²⁷ Commerce normally expects a program to be terminated by means of the same legal mechanism used to institute it.²⁸ Where a subsidy is not bestowed pursuant to a statute, regulation or decree, Commerce may find no likelihood of continued or recurring subsidization if the subsidy in question was a one-time, company-specific occurrence that was not part of a broader, government program.²⁹

Based on the facts on the record and because no party has submitted evidence to demonstrate that the countervailable programs have expired or been terminated without any residual benefits, Commerce determines that the subsidy programs found countervailable during the investigation continue to exist, with the exception of the Pre-Shipment and Post-Shipment Export Financing program, which Commerce previously found to be terminated with no residual benefits and found no replacement program.³⁰ Because the continuation of programs is highly probative of the likelihood of the continuation or recurrence of countervailable subsidies, we determine that the revocation of the *Order* would likely lead to continuation or recurrence of countervailable subsidies for OCTG from India.

2. Net Countervailable Subsidy Rates Likely to Prevail

Domestic Interested Parties’ Comments

The domestic interested parties stated that Commerce should follow the SAA and *Policy Bulletin* instructions which indicate that Commerce should choose the subsidy rates from the original investigation because such rates reflect the behavior of exporters and foreign governments without the discipline of an order in place, but that Commerce should take the changes in subsidy programs reflected in the first administrative review into account.³¹ They state that Commerce should find that the following net countervailable subsidy rates are likely to prevail in the event

²⁶ See, e.g., *Preliminary Results of Full Sunset Review: Certain Corrosion-Resistant Carbon Steel Flat Products from France*, 71 FR 30875 (May 31, 2006), and accompanying Preliminary Decision Memorandum at 5-7, unchanged in *Corrosion-Resistant Carbon Steel Flat Products from France: Final Results of Full Sunset Review*, 71 FR 58584 (October 4, 2006); *Fresh and Chilled Atlantic Salmon from Norway: Final Results of Full Third Sunset Review of Countervailing Duty Order*, 75 FR 70411 (November 14, 2011) (*Salmon from Norway*), and accompanying IDM at Comment 1.

²⁷ See SAA at 888; see, e.g., *Salmon from Norway*, and accompanying IDM at Comment 1; *Hot-Rolled Steel from Brazil* and accompanying IDM at Comment 1.

²⁸ See, e.g., *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products from India*, 66 FR 49635 (September 28, 2001), and accompanying IDM at Comment 7.

²⁹ See, e.g., *Stainless Steel Plate in Coils from Belgium: Final Results of Full Sunset Review and Revocation of the Countervailing Duty Order*, 76 FR 25666 (May 5, 2011), and accompanying IDM at Comment 1.

³⁰ See *Final Results Administrative Review 13-14* IDM at 10.

³¹ See Substantive Response at 13.

of revocation of the *Order*: 26.60 percent for Jindal SAW; 5.67 percent for GVN/MSL/JPL; and 16.14 percent for all others.³²

Commerce's Position

Commerce normally will provide to the ITC the net countervailable subsidy rates that were determined in the investigation as the rates likely to prevail if the order is revoked because these are the only calculated rates that reflect the behavior of exporters and foreign governments without the discipline of the order in place.³³ Section 752(b)(1)(B) of the Act provides, however, that Commerce will consider whether any change in the program which gave rise to the net countervailable subsidy determination in the investigation or subsequent reviews has occurred that is likely to affect the net countervailable subsidy rate. Therefore, although the SAA provides that Commerce normally will select a rate from the investigation, this rate may not be the most appropriate if, for example, the rate was derived (in whole or in part) from subsidy programs which were found in subsequent reviews to be terminated, there has been a program-wide change, or the rate ignores a program found to be countervailable in a subsequent administrative review.³⁴

To the rates found to be countervailable in the original investigation, we have added the rates from the subsidy programs subsequently found to be countervailable during the first administrative review. The subsequent programs include the following:

1. Focus Product Scheme;
2. Export Oriented Units – Duty-Free Importation of Capital Goods and Raw Materials;
3. Export Oriented Units – Reimbursement of CST Paid on Capital Goods and Raw Materials;
4. GOI and State Government of Rajasthan Provision of Mining Rights of Iron Ore;
5. State Government of Gujarat VAT Remission Scheme Established April 1, 2006.

Where Commerce has found that a program was terminated with no residual benefits and no likelihood of reinstatement or replacement, Commerce normally will adjust the net countervailable subsidy rate to exclude the rate arising from that program. In the administrative review for 2013-2014, we found that the Pre-Shipment and Post-Shipment Export Financing for foreign-denominated loans program had been terminated.³⁵ Thus, the rates likely to prevail in this determination are:

Producer/Exporter	Net Subsidy Rate (Percent)
Jindal SAW ³⁶	26.60

³² *Id.* at 6. It is unclear how the domestic interested parties reached the rates for Jindal SAW or the all-others rate, as they are neither the rates in the *Order*, nor in the *Final Results Administrative Review 13-14*.

³³ See SAA at 890; see also Uruguay Round Implementation bill, H.R. Rep. No. 103-826 (1994) at 64.

³⁴ See, e.g., *Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Final Results of Expedited Second Sunset Review*, 75 FR 62101 (October 7, 2010), and accompanying IDM at Comment 2.

³⁵ See *Final Results Administrative Review 13-14*.

³⁶ This is Jindal SAW's rate in the *Order* (19.57%) minus the terminated Pre-Shipment and Post-Shipment Export Financing program (.43%), plus the Focus Product Scheme (1.74%), the Export Oriented Unit programs (.10%), the

GVN/MSL/JPL ³⁷	5.67
All Others ³⁸	19.87

On this basis, Commerce has found that the net countervailable subsidy rates that are likely to prevail are above *de minimis*. Consistent with section 752(b)(3) of the Act, Commerce will provide the ITC the net countervailable subsidy rates that are likely to prevail if the *Order* is revoked. The adjusted countervailable subsidy rates, which Commerce determines are likely to prevail upon revocation of the *Order*, are provided in the “Final Results of Review” section of this memorandum.

3. Nature of the Subsidy

Consistent with section 752(a)(6) of the Act, Commerce is providing the following information to the ITC concerning the nature of the subsidies and whether the subsidies are prohibited subsidies as described in Article 3, or subsidies described in Article 6.1 of the ASCM. We note that Article 6.1 of the ASCM expired effective January 1, 2000.

The domestic interested parties did not address this issue in their substantive response.

Article 3

In this sunset review, there are five programs that fall under Article 3.1 of the SCM Agreement, which states that the following subsidies shall be prohibited: (a) subsidies contingent, in law or in fact, whether solely or as one of several other conditions, upon export performance, and (b) subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

1. *Advance License Program (ALP)/Advance Authorization Program (AAP)*³⁹

The ALP/AAP is a GOI program that allows exporters to import, duty-free, specific quantities of materials required to manufacture products that are subsequently exported. The exporting companies, however, remain contingently liable for the unpaid duties until they have fulfilled their export requirements. The quantities of imported materials and exported finished products are linked through standard input-output norms (SIONs) established by the GOI.

Provision of Mining Rights of Iron Ore (5.61%), and the State Government of Gujarat’s VAT Remission Scheme (.01%). *See Order; see also Final Determination* IDM at 26-27; *Final Results Administrative Review* 13-14.

³⁷ This is GVN/MSL/JPL’s rate in the *Order* (5.67%) plus the Focus Product Scheme (1.74%), the Export Oriented Unit programs (.10%), the Provision of Mining Rights of Iron Ore (5.61%), and the State Government of Gujarat’s VAT Remission Scheme (.01%). *See Order; see also Final Results Administrative Review* 13-14. The terminated Pre-Shipment and Post-Shipment Export Financing program was not used by GVN/MSL/JPL.

³⁸ The simple average of the new rates is 19.865%. There is no information on the record that would allow Commerce to calculate a weighted average of the rates for the two producers/exporters (*i.e.*, sales information).

³⁹ *See Certain Oil Country Tubular Goods from India: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review*, 81 FR 71059 (October 14, 2016) (*Preliminary Results Administrative Review* 13-14), and accompanying IDM at 6-7; *see also Final Determination* IDM at 18-19.

2. Export Promotion Capital Goods (EPCG) Program⁴⁰

The EPCG program is a GOI program that 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. Under this program, producers pay reduced duty rates on imported capital equipment by committing to earn convertible foreign currency equal to six times the duty saved within a period of six years. Once a company has met its export obligation, the GOI will formally waive the duties on the imported goods. If a company fails to meet the export obligation, the company is subject to payment of all or part of the duty reduction, depending on the extent of the shortfall in foreign currency earnings, plus an interest penalty.

3. Focus Product Scheme⁴¹

The Focus Product Scheme is a GOI export promotion program with an objective to promote exports of products with high export intensity and/or employment potential. This scheme was introduced in 2006 and allows exporters to earn duty credit scrips on the Freight on Board (FOB) value of their exports. Those scrips are then used to offset import duties or can be resold by the exporter.

4. Export Oriented Units (EOU)⁴²

Companies or manufacturing facilities that are designated as an EOU are eligible to receive various forms of assistance in exchange for committing to export all of the products they produce, excluding rejects and certain domestic sales, for five years.

a. Duty-Free Importation of Capital Goods and Raw Materials⁴³

This GOI program entitles an EOU to import, duty-free, capital goods and raw materials for the production of exported goods in exchange for committing to export all of the products it produces over five years.

5. Reimbursement of Central Sales Tax (CST) Paid on Capital Goods and Raw Materials⁴⁴

This GOI program entitles an EOU to be reimbursed for the CST it pays on capital goods and raw materials procured domestically.

Article 6.1

The following subsidy programs do not fall within the meaning of Article 3.1 of the SCM Agreement, but may be subsidies described in Article 6.1 of the SCM Agreement if the amount

⁴⁰ See *Preliminary Results Administrative Review 13-14* IDM at 9-11; see also *Final Determination* IDM at 23-25.

⁴¹ See *Preliminary Results Administrative Review 13-14* IDM at 11-12.

⁴² *Id.* at 12.

⁴³ *Id.* at 12-14.

⁴⁴ *Id.* at 14.

of the subsidy exceeds five percent, as measured in accordance with Annex IV of the SCM Agreement. The subsidies may also fall within the meaning of Article 6.1 if they constitute debt forgiveness, a grant to cover debt repayment, or are subsidies to cover operating losses sustained by an industry or enterprise. However, there is insufficient information on the record to make such a determination. We are, in any case, providing the ITC with the following program descriptions:

1. Duty Drawback⁴⁵

The duty drawback program is a GOI program that 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. Specifically, the duties and tax that are “neutralized” under the program are (i) the customs and union excise duties on inputs, and (ii) the service tax with respect to input services. The duty drawback is generally fixed as a percentage of the FOB price of the exported goods. Because the GOI has not extended this program only to inputs consumed in the production of OCTG, it is countervailable.

2. Exemption from Entry Tax for the Iron and Steel Industry⁴⁶

The State Government of Uttar Pradesh (SGUP) program provides an exemption from duties on all iron and steel products.

3. Income Tax Exemption Program Under Section 80-IA of the Income Tax Act⁴⁷

This GOI program allows a company to deduct 100 percent of the profits derived from a specified eligible business undertaking from its taxable income. This deduction may be claimed for any ten consecutive years out of a period of fifteen years from the first year of operation.

4. Provision of Hot-Rolled Steel by the Steel Authority of India, Ltd. at Less Than Adequate Remuneration⁴⁸

This GOI program provides discounted rates to companies purchasing steel from the Steel Authority of India, Ltd.

5. Provision of Mining Rights of Iron Ore⁴⁹

Under this program, the GOI and the State Government of Rajasthan (SGOR) jointly provided Jindal SAW the mining rights for iron ore in 2005. These rights were granted with the understanding that the company would commit a specific level of investment for a specified type of enterprise and that the company would not sell the iron ore it extracts on the open market.

⁴⁵ See *Preliminary Results Administrative Review 13-14 IDM* at 8-9; see also *Final Determination IDM* at 19-22.

⁴⁶ See *Preliminary Results Administrative Review 13-14 IDM* at 21; see also *Final Determination IDM* at 33-34.

⁴⁷ See *Final Determination IDM* at 27-28.

⁴⁸ *Id.* at 28-29.

⁴⁹ See *Preliminary Results Administrative Review 13-14 IDM* at 15-17.

6. *Sales Tax Program (1998)*⁵⁰

This State Government of Maharashtra (SGOM) program provides sales tax exemptions, deferrals, and sales tax loans, in the form of interest-free loans, to participating companies.

7. *Subsidies under the Package Scheme of Incentives (PSI) 2007*⁵¹

The PSI program through the SGOM provides incentives to encourage dispersal of industries to the less industrially-developed areas of the state of Maharashtra to achieve higher and sustainable economic development.

a. *Electricity Duty Exemption Scheme for up to 15 Years*⁵²

This SGOM PSI scheme encourages investments in new units and/or the expansion of existing production capacity located in specified underdeveloped areas in the state of Maharashtra in accordance with the terms and conditions specified by SGOM, by exempting certain industries and enterprises from electricity duties.

b. *Exemption from Stamp Duty*⁵³

This SGOM PSI program provides a waiver of stamp duty through March 31, 2013, to new projects as well as expanding existing projects in certain underdeveloped areas and “no industry” zones.

c. *IPS VAT and CST Refund*⁵⁴

This SGOM PSI program provides a VAT and CST refund, the amount of which varies based on which development zone a project is located in, or by whether the project qualifies as a “mega project.”

8. *VAT Remission Scheme Established April 1, 2006*⁵⁵

The State Government of Gujarat (SGOG) established a VAT remission program that remits VAT to eligible firms using the balance of tax incentives under another, countervailable, tax incentive program. This system operates differently with respect to purchases and sales. The tax on purchases made within the state are paid to the vendor but credited back to the company by the SGOG. For sales, the company does not have to pay the SGOG the sales tax collected from customers.

⁵⁰ *Id.* at 18; see also *Final Determination IDM* at 29.

⁵¹ See *Preliminary Results Administrative Review 13-14 IDM* at 18; see also *Final Determination IDM* at 29-30.

⁵² See *Preliminary Results Administrative Review 13-14 IDM* at 19-20; see also *Final Determination IDM* at 30-31.

⁵³ See *Final Determination IDM* at 31.

⁵⁴ See *Preliminary Results Administrative Review 13-14 IDM* at 18-19; see also *Final Determination IDM* at 31-33.

⁵⁵ See *Preliminary Results Administrative Review 13-14 IDM* at 20-21.

VII. FINAL RESULTS OF SUNSET REVIEW

We determine that revocation of the countervailing duty orders on OCTG from India would be likely to lead to continuation or recurrence of a countervailing subsidy at the following rates: Jindal SAW: 26.60 percent; GVN/MSL/JPL: 13.13 percent; All Others: 19.87 percent.

VIII. RECOMMENDATION

Based on our analysis of the substantive responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of this sunset review in the *Federal Register* and notify the ITC of our determination.

☒

Agree

☐

Disagree

X 

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance